



October 16, 2012

By RESS and Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, ON
M4P 1E4

Dear Ms. Walli;

**Re: Horizon Utilities Corporation ED-2006-0031
Application for Disposition of Account 1562 Deferred Payments in Lieu of
Taxes ("PILs") EB-2012-0005
Draft Tariff of Rates and Charges**

As requested by Board staff, please find attached the Excel SIMPIL models that support the variances entered in the PILs 1562 continuity schedules filed October 15, 2012.

Two hard copies will be delivered to the Board and are being filed using the Board's RESS system; live Excel files are also being filed on the Board's RESS system.

Should you have any questions or require further information, please do not hesitate to contact me.

Yours truly,

Original signed by Indy J. Butany-DeSouza

Indy J. Butany-DeSouza, MBA
Vice-President, Regulatory Affairs
Horizon Utilities Corporation
Tel: (905) 317-4765

Encl.

cc. Intervenors of Record (electronic version only)

	A	B	C	D	E	F	G
1	PILs TAXES						Version 2009.1
2	REGULATORY INFORMATION (REGINFO)						
3	Utility Name: Horizon Utilities Corporation					Colour Code	
4	Reporting period: 2005 (306 days December 31st)					Input Cell	
5						Formula in Cell	
6	Days in reporting period:	306	days				
7	Total days in the calendar year:	365	days				
8							
9							
10				SCHUSI	HHI	HORIZON	
11	BACKGROUND						
12	Has the utility reviewed section 149(1) ITA to						
13	confirm that it is not subject to regular corporate						
14	tax (and therefore subject to PILs)?		Y/N	Y	Y	Y	
15							
16	Was the utility recently acquired by Hydro One						
17	and now subject to s.89 & 90 PILs?		Y/N	N	N	N	
18							
19	Is the utility a non-profit corporation?		Y/N	N	N	N	
20	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)						
21	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	Y	Y	Y	
22	shared among the corporate group?	LCT	Y/N	N	N	N	
23	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		81%	86%	100%	
24	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	100%	100%	
25							
26	Taxation Year End (SCHUSI and HHI merged on March 1, 2005)			02-28-2005	02-28-2005	12-31-2005	
27							
28	Accounting Year End		Date			12-31-2005	10 Months Stub
29							
30	MARR NO TAX CALCULATIONS						Regulatory
31	SHEET #7 FINAL RUD MODEL DATA						Income
32	(FROM 1999 FINANCIAL STATEMENTS)						
33	USE BOARD-APPROVED AMOUNTS						
34							
35				SCHUSI	HHI	COMBINED	
36						HORIZON	
37	Rate Base (wires-only)			64,127,964	247,324,048	311,452,012	
38							
39	Common Equity Ratio (CER)			50.00%	45.00%		
40							
41	1-CER			50.00%	55.00%		
42							
43	Target Return On Equity			9.88%	9.88%		
44							
45	Debt rate			7.25%	7.00%		
46							
47	Market Adjusted Revenue Requirement			5,492,560	20,518,003	26,010,563	
48							
49	1999 return from RUD Sheet #7			0	4,776,987	4,776,987	4,776,987
50							
51	Total Incremental revenue			5,492,560	15,741,016	21,233,576	
52	Input: Board-approved dollar amounts phased-in						
53	Amount allowed in 2001			1,830,853	5,247,005	7,077,858	7,077,858
54	Amount allowed in 2002			1,830,853	5,247,005	7,077,858	7,077,858
55	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			0	0	0	0
56	unless authorized by the Minister and the Board)					0	0
57	Amount allowed in 2005 - Third tranche of MARR re: CDM			1,830,853	5,247,005	7,077,858	7,077,858
58	Other Board-approved changes to MARR or incremental revenue			215,405	0	215,405	215,405
59						0	0
60	Total Regulatory Income			5,707,964	20,518,002	26,225,966	26,225,966
61							
62	Equity			32,063,982	111,295,822	143,359,804	
63							
64	Return at target ROE			3,167,921	10,996,027	14,163,949	
65							
66	Debt			32,063,982	136,028,226	168,092,208	
67							
68	Deemed interest amount in 100% of MARR			2,324,639	9,521,976	11,846,615	
69							
70	Phase-in of interest - Year 1 (2001)			774,879	4,651,925	5,426,804	
71	((D43+D47)/D41)*D61						
72	Phase-in of interest - Year 2 (2002)			1,549,759	7,086,950	8,636,709	
73	((D43+D47+D48)/D41)*D61						
74	Phase-in of interest - Year 3 (2003) and forward			2,324,639	9,521,976	11,846,615	
75	((D43+D47+D48)/D41)*D61 (due to Bill 210)						
76	Phase-in of interest - 2005					11,846,615	
77							
78							

A	B	C	D	E	F	G	H	I	J
PILS TAXES	ITEM		Initial Estimate (Full Year)			M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns	
PILS DEFERRAL AND VARIANCE ACCOUNTS									
TAX CALCULATIONS (TAXCALC)									
4 "Wires-only" business - see Tab TAXREC)	0							Version 2009.1	
Utility Name: Horizon Utilities Corporation		Former SCHUSI	Former HHI	Combined Horizon Utilities					Column Brought From TAXREC
7 Reporting period: 2005 (306 days December 31st)									
8									
9 Days in reporting period:	306								
10 Total days in the calendar year:	365								
		\$	\$	\$		\$		\$	
II CORPORATE INCOME TAXES									
16 Regulatory Net Income REGINFO E53	1	5,707,964	20,518,002	26,225,966		-4,005,711		22,220,255	
18 BOOK TO TAX ADJUSTMENTS									
19 Additions:									
20 Depreciation & Amortization	2	3,496,843	11,570,187	15,067,030		1,288,511		16,355,541	
21 Employee Benefit Plans - Accrued, Not Paid	3					1,284,678		1,284,678	
22 Tax reserves - beginning of year	4					350,000		350,000	
23 Reserves from financial statements - end of year	4					1,472,655		1,472,655	
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"						2,181,508		2,181,508	
31									
32 Deductions: Input positive numbers									
33 Capital Cost Allowance and CEC	7	2,446,091	8,779,450	11,225,541		4,257,649		15,483,190	
34 Employee Benefit Plans - Paid Amounts	8					908,725		908,725	
35 Items Capitalized for Regulatory Purposes	9					0		0	
36 Regulatory Adjustments - deduction for tax purposes in item 5	10					0		0	
37 Interest Expense Deemed/ Incurred	11	2,324,639	9,521,976	11,846,615		-4,295,830		7,550,786	
38 Tax reserves - end of year	4					350,000		350,000	
39 Reserves from financial statements - beginning of year	4					1,040,150		1,040,150	
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")		296,409	700,000	996,409					
44 "Material" Items from "TAXREC" worksheet	12					14,600		14,600	
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"						109,257		109,257	
49									
50 TAXABLE INCOME/ (LOSS)		4,137,668	13,086,763	17,224,431		187,090	Before loss C/F	18,407,930	
51									
52 BLENDED INCOME TAX RATE									
53 Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	36.12%	36.12%	36.12%		0.0000%		36.12%	
54									
55 REGULATORY INCOME TAX		1,494,526	4,726,939	6,221,465		392,780	Actual	6,614,245	
56									
57 Miscellaneous Tax Credits	14					22,513	Actual	22,513	
58									
59 Total Regulatory Income Tax		1,494,526	4,726,939	6,221,465		370,267	Actual	6,591,732	
60									
61									
62									
63 III CAPITAL TAXES									
64									
65 Ontario									
66 Base	15	64,127,964	247,324,048	311,452,012		-17,592,988		293,859,024	
67 Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	7,500,000	6,375,000	13,875,000		-7,348,388		6,526,612	
68 Taxable Capital		56,627,964	240,949,048	297,577,012		-24,941,376		287,332,412	
69									
70 Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%	0.3000%	0.3000%		0.0000%		0.3000%	
71									
72 Ontario Capital Tax		169,884	722,847	892,731		-170,070		722,661	
73									
74 Federal Large Corporations Tax									
75 Base	18	64,127,964	247,324,048	311,452,012		-19,881,005		291,571,007	
76 Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	50,000,000	50,000,000	100,000,000		-90,000,000		10,000,000	
77 Taxable Capital		14,127,964	197,324,048	211,452,012		-109,881,005		281,571,007	
78									
79 Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.1750%	0.1750%	0.1750%		0.0000%		0.1750%	
80									
81 Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		24,724	345,317	370,041		43,058		413,099	
82 Less: Federal Surtax 1.12% x Taxable Income	21	24,724	146,572	192,914		13,255		206,169	
83									
84 Net LCT		0	198,745	198,745		29,803		206,931	
85									
86 III-a) INCLUSION IN RATES (FULL YEAR)									
87 Income Tax Rate used for gross- up (exclude surtax)		36.12%	36.12%	36.12%					
88									
89 Income Tax (proxy tax is grossed-up)	22	2,339,583	7,399,716	9,739,300			Actual 2005	6,614,245	
90 LCT (proxy tax is grossed-up)	23	0	311,123	311,123			Actual 2005	6,591,732	
91 Ontario Capital Tax (no gross-up since it is deductible)	24	169,884	722,847	892,731			Actual 2005	22,513	
92									
93									
94									
95 Total PILs for Rate Adjustment -- MUST AGREE WITH 2005 RAM DECISION	25	2,509,467	8,433,687	10,943,154			Actual 2005	13,228,490	
96									
97									
98 III-b) INCLUSION IN RATES (Pro-Rated For Short Taxation Year)									
99									
100 Income Tax Rate used for gross- up (exclude surtax)		36.12%	36.12%	36.12%					
101									
102 Income Tax (proxy tax is grossed-up)	22	1,961,404	6,203,598	8,165,002			Actual 2005	6,591,732	
103 LCT (proxy tax is grossed-up)	23	0	260,832	260,832			Actual 2005	129,630	
104 Ontario Capital Tax (no gross-up since it is deductible)	24	142,423	606,003	748,427			Actual 2005	712,315	
105									
106									
107 Total PILs for Rate Adjustment -- Pro-Rated for Short Taxation Year	25	2,103,827	7,070,433	9,174,260			Actual 2005	7,433,677	
108									
109									
110 LCT pro-rated for short year and not grossed up for purpose of IV b) Deferral Account Variance from LCT				166,619					
111									
112									
113									
114 IV) FUTURE TRUE-UPS									
115 IV a) Calculation of the True-up Variance						DR/(CR)			
116 In Additions:									
117 Employee Benefit Plans - Accrued, Not Paid	3					1,284,678			
118 Tax reserves deducted in prior year	4					350,000			
119 Reserves from financial statements-end of year	4					1,472,655			
120 Regulatory Adjustments	5					0			
121 Other additions "Material" Items TAXREC	6					0			
122 Other additions "Material" Items TAXREC 2	6					0			
123 In Deductions - positive numbers									
124 Employee Benefit Plans - Paid Amounts	8					908,725			
125 Items Capitalized for Regulatory Purposes	9					0			
126 Regulatory Adjustments	10					0			
127 Interest Adjustment for tax purposes (See Below - cell I206)	11					0			

A	B	C	D	E	F	G	H	I	J
PILS TAXES	ITEM		Initial Estimate			M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns	
PILS DEFERRAL AND VARIANCE ACCOUNTS			(Full Year)						
TAX CALCULATIONS (TAXCALC)									
"Wires-only" business - see Tab TAXREC	0							Version 2009.1	
Utility Name: Horizon Utilities Corporation		Former SCHUSI	Former HHI	Combined Horizon Utilities					Column Brought From TAXREC
Reporting period: 2005 (306 days December 31st)									
Days in reporting period:	306								
Total days in the calendar year:	365								
		\$	\$	\$		\$		\$	
Tax reserves claimed in current year	4					350,000			
Reserves from F/S beginning of year	4					1,040,150			
Contributions to deferred income plans	3					0			
Contributions to pension plans	3					0			
Other deductions "Material" Items TAXREC	12					14,600			
Other deductions "Material" Item TAXREC 2	12					0			
Total TRUE-UPS before tax effect	26				=	793,858			
Income Tax Rate (excluding surtax) from 2005 Utility's tax return					x	36.12%			
Income Tax Effect on True-up adjustments					=	286,742			
Less: Miscellaneous Tax Credits	14					14,381			
Total Income Tax on True-ups						272,360			
Income Tax Rate used for gross-up (exclude surtax)						35.00%			
TRUE-UP VARIANCE ADJUSTMENT						419,016			
IV b) Calculation of the Deferral Account Variance caused by changes in legislation									
REGULATORY TAXABLE INCOME (LOSSES) (as reported in the initial estimate column)					=	17,224,431			
REVISED CORPORATE INCOME TAX RATE					x	36.12%			
REVISED REGULATORY INCOME TAX					=	6,221,465			
Less: Revised Miscellaneous Tax Credits					-	14,381			
Total Revised Regulatory Income Tax					=	6,207,083			
Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)					-	6,221,465			
Regulatory Income Tax Variance					=	-14,381			
Ontario Capital Tax									
Base					=	311,452,012			
Less: Exemption from tab Tax Rates, Table 2, cell C39					-	7,500,000			
Revised deemed taxable capital					=	303,952,012			
Rate - Tab Tax Rates cell C54					x	0.3000%			
Revised Ontario Capital Tax					=	764,460			
Less: Ontario Capital Tax reported in the initial estimate column (Cell E104 - pro-rated for short taxation year)					-	748,427			
Regulatory Ontario Capital Tax Variance					=	16,034			
Federal LCT									
Base					=	311,452,012			
Less: Exemption from tab Tax Rates, Table 2, cell C40					-	50,000,000			
Revised Federal LCT					=	261,452,012			
Rate (as a result of legislative changes) tab "Tax Rates" cell C51						0.1750%			
Gross Amount						383,582			
Less: Federal surtax					-	192,914			
Revised Net LCT					=	190,669			
Less: Federal LCT reported for the initial estimate column (Cell E111)					-	166,619			
Regulatory Federal LCT Variance					=	24,049			
Actual Income Tax Rate used for gross-up (exclude surtax)						35.00%			
Income Tax (grossed-up)					+	-22,125			
LCT (grossed-up)					+	36,999			
Ontario Capital Tax					+	16,034			
DEFERRAL ACCOUNT VARIANCE ADJUSTMENT					=	30,907			
TRUE-UP VARIANCE (from cell H47)					+	419,016			
Total Deferral Account Entry (Positive Entry = Debit)					=	449,923			
(Deferral Account Variance + True-up Variance)									
V) INTEREST PORTION OF TRUE-UP									
Variance Caused By Phase-in of Deemed Debt									
Total deemed interest (REGINFO)						11,846,615			
Interest phased-in (Cell E36)						8,636,709			
Variance due to phase-in of debt component of MARR in rates according to the Board's decision						3,209,906			
Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)									
Interest deducted on MoF filing (Cell K36+K41)						7,550,785			
Actual Interest Paid						7,550,785			
Variance caused by excess debt						0			
Interest Adjustment for Tax Purposes (carry forward to Cell H27)						0			
Total Interest Variance						3,209,906			

	A	B	C	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		
4		0	Return				
5					Version 2009.1		
6	Section A: Identification:						
7	Utility Name: Horizon Utilities Corporation						
8	Reporting period: 2005 (306 days December 31st)						
9	Taxation Year's start date:						
10	Taxation Year's end date:						
11	Number of days in taxation year:		306	days			
12							
13	Please enter the Materiality Level :		0	< - enter materiality level			
14	(0.25% x Rate Base x CER)	Y/N	Y				
15	(0.25% x Net Assets)	Y/N	N				
16	Or other measure (please provide the basis of the amount)	Y/N	N				
17	Does the utility carry on non-wires related operation?	Y/N	Y				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)						
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.						
25	If required please change the descriptions except for amortization, 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	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.						
29							
30	Income:						
31	Energy Sales	+			0		
32	Distribution Revenue	+	67,382,744		67,382,744		
33	Other Income	+	13,372,733	3,813,928	9,558,805		
34	Miscellaneous income	+			0		
35		+			0		
36	Revenue should be entered above this line						
37							
38	Costs and Expenses:						
39	Cost of energy purchased	-			0		
40	Administration	-			0		
41	Customer billing and collecting	-			0		
42	Operations and maintenance	-	39,469,278	1,958,852	37,510,426		
43	Amortization	-	16,116,033	189,465	15,926,568		
44	Ontario Capital Tax	-	720,256		720,256		
45	Capitalized	-			0		
46	Recovery of Regulatory Assets	-			0		
47	Opening Merger Adjustment to reclassify SCHUSI income to retained earnings	-	564,044		564,044		
48		-			0		
49							
50	Net Income Before Interest & Income Taxes EBIT	=	23,885,866	1,665,611	22,220,255		
51	Less: Interest expense for accounting purposes	-	7,577,785	27,000	7,550,785		
52	Provision for payments in lieu of income taxes	-	5,367,997	591,866	4,776,131		Does this include LCT?
53	Net Income (loss)	=	10,940,084	1,046,745	9,893,339		
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							
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	+	5,367,997	591,866	4,776,131		Does this include LCT?
60	Federal large corporation tax	+	0		0		
61	Depreciation & Amortization	+	16,545,006	189,465	16,355,541		
62	Employee benefit plans-accrued, not paid	+	1,308,177	23,499	1,284,678		
63	Tax reserves - beginning of year	+	350,000	0	350,000		
64	Reserves from financial statements- end of year	+	1,472,655	0	1,472,655		
65	Regulatory adjustments on which true-up may apply (see A66)	+			0		
66	Items on which true-up does not apply "TAXREC 3"		2,181,508	0	2,181,508		
67	Material addition items from TAXREC 2	+	0	0	0		
68	Other addition items (not Material) from TAXREC 2	+	0	0	0		
69							
70	Subtotal		27,225,343	804,830	26,420,513		
71							
72	Other Additions: (Please explain the nature of the additions)						
73	Recapture of CCA	+			0		
74	Non-deductible meals and entertainment expense	+			0		
75	Capital items expensed	+			0		
76		+	0		0		
77		+			0		
78		+			0		
79		+			0		
80	Total Other Additions	=	0	0	0		
81							
82	Total Additions	=	27,225,343	804,830	26,420,513		
83							
84	Recap Material Additions:						
85			0	0	0		
86			0	0	0		
87			0	0	0		

	A	B	C	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		
4		0	Return				
5					Version 2009.1		
88			0	0	0		
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							
96	BOOK TO TAX DEDUCTIONS:						
97	Capital cost allowance	-	14,734,806	189,465	14,545,341		
98	Cumulative eligible capital deduction	-	937,849		937,849		
99	Employee benefit plans-paid amounts	-	908,725		908,725		
100	Items capitalized for regulatory purposes	-			0		
101	Regulatory adjustments :	-			0		
102	CCA	-			0		
103	other deductions	-			0		
104	Tax reserves - end of year	-	350,000	0	350,000		
105	Reserves from financial statements- beginning of year	-	1,040,150	0	1,040,150		
106	Contributions to deferred income plans	-			0		
107	Contributions to pension plans	-			0		
108	Items on which true-up does not apply "TAXREC 3"		109,257	0	109,257		
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	Subtotal	=	18,080,787	189,465	17,891,322		
114	Other deductions (Please explain the nature of the deductions)						
115	Charitable donations - tax basis	-	14,600		14,600		
116	Gain on disposal of assets	-			0		
117		-			0		
118					0		
119		-			0		
120	Total Other Deductions	=	14,600	0	14,600		
121							
122	Total Deductions	=	18,095,387	189,465	17,905,922		
123							
124	Recap Material Deductions:						
125	Charitable donations - tax basis		14,600	0	14,600		
126			0	0	0		
127			0	0	0		
128			0	0	0		
129			0	0	0		
130	Total Other Deductions exceed materiality level		14,600	0	14,600		
131	Other Deductions less than materiality level		0	0	0		
132	Total Other Deductions		14,600	0	14,600		
133							
134	TAXABLE INCOME	=	20,070,040	1,662,110	18,407,930		
135	DEDUCT:						
136	Non-capital loss applied positive number	-	0		0		
137	Net capital loss applied positive number	-			0		
138					0		
139	NET TAXABLE INCOME	=	20,070,040	1,662,110	18,407,930		
140							
141	FROM ACTUAL TAX RETURNS						
142	Net Federal Income Tax (Must agree with tax return)	+	4,446,686	368,254	4,078,432		
143	Net Ontario Income Tax (Must agree with tax return)	+	2,764,780	228,967	2,535,813		
144	Subtotal	=	7,211,466	597,221	6,614,245		
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	22,513		22,513		
146	Total Income Tax	=	7,188,953	597,221	6,591,732		
147							
148	FROM ACTUAL TAX RETURNS						
149	Net Federal Income Tax Rate (Must agree with tax return)		22.16%		22.16%		Divide federal income tax by the taxable
150	Net Ontario Income Tax Rate (Must agree with tax return)		13.78%		13.78%		Divide Ontario income tax by the taxable
151	Blended Income Tax Rate		35.93%		35.93%		
152							
153	Section F: Income and Capital Taxes						
154							
155	RECAP						
156	Total Income Taxes	+	7,188,953	597,221	6,591,732		
157	Ontario Capital Tax	+	722,661	-10,346	712,315		
158	Federal Large Corporations Tax	+	129,630	0	129,630		
159							
160	Total income and capital taxes	=	8,041,244	586,875	7,433,677		
161							

	A	B	C	D	E	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						
7	Utility Name: Horizon Utilities Corporation					
8	Reporting period: 2005 (306 days December 31st)					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		350,000		350,000	
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)		350,000	0	350,000	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		350,000		350,000	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		350,000	0	350,000	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		700,000		700,000	
45	Inventory obsolescence		340,150		340,150	
46	Property taxes				0	
47	Other - Please describe				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		1,040,150	0	1,040,150	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		1,132,655		1,132,655	
57	Inventory obsolescence		340,000		340,000	
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)		1,472,655	0	1,472,655	
64						

	A	B	C	D	E
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
5	RATEPAYERS ONLY		Return		
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1
7					
8	Utility Name: Horizon Utilities Corporation				
9	Reporting period: 2005 (306 days December 31st)				
10	Number of days in taxation year:		306		
11	Materiality Level:		0		
12					
13					
14					
15	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
21	Taxable capital gains	+			0
22		+			0
23	Scientific research expenditures deducted	+			0
24	per financial statements	+			0
25	Capitalized interest	+			0
26	Soft costs on construction and renovation of buildings	+			0
27	Capital items expensed	+			0
28	Debt issue expense	+			0
29	Financing fees deducted in books	+			0
30	Gain on settlement of debt	+			0
31	Interest paid on income debentures	+			0
32	Recapture of SR&ED expenditures	+			0
33	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
37		+			0
38		+			0
39		+			0
40	Other Additions: (please explain in detail the nature of the item)	+			0
41		+			0
42		+			0
43		+			0
44		+			0
45		+			0
46	Total Additions	=	0	0	0
47					
48	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

	A	B	C	D	E
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
5	RATEPAYERS ONLY		Return		
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1
7					
8	Utility Name: Horizon Utilities Corporation				
9	Reporting period: 2005 (306 days December 31st)				
10	Number of days in taxation year:		306		
11	Materiality Level:		0		
12					
13					
68			0	0	0
69			0	0	0
70			0	0	0
71			0	0	0
72			0	0	0
73			0	0	0
74			0	0	0
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					
81	Deduct:				
82	Gain on disposal of assets per f/s	-			0
83	Dividends not taxable under section 83	-			0
84	Terminal loss from Schedule 8	-			0
85	Depreciation in inventory, end of prior year	-			0
86	Scientific research expenses claimed in year from Form T661	-			0
87	Bad debts	-			0
88	Book income of joint venture or partnership	-			0
89	Equity in income from subsidiary or affiliates	-			0
90	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
96	Non-taxable load transfers	-	0		0
97		-			0
98		-			0
99	Total Deductions	=	0	0	0
100					
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			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

	A	B	C	D	E	F
1						
2	PILs TAXES					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
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			
8	Utility Name: Horizon Utilities Corporation				Version 2009.1	
9						
10						
11	Reporting period: 2005 (306 days December 31st)					
12	Number of days in taxation year:		306			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	11,758		11,758	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books		14,600		14,600	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Ontario capital tax adjustments				0	
39		+			0	
40	Changes in Regulatory Asset balances	+	1,819,335		1,819,335	
41	Imputed interest expense on Regulatory Assets	+			0	
42		+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Capitalized Fleet Depreciation, net (not permitted for UCC purposes)	+	335,815		335,815	
45		+			0	
46		+				
47	Total Additions on which true-up does not apply	=	2,181,508	0	2,181,508	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-	103,782		103,782	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-	5,475		5,475	
59		-			0	
60	Ontario capital tax adjustments to current or prior year	-			0	
61		-			0	
62	Changes in Regulatory Asset balances	-			0	
63		-			0	
64		-			0	
65		-			0	
66		-			0	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	109,257	0	109,257	
74						
75						

	A	B	C	D	E	F	G	H	I	J
1	PILs TAXES									
2	Corporate Tax Rates				Version 2009.1					
3	Exemptions, Deductions, or Thresholds									
4	Utility Name: Horizon Utilities Corporation									
5	Reporting period: 2005 (306 days December 31st)									
6										
7	Table 1									
8	Rates Used in 2005 RAM PILs Applications for 2005									
9	Income Range		0		400,001					
10	RAM 2005		to		to				>1,128,000	
11		Year	400,000		1,128,000					
12	Income Tax Rate									
13	Proxy Tax Year	2005								
14	Federal (Includes surtax)		13.12%		17.75%				22.12%	
15	and Ontario blended		5.50%		9.75%				14.00%	
16	Blended rate		18.62%		27.50%				36.12%	
17										
18	Capital Tax Rate		0.300%							
19	LCT rate		0.175%							
20	Surtax		1.12%							
21	Ontario Capital Tax Exemption **	MAX \$7.5MM	7,500,000							
22	Federal Large Corporations Tax Exemption **	MAX \$50MM	50,000,000							
23	**Exemption amounts must agree with the Board-approved 2005 RAM PILs filing									
24										
25	Table 2									
26	Expected Income Tax Rates for 2005 and Capital Tax Exemptions for 2005									
27	Income Range		0	250,001	400,001					
28	Expected Rates		to	to	to				>1,128,000	
29		Year	250,000	400,000	1,128,000					
30	Income Tax Rate									
31	Current year	2005								
32	Federal (Includes surtax)	2005	13.12%	22.12%	22.12%				22.12%	
33	Ontario	2005	5.50%	5.50%	9.75%				14.00%	
34	Blended rate	2005	18.62%	27.62%	31.87%				36.12%	
35										
36	Capital Tax Rate	2005	0.300%							
37	LCT rate	2005	0.200%							
38	Surtax	2005	1.12%							
39	Ontario Capital Tax Exemption *** 2005	MAX \$7.5MM	7,500,000							
40	Federal Large Corporations Tax Exemption *** 2005	MAX \$50MM	50,000,000							
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43	Table 3									
44	Input Information from Utility's Actual 2005 Tax Returns									
45	Income Range		0	250,001	400,001					
46			to	to	to				>1,128,000	
47		Year	250,000	400,000	1,128,000					
48	Income Tax Rate									
49	Current year	2005								
50	Federal (Includes surtax)		13.12%	22.12%	22.12%				22.12%	
51	Ontario		5.50%	5.50%	14.00%				14.00%	
52	Blended rate		18.62%	27.62%	36.12%				36.12%	
53										
54	Capital Tax Rate		0.300%							
55	LCT rate		0.200%							
56	Surtax		1.12%							
57	Ontario Capital Tax Exemption *	MAX \$7.5MM	6,955,928							
58	Federal Large Corporations Tax Exemption *	MAX \$50MM	45,995,000							
59	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36									
60										
61										

	A	B	C	D	E
1	PILs TAXES				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Hamilton Hydro Inc.			<u>Colour Code</u>	
4	Reporting period: 2005 (59 days February 28, 2005)			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	59	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
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	OCT	Y/N	N	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		86%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	28-Feb	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			247,324,048	
32					
33	Common Equity Ratio (CER)			45.00%	
34					
35	1-CER			55.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.00%	
40					
41	Market Adjusted Revenue Requirement			20,518,003	
42					
43	1999 return from RUD Sheet #7			4,776,987	4,776,987
44					
45	Total Incremental revenue			15,741,016	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			5,247,005	5,247,005
48	Amount allowed in 2002			5,247,005	5,247,005
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM			5247005	5,247,005
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				20,518,002
55					
56	Equity			111,295,822	
57					
58	Return at target ROE			10,996,027	
59					
60	Debt			136,028,226	
61					
62	Deemed interest amount in 100% of MARR			9,521,976	
63					
64	Phase-in of interest - Year 1 (2001)			4,651,925	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			7,086,950	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			7,086,950	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			9,521,976	
71					
72					

	A	B	C	D	E	F	G	H
1	PILS TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
7	Reporting period: 2005 (59 days February 28, 2005)							
8							Column	
9	Days in reporting period:	59	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
14	II CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	20,518,002		-17,010,203		3,507,799	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	11,570,187		-8,997,045		2,573,142	
21	Employee Benefit Plans - Accrued, Not Paid	3			485,150		485,150	
22	Tax reserves - beginning of year	4			350,000		350,000	
23	Reserves from financial statements - end of year	4			1,040,150		1,040,150	
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"				69,019		69,019	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	8,779,450		-6,455,827		2,323,623	
34	Employee Benefit Plans - Paid Amounts	8			132,383		132,383	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	9,521,976		-8,163,781		1,358,195	
38	Tax reserves - end of year	4			350,000		350,000	
39	Reserves from financial statements - beginning of year	4			1,040,000		1,040,000	
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		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"		700,000		-699,634		366	
49								
50	TAXABLE INCOME/ (LOSS)		13,086,763		-10,266,070	Before loss C/F	2,820,693	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	36.12%		0.0000%		36.12%	
54								
55	REGULATORY INCOME TAX		4,726,939		-3,706,639	Actual	1,020,300	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		4,726,939		-3,706,639	Actual	1,020,300	
61								
62								
63	III CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	247,324,048		15,393,018		262,717,066	
67	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	6,375,000		107,706		6,482,706	
68	Taxable Capital		240,949,048		15,500,724		256,234,360	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		116,844		7,412		124,256	
73								
74	Federal Large Corporations Tax							
75	Base	18	247,324,048		16,567,896		263,891,944	
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	50,000,000		-40,000,000		10,000,000	
77	Taxable Capital		197,324,048		-23,432,104		253,891,944	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.1750%		0.0000%		0.1750%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		55,818		16,002		71,820	
82	Less: Federal Surtax 1.12% x Taxable Income	21	23,692		7,899		31,592	
83								
84	Net LCT		32,126		8,102		40,228	
85								

	A	B	C	D	E	F	G	H
1	PILS TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
7	Reporting period: 2005 (59 days February 28, 2005)							
8							Column	
9	Days in reporting period:	59	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		36.12%					
89								
90	Income Tax (proxy tax is grossed-up)	22	1,196,119			Actual 2005	1,020,300	
91	LCT (proxy tax is grossed-up)	23	50,291			Actual 2005	28,913	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	116,844			Actual 2005	124,256	
93								
94								
95	Total PILS for Rate Adjustment -- MUST AGREE WITH 2005	25	1,363,253			Actual 2005	1,173,469	
96	RAM DECISION							
97								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			485,150			
103	Tax reserves deducted in prior year	4			350,000			
104	Reserves from financial statements-end of year	4			1,040,150			
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			132,383			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I206)	11			0			
113	Tax reserves claimed in current year	4			350,000			
114	Reserves from F/S beginning of year	4			1,040,000			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	352,917			
121								
122	Income Tax Rate (excluding surtax) from 2005 Utility's tax return			x	36.12%			
123								
124	Income Tax Effect on True-up adjustments			=	127,474			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				127,474			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				35.00%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				196,113			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	13,086,763			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	36.12%			
139								
140	REVISED REGULATORY INCOME TAX			=	4,726,939			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	4,726,939			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	4,726,939			
147								
148	Regulatory Income Tax Variance			=	0			
149								

	A	B	C	D	E	F	G	H
1	PILS TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
7	Reporting period: 2005 (59 days February 28, 2005)							
8							Column	
9	Days in reporting period:	59	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
150	Ontario Capital Tax							
151	Base			=	247,324,048			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	7,500,000			
153	Revised deemed taxable capital			=	239,824,048			
154								
155	Rate - Tab Tax Rates cell C54			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	116,298			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	116,844			
159	Regulatory Ontario Capital Tax Variance			=	-546			
160								
161	Federal LCT							
162	Base				247,324,048			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
164	Revised Federal LCT			=	197,324,048			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.1750%			
167								
168	Gross Amount				55,818			
169	Less: Federal surtax			-	23,692			
170	Revised Net LCT			=	32,126			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	32,126			
173	Regulatory Federal LCT Variance			=	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				35.00%			
176								
177	Income Tax (grossed-up)			+	0			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	-546			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	-546			
182								
183	TRUE-UP VARIANCE (from cell I132)			+	196,113			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=	195,568			
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				9,521,976			
194	Interest phased-in (Cell C36)				7,086,950			
195								
196	Variance due to phase-in of debt component of MARR in rates according to the Board's decision				2,435,026			
197								
198								
199	Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)							
200	Interest deducted on MoF filing (Cell K36+K41)				1,358,195			
201	Actual Interest Paid				1,358,195			
202								
203	Variance caused by excess debt				0			
204								
205	Interest Adjustment for Tax Purposes (carry forward to Cell I112)				0			
206								
207								
208	Total Interest Variance				2,435,026			
209								
210								
211								

	A	B	C	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		
4			Return				
5	0				Version 2009.1		
6	Section A: Identification:						
7	Utility Name: Hamilton Hydro Inc.						
8	Reporting period: 2005 (59 days February 28, 2005)						
9	Taxation Year's start date:						
10	Taxation Year's end date:						
11	Number of days in taxation year:		59	days			
12							
13	Please enter the Materiality Level :		0	< - enter materiality level			
14	(0.25% x Rate Base x CER)	Y/N	N				
15	(0.25% x Net Assets)	Y/N	N				
16	Or other measure (please provide the basis of the amount)	Y/N	Y				
17	Does the utility carry on non-wires related operation?	Y/N	Y				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)						
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.						
25	If required please change the descriptions except for amortization, 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 in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.						
28							
29							
30	Income:						
31	Energy Sales	+			0		
32	Distribution Revenue	+	9,432,652		9,432,652		
33	Other Income	+	1,251,864		1,251,864		
34	Miscellaneous income	+			0		
35		+			0		
36	Revenue should be entered above this line						
37							
38	Costs and Expenses:						
39	Cost of energy purchased	-			0		
40	Administration	-			0		
41	Customer billing and collecting	-			0		
42	Operations and maintenance	-	4,581,827		4,581,827		
43	Amortization	-	2,482,592		2,482,592		
44	Ontario Capital Tax	-	112,298		112,298		
45	Capitalized	-			0		
46	Recovery of Regulatory Assets	-			0		
47		-			0		
48		-			0		
49							
50	Net Income Before Interest & Income Taxes EBIT	=	3,507,799	0	3,507,799		
51	Less: Interest expense for accounting purposes	-	1,358,195		1,358,195		
52	Provision for payments in lieu of income taxes	-	548,709		548,709		Does this include LCT?
53	Net Income (loss)	=	1,600,895	0	1,600,895		
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							
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	+	548,709	0	548,709		Does this include LCT?
60	Federal large corporation tax	+	0		0		
61	Depreciation & Amortization	+	2,573,142	0	2,573,142		
62	Employee benefit plans-accrued, not paid	+	485,150	0	485,150		
63	Tax reserves - beginning of year	+	350,000	0	350,000		
64	Reserves from financial statements- end of year	+	1,040,150	0	1,040,150		
65	Regulatory adjustments on which true-up may apply (see A66)	+			0		
66	Items on which true-up does not apply "TAXREC 3"		69,019	0	69,019		
67	Material addition items from TAXREC 2	+	0	0	0		
68	Other addition items (not Material) from TAXREC 2	+	0	0	0		
69							
70	Subtotal		5,066,170	0	5,066,170		
71							
72	Other Additions: (Please explain the nature of the additions)						
73	Recapture of CCA	+			0		
74	Non-deductible meals and entertainment expense	+			0		
75	Capital items expensed	+			0		
76		+	0		0		
77		+			0		
78		+			0		
79		+			0		
80	Total Other Additions	=	0	0	0		
81							
82	Total Additions	=	5,066,170	0	5,066,170		
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		
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							

	A	B	C	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		
4		0	Return				
5					Version 2009.1		
96	BOOK TO TAX DEDUCTIONS:						
97	Capital cost allowance	-	2,140,726		2,140,726		
98	Cumulative eligible capital deduction	-	182,897		182,897		
99	Employee benefit plans-paid amounts	-	132,383		132,383		
100	Items capitalized for regulatory purposes	-			0		
101	Regulatory adjustments :	-			0		
102	CCA	-			0		
103	other deductions	-			0		
104	Tax reserves - end of year	-	350,000	0	350,000		
105	Reserves from financial statements- beginning of year	-	1,040,000	0	1,040,000		
106	Contributions to deferred income plans	-			0		
107	Contributions to pension plans	-			0		
108	Items on which true-up does not apply "TAXREC 3"		366	0	366		
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	Subtotal	=	3,846,372	0	3,846,372		
114	Other deductions (Please explain the nature of the deductions)	-			0		
115	Charitable donations - tax basis	-			0		
116	Gain on disposal of assets	-			0		
117		-			0		
118		-			0		
119		-			0		
120	Total Other Deductions	=	0	0	0		
121							
122	Total Deductions	=	3,846,372	0	3,846,372		
123							
124	Recap Material Deductions:						
125			0	0	0		
126			0	0	0		
127			0	0	0		
128			0	0	0		
129			0	0	0		
130	Total Other Deductions exceed materiality level		0	0	0		
131	Other Deductions less than materiality level		0	0	0		
132	Total Other Deductions		0	0	0		
133							
134	TAXABLE INCOME	=	2,820,693	0	2,820,693		
135	DEDUCT:						
136	Non-capital loss applied positive number	-	0		0		
137	Net capital loss applied positive number	-			0		
138					0		
139	NET TAXABLE INCOME	=	2,820,693	0	2,820,693		
140							
141	FROM ACTUAL TAX RETURNS						
142	Net Federal Income Tax (Must agree with tax return)	+	625,403	0	625,403		
143	Net Ontario Income Tax (Must agree with tax return)	+	394,897	0	394,897		
144	Subtotal	=	1,020,300	0	1,020,300		
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0		
146	Total Income Tax	=	1,020,300	0	1,020,300		
147							
148	FROM ACTUAL TAX RETURNS						
149	Net Federal Income Tax Rate (Must agree with tax return)		22.17%		22.17%		Divide federal income tax by the taxable
150	Net Ontario Income Tax Rate (Must agree with tax return)		14.00%		14.00%		Divide Ontario income tax by the taxable
151	Blended Income Tax Rate		36.17%		36.17%		
152							
153	Section F: Income and Capital Taxes						
154							
155	RECAP						
156	Total Income Taxes	+	1,020,300	0	1,020,300		
157	Ontario Capital Tax	+	124,256		124,256		
158	Federal Large Corporations Tax	+	28,913		28,913		
159							
160	Total income and capital taxes	=	1,173,469	0	1,173,469		
161							

	A	B	C	D	E	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	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Hamilton Hydro Inc.					
9	Reporting period: 2005 (59 days February 28, 2005)					
10	Number of days in taxation year:		59			
11	Materiality Level:		0			
12						
13						
14						
15	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	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	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	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	0	0	0	
47						
48	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	
73			0	0	0	
74			0	0	0	
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						

	A	B	C	D	E	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	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Hamilton Hydro Inc.					
9	Reporting period: 2005 (59 days February 28, 2005)					
10	Number of days in taxation year:		59			
11	Materiality Level:		0			
12						
13						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-			0	
93		-			0	
94		-			0	
95	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
96	Non-taxable load transfers	-	0		0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
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			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	
122						

	A	B	C	D	E	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						
7	Utility Name: Hamilton Hydro Inc.					
8	Reporting period: 2005 (59 days February 28, 2005)					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		350,000		350,000	
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)		350,000	0	350,000	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		350,000		350,000	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		350,000	0	350,000	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		700,000		700,000	
45	Inventory obsolescence		340,000		340,000	
46	Property taxes				0	
47	Other - Please describe				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		1,040,000	0	1,040,000	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		700,000		700,000	
57	Inventory obsolescence		340,150		340,150	
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)		1,040,150	0	1,040,150	
64						

	A	B	C	D	E	F
1						
2	PILs TAXES					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
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			
8	Utility Name: Hamilton Hydro Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2005 (59 days February 28, 2005)					
12	Number of days in taxation year:		59			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+	19,873		19,873	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	743		743	
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				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Ontario capital tax adjustments				0	
39		+			0	
40	Changes in Regulatory Asset balances	+			0	
41	Imputed interest expense on Regulatory Assets	+			0	
42		+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Capitalized Fleet Depreciation, net (not permitted as additions for UCC)	+	48,403		48,403	
45		+			0	
46		+				
47	Total Additions on which true-up does not apply	=	69,019	0	69,019	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-	366		366	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	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	Ontario capital tax adjustments to current or prior year	-			0	
61		-			0	
62	Changes in Regulatory Asset balances	-			0	
63		-			0	
64		-			0	
65		-			0	
66		-			0	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	366	0	366	
74						

	A	B	C	D	E	F
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			
8	Utility Name: Hamilton Hydro Inc.				Version 2009.1	
75						

	A	B	C	D	E	F	G	H	I	J
1	PILs TAXES									
2	Corporate Tax Rates									
3	Exemptions, Deductions, or Thresholds									
4	Utility Name: Hamilton Hydro Inc.									
5	Reporting period: 2005 (59 days February 28, 2005)									
6										
7										
8	Table 1									
9	Rates Used in 2005 RAM PILs Applications for 2005									
10	Income Range		0		400,001					
11	RAM 2005		to		to					
12		Year	400,000		1,128,000				>1,128,000	
13	Income Tax Rate									
14	Proxy Tax Year	2005								
15	Federal (Includes surtax)		13.12%		17.75%				22.12%	
16	and Ontario blended		5.50%		9.75%				14.00%	
17	Blended rate		18.62%		27.50%				36.12%	
18	Capital Tax Rate		0.300%							
19	LCT rate		0.175%							
20	Surtax		1.12%							
21	Ontario Capital Tax Exemption **	MAX \$7.5MM	7,500,000							
22	Federal Large Corporations Tax Exemption **	MAX \$50MM	50,000,000							
23	**Exemption amounts must agree with the Board-approved 2005 RAM PILs filing									
24										
25	Table 2									
26	Expected Income Tax Rates for 2005 and Capital Tax Exemptions for 2005									
27	Income Range		0		250,001		400,001			
28	Expected Rates		to		to		to			
29		Year	250,000		400,000		1,128,000		>1,128,000	
30	Income Tax Rate									
31	Current year	2005								
32	Federal (Includes surtax)	2005	13.12%		22.12%		22.12%		22.12%	
33	Ontario	2005	5.50%		5.50%		9.75%		14.00%	
34	Blended rate	2005	18.62%		27.62%		31.87%		36.12%	
35	Capital Tax Rate	2005	0.300%							
36	LCT rate	2005	0.175%							
37	Surtax	2005	1.12%							
38	Ontario Capital Tax Exemption *** 2005	MAX \$7.5MM	7,500,000							
39	Federal Large Corporations Tax Exemption *** 2005	MAX \$50MM	50,000,000							
40	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
41										
42										
43	Table 3									
44	Input Information from Utility's Actual 2005 Tax Returns									
45	Income Range		0		250,001		400,001			
46			to		to		to			
47		Year	250,000		400,000		1,128,000		>1,128,000	
48	Income Tax Rate									
49	Current year	2005								
50	Federal (Includes surtax)		13.12%		22.12%		22.12%		22.12%	
51	Ontario		5.50%		5.50%		14.00%		14.00%	
52	Blended rate		18.62%		27.62%		36.12%		36.12%	
53	Capital Tax Rate		0.300%							
54	LCT rate		0.175%							
55	Surtax		1.12%							
56	Ontario Capital Tax Exemption *	MAX \$7.5MM	6,955,928							
57	Federal Large Corporations Tax Exemption *	MAX \$50MM	45,995,000							
58	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36									
59										
60										
61										

	A	B	C	E	G	I	K	M	O	Q	R	S	T	U
1	PILS TAXES													
2	Analysis of PILS Tax Account 1562:													
3	Utility Name: Hamilton Hydro Inc.													
4	Reporting period: 2005 (59 days February 28, 2005)													
5	Sign Convention: + for increase; - for decrease													
6														
7														
8	Year start:		01/10/2001	01/01/2002	01/01/2003	01/01/2004	01/01/2005	01/03/2005	01/01/2005	01/01/2006 - 30/04/2006				
9	Year end:		31/12/2001	31/12/2002	31/12/2003	31/12/2004	28/02/2005	31/12/2005	31/12/2005			Cls HHI		Total
10									Total 2005					
11	Opening balance:	=	0	2,485,720	2,475,236	2,870,963	2,869,523	2,757,372	2,869,523	Entries from		1,860,255		0
12	Board-approved PILS tax proxy from Decisions (1)	+/-	2,470,670	8,774,379	11,245,049	9,392,047	1,462,397	731,198	2,193,595	SIMPIL 2Mo Feb 28				34,075,739
13	PILS proxy from April 1, 2005 - input 9/12 of amount							6,325,265	6,325,265					6,325,265
14	True-up Variance Adjustment Q4, 2001 (2)	+/-	0	333,490					0					333,490
15	True-up Variance Adjustment (3)	+/-		0	-91,966	-454,482	-83,159	-431,302	-514,461	196,113				-864,796
16	Deferral Account Variance Adjustment Q4, 2001 (4)								0					0
17	Deferral Account Variance Adjustment (5)	+/-		0	0	-374,681	-109,745	-569,187	-678,932	-546				-1,054,159
18	Adjustments to reported prior years' variances (6)	+/-							0					0
19	Carrying charges (7)	+/-	15,050	232,853	167,356	151,485	20,116	104,330	124,446					691,190
20	PILS billed to (collected from) customers (8)	-		-9,351,206	-10,924,712	-8,715,809	-1,401,758	-7,252,990	-8,654,748					-37,646,475
21														
22	Ending balance: # 1562		2,485,720	2,475,236	2,870,963	2,869,523	2,757,372	1,664,687	1,664,687	195,568				1,860,255
23														
24														
25														
26	Uncollected PILS													
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	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.													
30														
31	Please identify if Method 1, 2 or 3 was used to account for the PILS proxy and recovery. ANSWER:													
32														
33	(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.													
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.													
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	(vi) Column M - The 2005 PILS tax proxy will be used for the period from January 1 to April 30, 2006.													
41														
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	true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.													
44														
45	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.													
46	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.													
47														
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	true 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	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.													
53														
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.													
55														
56	(7) Carrying charges are calculated on a simple interest basis.													
57														
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, 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.													
61	The 2005 PILS tax proxy is being recovered on a volumetric basis by class.													
62														
63	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied													
64	by the PILS volumetric proxy rates by class (from the Q4, 2001 and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;													
65	plus, (b) customer counts by class in the same period multiplied by the PILS fixed charge rate components.													
66														
67	In 2004, use the Board-approved 2002 PILS proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,													
68	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.													
69														
70	In 2005, use the Board-approved 2005 PILS proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,													
71	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.													
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														

	A	B	C	D	E
1	PILs TAXES				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Hamilton Hydro Inc.			Colour Code	
4	Reporting period: 2004			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	366	days		
7	Total days in the calendar year:	366	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
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	OCT	Y/N	N	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2004	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			247,324,048	
32					
33	Common Equity Ratio (CER)			45.00%	
34					
35	1-CER			55.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.00%	
40					
41	Market Adjusted Revenue Requirement			20,518,003	
42					
43	1999 return from RUD Sheet #7			4,776,987	4,776,987
44					
45	Total Incremental revenue			15,741,016	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			5,247,005	5,247,005
48	Amount allowed in 2002			5,247,005	5,247,005
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				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				15,270,997
55					
56	Equity			111,295,822	
57					
58	Return at target ROE			10,996,027	
59					
60	Debt			136,028,226	
61					
62	Deemed interest amount in 100% of MARR			9,521,976	
63					
64	Phase-in of interest - Year 1 (2001)			4,651,925	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			7,086,950	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			7,086,950	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			9,521,976	
71					
72					

	A	B	C	D	E	F	G	H
1	PILS TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
7	Reporting period: 2004							
8								
9	Days in reporting period:	366	days				Column	
10	Total days in the calendar year:	366	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
14	II) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	15,270,997		6,568,685		21,839,682	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	11,570,187		3,664,059		15,234,246	
21	Employee Benefit Plans - Accrued, Not Paid	3	1,565,000		-648,435		916,565	
22	Tax reserves - beginning of year	4	665,000		-65,000		600,000	
23	Reserves from financial statements - end of year	4			1,040,000		1,040,000	
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	593,088		-577,647		15,441	
29	Other Additions (not "Material") "TAXREC 2"	6	528		-528		0	
30	Items on which true-up does not apply "TAXREC 3"				370,918		370,918	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	8,779,450		6,377,700		15,157,150	
34	Employee Benefit Plans - Paid Amounts	8	1,145,000		-606,550		538,450	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	7,086,950		1,290,874		8,377,824	
38	Tax reserves - end of year	4	665,000		-315,000		350,000	
39	Reserves from financial statements - beginning of year	4			1,590,000		1,590,000	
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"				308,534		308,534	
49								
50	TAXABLE INCOME/ (LOSS)		11,988,400		1,706,494	Before loss C/F	13,694,894	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		-2.5000%		36.12%	
54								
55	REGULATORY INCOME TAX		4,629,920		261,509	Actual	4,891,429	
56								
57								
58	Miscellaneous Tax Credits	14			3,545	Actual	3,545	
59								
60	Total Regulatory Income Tax		4,629,920		257,964	Actual	4,887,884	
61								
62								
63	III) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	247,324,048		17,617,081		264,941,129	
67	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		-673,269		4,326,731	
68	Taxable Capital		242,324,048		16,943,812		260,614,398	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		726,972		54,871		781,843	
73								
74	Federal Large Corporations Tax							
75	Base	18	247,324,048		19,223,623		266,547,671	
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		40,000,000		50,000,000	
77	Taxable Capital		237,324,048		59,223,623		216,547,671	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		-0.0250%		0.2000%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		533,979		-100,884		433,095	
82	Less: Federal Surtax 1.12% x Taxable Income	21	134,270		19,113		153,383	
83								
84	Net LCT		399,709		-119,997		279,713	
85								

	A	B	C	D	E	F	G	H
1	PILS TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
7	Reporting period: 2004							
8								
9	Days in reporting period:	366	days				Column	
10	Total days in the calendar year:	366	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		37.50%					
89								
90	Income Tax (proxy tax is grossed-up)	22	7,407,872			Actual 2004	4,887,884	
91	LCT (proxy tax is grossed-up)	23	639,534			Actual 2004	267,835	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	726,972			Actual 2004	781,843	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	8,774,379			Actual 2004	5,937,562	
96	RAM DECISION							
97								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			-648,435			
103	Tax reserves deducted in prior year	4			-65,000			
104	Reserves from financial statements-end of year	4			1,040,000			
105	Regulatory Adjustments	5			0			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			-577,647			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			-606,550			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I206)	11			0			
113	Tax reserves claimed in current year	4			-315,000			
114	Reserves from F/S beginning of year	4			1,590,000			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	-919,532			
121								
122	Income Tax Rate (excluding surtax) from 2004 Utility's tax return			x	36.12%			
123								
124	Income Tax Effect on True-up adjustments			=	-332,135			
125								
126	Less: Miscellaneous Tax Credits	14			2,265			
127								
128	Total Income Tax on True-ups				-334,400			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				35.00%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				-514,461			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	11,988,400			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	36.12%			
139								
140	REVISED REGULATORY INCOME TAX			=	4,330,210			
141								
142	Less: Revised Miscellaneous Tax Credits			-	2,265			
143								
144	Total Revised Regulatory Income Tax			=	4,327,945			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	4,629,920			
147								
148	Regulatory Income Tax Variance			=	-301,975			
149								

	A	B	C	D	E	F	G	H
1	PILS TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
7	Reporting period: 2004							
8								
9	Days in reporting period:	366	days				Column	
10	Total days in the calendar year:	366	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
150	Ontario Capital Tax							
151	Base			=	247,324,048			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	242,324,048			
154								
155	Rate - Tab Tax Rates cell C54			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	726,972			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	726,972			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
161	Federal LCT							
162	Base				247,324,048			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
164	Revised Federal LCT			=	197,324,048			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2000%			
167								
168	Gross Amount				394,648			
169	Less: Federal surtax			-	134,270			
170	Revised Net LCT			=	260,378			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	399,709			
173	Regulatory Federal LCT Variance			=	-139,331			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				35.00%			
176								
177	Income Tax (grossed-up)			+	-464,576			
178	LCT (grossed-up)			+	-214,355			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	-678,932			
182								
183	TRUE-UP VARIANCE (from cell I132)			+	-514,461			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=	-1,193,392			
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	VI INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				9,521,976			
194	Interest phased-in (Cell C36)				7,086,950			
195								
196	Variance due to phase-in of debt component of MARR in rates				2,435,026			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41)				8,377,824			
202	Actual Interest Paid				8,415,828			
203								
204	Variance caused by excess debt				0			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)				0			
207								
208	Total Interest Variance				2,435,026			
209								
210								
211								

A	B	C	D	E	F
PILS TAXES	LINE	M of F	Non-wires	Wires-only	
TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
	0	Return		Version 2009.1	
Section A: Identification:					
Utility Name: Hamilton Hydro Inc.					
Reporting period: 2004					
Taxation Year's start date:					
Taxation Year's end date:					
Number of days in taxation year:		366	days		
Please enter the Materiality Level :		0	< - enter materiality level		
(0.25% x Rate Base x CER)	Y/N				
(0.25% x Net Assets)	Y/N				
Or other measure (please provide the basis of the amount)	Y/N				
Does the utility carry on non-wires related operation?	Y/N				
(Please complete the questionnaire in the Background questionnaire worksheet.)					
Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
Section B: Financial statements data:					
Input unconsolidated financial statement data submitted with Tax returns.					
The actual categories of the income statements should be used.					
If required please change the descriptions except for amortization, interest expense and provision for income tax					
Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
Income:					
Energy Sales	+			0	
Distribution Revenue	+	57,036,209		57,036,209	
Other Income	+	5,886,134	2,779,112	3,107,022	
Miscellaneous income	+	931,010		931,010	
	+	308,533		308,533	
Revenue should be entered above this line					
Costs and Expenses:					
Cost of energy purchased	-			0	
Administration	-			0	
Customer billing and collecting	-			0	
Operations and maintenance	-	25,447,616	1,485,000	23,962,616	
Amortization	-	15,033,954	241,576	14,792,378	
Ontario Capital Tax	-	788,098		788,098	
Recovery of regulatory assets - expense	-			0	
	-			0	
	-			0	
	-			0	
Net Income Before Interest & Income Taxes EBIT	=	22,892,218	1,052,536	21,839,682	
Less: Interest expense for accounting purposes	-	8,415,828	38,004	8,377,824	
Provision for payments in lieu of income taxes	-	4,872,861	366,449	4,506,412	
Net Income (loss)	=	9,603,529	648,083	8,955,446	
(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.)					
Section C: Reconciliation of accounting income to taxable income					
From T2 Schedule 1					
BOOK TO TAX ADDITIONS:					
Provision for income tax	+	4,872,861	366,449	4,506,412	
Federal large corporation tax	+	0		0	
Depreciation & Amortization	+	15,475,822	241,576	15,234,246	
Employee benefit plans-accrued, not paid	+	1,238,885	322,320	916,565	
Tax reserves - beginning of year	+	600,000	0	600,000	
Reserves from financial statements- end of year	+	1,040,000	0	1,040,000	
Regulatory adjustments on which true-up may apply (see A66)	+			0	
Items on which true-up does not apply "TAXREC 3"		371,612	694	370,918	
Material addition items from TAXREC 2	+	15,441	0	15,441	
Other addition items (not Material) from TAXREC 2	+	0	0	0	
Subtotal		23,614,621	931,039	22,683,582	
Other Additions: (Please explain the nature of the additions)					
Recapture of CCA	+			0	
Non-deductible meals and entertainment expense	+			0	
Capital items expensed	+			0	
	+	0		0	
	+			0	
	+			0	
Total Other Additions	=	0	0	0	
Total Additions	=	23,614,621	931,039	22,683,582	
Recap Material Additions:					
		0	0	0	
		0	0	0	
		0	0	0	
		0	0	0	
		0	0	0	
Total Other additions >materiality level		0	0	0	
Other additions (less than materiality level)		0	0	0	
Total Other Additions		0	0	0	

	A	B	C	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	
4		0	Return			
5					Version 2009.1	
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	14,182,083	241,576	13,940,507	
98	Cumulative eligible capital deduction	-	1,216,643		1,216,643	
99	Employee benefit plans-paid amounts	-	815,549	277,099	538,450	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	350,000	0	350,000	
105	Reserves from financial statements- beginning of year	-	1,590,000	0	1,590,000	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		308,534	0	308,534	
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	Subtotal	=	18,462,809	518,675	17,944,134	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	18,462,809	518,675	17,944,134	
123						
124	Recap Material Deductions:					
125		-	0	0	0	
126		-	0	0	0	
127		-	0	0	0	
128		-	0	0	0	
129		-	0	0	0	
130	Total Other Deductions exceed materiality level	-	0	0	0	
131	Other Deductions less than materiality level	-	0	0	0	
132	Total Other Deductions	-	0	0	0	
133						
134	TAXABLE INCOME	=	14,755,341	1,060,447	13,694,894	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	0		0	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	14,755,341	1,060,447	13,694,894	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	3,271,994	234,571	3,037,423	
143	Net Ontario Income Tax (Must agree with tax return)	+	2,002,468	148,463	1,854,005	
144	Subtotal	=	5,274,462	383,033	4,891,429	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	3,545		3,545	
146	Total Income Tax	=	5,270,917	383,033	4,887,884	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		22.12%		22.12%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		14.00%		14.00%	
151	Blended Income Tax Rate		36.12%		36.12%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	5,270,917	383,033	4,887,884	
157	Ontario Capital Tax	+	781,843		781,843	
158	Federal Large Corporations Tax	+	267,835		267,835	
159						
160	Total income and capital taxes	=	6,320,595	383,033	5,937,562	
161						

	A	B	C	D	E	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						
7	Utility Name: Hamilton Hydro Inc.					
8	Reporting period: 2004					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		600,000		600,000	
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)		600,000	0	600,000	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		350,000		350,000	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		350,000	0	350,000	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		1,250,000		1,250,000	
45	Inventory obsolescence		340,000		340,000	
46	Property taxes				0	
47	Employee Future Benefits				0	
48	Vacation pay & sick leave				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		1,590,000	0	1,590,000	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		700,000		700,000	
57	Inventory obsolescence		340,000		340,000	
58	Property taxes				0	
59	Employee Future Benefits				0	
60	Vacation pay & sick leave				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		1,040,000	0	1,040,000	
64						

	A	B	C	D	E	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	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Hamilton Hydro Inc.					
9	Reporting period: 2004					
10	Number of days in taxation year:		366			
11	Materiality Level:		0			
12						
13						
14						
15	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	
21	Taxable capital gains	+	15,441		15,441	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	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	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	15,441	0	15,441	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53	Loss on disposal of assets		15,441	0	15,441	
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	

	A	B	C	D	E	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	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Hamilton Hydro Inc.					
9	Reporting period: 2004					
10	Number of days in taxation year:		366			
11	Materiality Level:		0			
12						
13						
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77	Total Material additions		15,441	0	15,441	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		15,441	0	15,441	

	A	B	C	D	E	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	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Hamilton Hydro Inc.					
9	Reporting period: 2004					
10	Number of days in taxation year:		366			
11	Materiality Level:		0			
12						
13						
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-				
93		-			0	
94		-			0	
95	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
96	Non-taxable load transfers	-	0		0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
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			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	
122						

	A	B	C	D	E	F
1						
2	PILs TAXES					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
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			
8	Utility Name: Hamilton Hydro Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2004					
12	Number of days in taxation year:		366			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	7,601	694	6,907	
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				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Ontario capital tax adjustments				0	
39		+			0	
40	Changes in Regulatory Asset balances	+			0	
41	Imputed interest expense on Regulatory Assets	+			0	
42		+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Capitalized Fleet Depreciation, net (not permitted for UCC purposes)	+	364,011		364,011	
45		+			0	
46		+				
47	Total Additions on which true-up does not apply	=	371,612	694	370,918	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-	308,534		308,534	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	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	Ontario capital tax adjustments to current or prior year	-			0	
61		-			0	
62	Changes in Regulatory Asset balances	-			0	
63		-			0	
64	Assessment Notice	-			0	
65		-			0	
66		-			0	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	

	A	B	C	D	E	F
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	<u>ITEMS ON WHICH TRUE-UP DOES NOT APPLY</u>		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7	0		Return			
8	Utility Name: Hamilton Hydro Inc.				Version 2009.1	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	<u>Total Deductions on which true-up does not apply</u>	=	308,534	0	308,534	
74						
75						

	A	B	C	D	E	F	G	H	I	J
1	PILs TAXES									
2	Corporate Tax Rates					Version 2009.1				
3	Exemptions, Deductions, or Thresholds									
4	Utility Name: Hamilton Hydro Inc.									
5	Reporting period: 2004									
6										
7	Table 1									
8	Rates Used in 2002 RAM PILs Applications for 2002									
9	Income Range		0		200,001					
10	RAM 2002		to		to					
11		Year	200,000		700,000					
12	Income Tax Rate									
13	Proxy Tax Year	2002								
14	Federal (Includes surtax)		13.12%		26.12%		26.12%			
15	and Ontario blended		6.00%		6.00%		12.50%			
16	Blended rate		19.12%		34.12%		38.62%			
17										
18	Capital Tax Rate		0.300%							
19	LCT rate		0.225%							
20	Surtax		1.12%							
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000							
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000							
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing									
24										
25	Table 2									
26	Expected Income Tax Rates for 2004 and Capital Tax Exemptions for 2004									
27	Income Range		0	250,001	400,001					
28	Expected Rates		to	to	to					
29		Year	250,000	400,000	1,128,000					
30	Income Tax Rate									
31	Current year	2004								
32	Federal (Includes surtax)	2004	13.12%	22.12%	22.12%		22.12%			
33	Ontario	2004	5.50%	5.50%	9.75%		14.00%			
34	Blended rate	2004	18.62%	27.62%	31.87%		36.12%			
35										
36	Capital Tax Rate	2004	0.300%							
37	LCT rate	2004	0.200%							
38	Surtax	2004	1.12%							
39	Ontario Capital Tax Exemption *** 2004	MAX \$5MM	5,000,000							
40	Federal Large Corporations Tax Exemption *** 2004	MAX \$50MM	50,000,000							
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43	Table 3									
44	Input Information from Utility's Actual 2004 Tax Returns									
45	Income Range		0	250,001	400,001					
46			to	to	to					
47		Year	250,000	400,000	1,128,000					
48	Income Tax Rate									
49	Current year	2004								
50	Federal (Includes surtax)		13.12%	22.12%	22.29%		22.12%		22.12%	0.00%
51	Ontario		5.50%	5.50%	13.77%		14.00%		14.00%	0.00%
52	Blended rate		18.62%	27.62%	36.06%		36.12%		36.12%	0.00%
53										
54	Capital Tax Rate		0.300%							
55	LCT rate		0.200%							
56	Surtax		1.12%							
57	Ontario Capital Tax Exemption *	MAX \$5MM	4,684,843							
58	Federal Large Corporations Tax Exemption *	MAX \$50MM	45,995,000							
59	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36									
60										
61										

22.12% 0.00%
14.00% 0.00%
36.12% 0.00%

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	PILS TAXES														
2	Analysis of PILs Tax Account 1562:														
3	Utility Name: Hamilton Hydro Inc.														Version 2009.1
4	Reporting period: 2004														0
5															
6															
7															
8	Year start:		01/10/2001		01/01/2002		01/01/2003		01/01/2004		01/01/2005		01/01/2006		
9	Year end:		31/12/2001		31/12/2002		31/12/2003		31/12/2004		31/12/2005		30/04/2006		Total
10															
11	Opening balance:	=	0		2,485,720		2,475,236		2,870,963		2,869,523				
12	Board-approved PILs tax proxy from Decisions (1)	+/-	2,470,670		8,774,379		11,245,049		9,392,047		2,193,595				
13	PILs proxy from April 1, 2005 - input 9/12 of amount														
14	True-up Variance Adjustment Q4, 2001 (2)	+/-			333,490										
15	True-up Variance Adjustment (3)	+/-					-91,966		-454,482		-514,461				
16	Deferral Account Variance Adjustment Q4, 2001 (4)														
17	Deferral Account Variance Adjustment (5)	+/-					0		-374,681		-678,932				
18	Adjustments to reported prior years' variances (6)	+/-													
19	Carrying charges (7)	+/-	15,050		232,853		167,356		151,485						
20	PILs billed to (collected from) customers (8)	-	0		-9,351,206		-10,924,712		-8,715,809						
21															
22	Ending balance: # 1562		2,485,720		2,475,236		2,870,963		2,869,523						
23															
24															
25															
26	Uncollected PILs														
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	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
30															
31	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:														
32															
33	(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.														
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.														
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	(vi) Column M - The 2005 PILs tax proxy will be used for the period from January 1 to April 30, 2006.														
41															
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	trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.														
44															
45	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.														
46	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
47															
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	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
53															
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.														
55															
56	(7) Carrying charges are calculated on a simple interest basis.														
57															
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, 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.														
61	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.														
62															
63	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied														
64	by the PILs volumetric proxy rates by class (from the Q4, 2001 and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;														
65	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.														
66															
67	In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,														
68	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.														
69															
70	In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,														
71	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.														
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															

	A	B	C	D	E
1	PILs TAXES				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Hamilton Hydro Inc.			Colour Code	
4	Reporting period: 2003			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
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	OCT	Y/N	N	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2003	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			247,324,048	
32					
33	Common Equity Ratio (CER)			45.00%	
34					
35	1-CER			55.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.00%	
40					
41	Market Adjusted Revenue Requirement			20,518,003	
42					
43	1999 return from RUD Sheet #7			4,776,987	4,776,987
44					
45	Total Incremental revenue			15,741,016	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			5,247,005	5,247,005
48	Amount allowed in 2002			5,247,005	5,247,005
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				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				15,270,997
55					
56	Equity			111,295,822	
57					
58	Return at target ROE			10,996,027	
59					
60	Debt			136,028,226	
61					
62	Deemed interest amount in 100% of MARR			9,521,976	
63					
64	Phase-in of interest - Year 1 (2001)			4,651,925	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			7,086,950	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			7,086,950	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			9,521,976	
71					
72					

A	B	C	D	E	F	G	H
1 PILS TAXES	ITEM	Initial		M of F	M of F	Tax	
2 PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3 TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4 "Wires-only" business - see Tab TAXREC				K-C	Explanation		
5	0					Version 2009.1	
6 Utility Name: Hamilton Hydro Inc.							
7 Reporting period: 2003							
8						Column	
9 Days in reporting period:	365	days				Brought	
10 Total days in the calendar year:	365	days				From	
11						TAXREC	
12		\$	\$			\$	
13							
14 II CORPORATE INCOME TAXES							
15							
16 Regulatory Net Income REGINFO E53	1	15,270,997		3,750,496		19,021,493	
17							
18 BOOK TO TAX ADJUSTMENTS							
19 Additions:							
20 Depreciation & Amortization	2	11,570,187		3,052,829		14,623,016	
21 Employee Benefit Plans - Accrued, Not Paid	3	1,565,000		-551,445		1,013,555	
22 Tax reserves - beginning of year	4	665,000		24,584		689,584	
23 Reserves from financial statements - end of year	4	0		1,590,000		1,590,000	
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	593,088		-579,473		13,615	
29 Other Additions (not "Material") "TAXREC 2"	6	528		-528		0	
30 Items on which true-up does not apply "TAXREC 3"				477,833		477,833	
31							
32 Deductions: Input positive numbers							
33 Capital Cost Allowance and CEC	7	8,779,450		6,793,449		15,572,899	
34 Employee Benefit Plans - Paid Amounts	8	1,145,000		-512,617		632,383	
35 Items Capitalized for Regulatory Purposes	9			0		0	
36 Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37 Interest Expense Deemed/ Incurred	11	7,086,950		1,364,899		8,451,849	
38 Tax reserves - end of year	4	665,000		-85,000		600,000	
39 Reserves from financial statements - beginning of year	4	0		1,856,584		1,856,584	
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"				57,972		57,972	
49							
50 TAXABLE INCOME/ (LOSS)		11,988,400		-1,730,991	Before loss C/F	10,257,409	
51							
52 BLENDED INCOME TAX RATE							
53 Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		-1.8427%		36.78%	
54							
55 REGULATORY INCOME TAX		4,629,920		-3,083,442	Actual	1,546,478	
56							
57							
58 Miscellaneous Tax Credits	14			3,000	Actual	3,000	
59							
60 Total Regulatory Income Tax		4,629,920		-3,086,442	Actual	1,543,478	
61							
62							
63 III CAPITAL TAXES							
64							
65 Ontario							
66 Base	15	247,324,048		7,334,690		254,658,738	
67 Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		-706,636		4,293,364	
68 Taxable Capital		242,324,048		6,628,054		250,365,374	
69							
70 Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71							
72 Ontario Capital Tax		726,972		24,124		751,096	
73							
74 Federal Large Corporations Tax							
75 Base	18	247,324,048		10,116,392		257,440,440	
76 Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		0		10,000,000	
77 Taxable Capital		237,324,048		10,116,392		247,440,440	
78							
79 Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80							
81 Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		533,979		22,762		556,741	
82 Less: Federal Surtax 1.12% x Taxable Income	21	134,270		-84,267		50,003	
83							
84 Net LCT		399,709		107,029		506,738	
85							
86 III INCLUSION IN RATES							
87							
88 Income Tax Rate used for gross- up (exclude surtax)		37.50%					
89							
90 Income Tax (proxy tax is grossed-up)	22	7,407,872			Actual 2003	1,543,478	
91 LCT (proxy tax is grossed-up)	23	639,534			Actual 2003	506,738	
92 Ontario Capital Tax (no gross-up since it is deductible)	24	726,972			Actual 2003	751,099	
93							
94							
95 Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	8,774,379			Actual 2003	2,801,315	
96 RAM DECISION							
97							

A	B	C	D	E	F	G	H
1	PILS TAXES	ITEM	Initial	M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS	Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)			Variance	Variance		
4	"Wires-only" business - see Tab TAXREC			K-C	Explanation		
5		0				Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.						
7	Reporting period: 2003						
8							
9	Days in reporting period:	365	days			Column	
10	Total days in the calendar year:	365	days			Brought	
11						From	
12			\$	\$		TAXREC	
13						\$	
14							
15							
16	IV) FUTURE TRUE-UPS						
17	IV a) Calculation of the True-up Variance			DR/(CR)			
18	In Additions:						
19	Employee Benefit Plans - Accrued, Not Paid	3		-551,445			
20	Tax reserves deducted in prior year	4		24,584			
21	Reserves from financial statements-end of year	4		1,590,000			
22	Regulatory Adjustments	5		0			
23	Other additions "Material" Items TAXREC	6		0			
24	Other additions "Material" Items TAXREC 2	6		-579,473			
25	In Deductions - positive numbers						
26	Employee Benefit Plans - Paid Amounts	8		-512,617			
27	Items Capitalized for Regulatory Purposes	9		0			
28	Regulatory Adjustments	10		0			
29	Interest Adjustment for tax purposes (See Below - cell I206)	11		0			
30	Tax reserves claimed in current year	4		-65,000			
31	Reserves from F/S beginning of year	4		1,856,584			
32	Contributions to deferred income plans	3		0			
33	Contributions to pension plans	3		0			
34	Other deductions "Material" Items TAXREC	12		0			
35	Other deductions "Material" Item TAXREC 2	12		0			
36							
37	Total TRUE-UPS before tax effect	26	=	-795,301			
38							
39	Income Tax Rate (excluding surtax) from 2003 Utility's tax return		x	36.62%			
40							
41	Income Tax Effect on True-up adjustments		=	-291,239			
42							
43	Less: Miscellaneous Tax Credits	14		1,901			
44							
45	Total Income Tax on True-ups			-293,141			
46							
47	Income Tax Rate used for gross-up (exclude surtax)			35.50%			
48							
49	TRUE-UP VARIANCE ADJUSTMENT			-454,482			
50							
51	IV b) Calculation of the Deferral Account Variance caused by changes in legislation						
52							
53	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)		=	11,988,400			
54							
55	REVISED CORPORATE INCOME TAX RATE		x	36.62%			
56							
57	REVISED REGULATORY INCOME TAX		=	4,390,152			
58							
59	Less: Revised Miscellaneous Tax Credits		-	1,901			
60							
61	Total Revised Regulatory Income Tax		=	4,388,251			
62							
63	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)		-	4,629,920			
64							
65	Regulatory Income Tax Variance		=	-241,669			
66							
67	Ontario Capital Tax						
68	Base		=	247,324,048			
69	Less: Exemption from tab Tax Rates, Table 2, cell C39		-	5,000,000			
70	Revised deemed taxable capital		=	242,324,048			
71							
72	Rate - Tab Tax Rates cell C54		x	0.3000%			
73							
74	Revised Ontario Capital Tax		=	726,972			
75	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)		-	726,972			
76							
77	Regulatory Ontario Capital Tax Variance		=	0			
78							
79	Federal LCT						
80	Base		=	247,324,048			
81	Less: Exemption from tab Tax Rates, Table 2, cell C40		-	10,000,000			
82	Revised Federal LCT		=	237,324,048			
83							
84	Rate (as a result of legislative changes) tab "Tax Rates" cell C51			0.2250%			
85							
86	Gross Amount			533,979			
87	Less: Federal surtax		-	134,270			
88	Revised Net LCT		=	399,709			
89							
90	Less: Federal LCT reported in the initial estimate column (Cell C82)		-	399,709			
91	Regulatory Federal LCT Variance		=	0			
92							
93	Actual Income Tax Rate used for gross-up (exclude surtax)			35.50%			
94							
95	Income Tax (grossed-up)		+	-374,681			
96	LCT (grossed-up)		+	0			
97	Ontario Capital Tax		+	0			
98							
99	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT		=	-374,681			
100							
101	TRUE-UP VARIANCE (from cell I132)		+	-454,482			
102							
103	Total Deferral Account Entry (Positive Entry = Debit)		=	-829,163			
104	(Deferral Account Variance + True-up Variance)						
105							
106							
107							
108							
109	V) INTEREST PORTION OF TRUE-UP						
110	Variance Caused By Phase-in of Deemed Debt						
111							
112	Total deemed interest (REGINFO)			9,521,976			
113	Interest phased-in (Cell C36)			7,086,950			
114							
115	Variance due to phase-in of debt component of MARR in rates according to the Board's decision			2,435,026			
116							
117	Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)						
118	Interest deducted on MoF filing (Cell K36+K41)			8,451,849			
119	Actual Interest Paid			8,451,849			
120							
121	Variance caused by excess debt			0			
122							
123	Interest Adjustment for Tax Purposes (carry forward to Cell I12)			0			
124							
125	Total Interest Variance			2,435,026			

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	"Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
7	Reporting period: 2003							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
209								
210								
211								

	A	B	C	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	
4			Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Hamilton Hydro Inc.					
8	Reporting period: 2003					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		365	days		
12						
13	Please enter the Materiality Level :		0	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N	N			
15	(0.25% x Net Assets)	Y/N	N			
16	Or other measure (please provide the basis of the amount)	Y/N	Y			
17	Does the utility carry on non-wires related operation?	Y/N	Y			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
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.					
25	If required please change the descriptions except for amortization, 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	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+				0
32	Distribution Revenue	+	57,358,200			57,358,200
33	Other Income	+	6,088,989	2,726,539		3,362,450
34	Miscellaneous income	+	589,238			589,238
35		+				0
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-				0
40	Administration	-				0
41	Customer billing and collecting	-				0
42	Operations and maintenance	-	28,672,650	1,437,536		27,235,114
43	Amortization	-	14,572,881	249,665		14,323,216
44	Ontario Capital Tax	-	730,065			730,065
45	Reg Asset movement	-				0
46		-				0
47		-				0
48		-				0
49						
50	Net Income Before Interest & Income Taxes EBIT	=	20,060,831	1,039,338		19,021,493
51	Less: Interest expense for accounting purposes	-	8,495,849	44,000		8,451,849
52	Provision for payments in lieu of income taxes	-	4,524,401	364,493		4,159,908
53	Net Income (loss)	=	7,040,581	630,845		6,409,736
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						
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	+	4,524,401	364,493		4,159,908
60	Federal large corporation tax	+				0
61	Depreciation & Amortization	+	14,872,681	249,665		14,623,016
62	Employee benefit plans-accrued, not paid	+	1,171,352	157,797		1,013,555
63	Tax reserves - beginning of year	+	689,584	0		689,584
64	Reserves from financial statements- end of year	+	1,590,000	0		1,590,000
65	Regulatory adjustments on which true-up may apply (see A66)	+				0
66	Items on which true-up does not apply "TAXREC 3"		477,833	0		477,833
67	Material addition items from TAXREC 2	+	13,615	0		13,615
68	Other addition items (not Material) from TAXREC 2	+	0	0		0
69						
70	Subtotal		23,339,466	771,955		22,567,511
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+				0
74	Non-deductible meals and entertainment expense	+				0
75	Capital items expensed	+				0
76		+	0			0
77		+				0
78		+				0
79		+				0
80	Total Other Additions	=	0	0		0
81						
82	Total Additions	=	23,339,466	771,955		22,567,511
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
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						

	A	B	C	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	
4	0		Return			
5					Version 2009.1	
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	14,514,345	249,665	14,264,680	
98	Cumulative eligible capital deduction	-	1,308,219		1,308,219	
99	Employee benefit plans-paid amounts	-	702,256	69,873	632,383	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	600,000	0	600,000	
105	Reserves from financial statements- beginning of year	-	1,856,584	0	1,856,584	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		57,972	0	57,972	
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	Subtotal	=	19,039,376	319,538	18,719,838	
114	Other deductions (Please explain the nature of the deductions)	-			0	
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	19,039,376	319,538	18,719,838	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	11,340,671	1,083,262	10,257,409	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	6,876,092		6,876,092	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	4,464,579	1,083,262	3,381,317	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	1,083,879		1,083,879	
143	Net Ontario Income Tax (Must agree with tax return)	+	462,599		462,599	
144	Subtotal	=	1,546,478	0	1,546,478	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	3,000		3,000	
146	Total Income Tax	=	1,543,478	0	1,543,478	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		24.28%		24.28%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		12.50%		12.50%	
151	Blended Income Tax Rate		36.78%		36.78%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	1,543,478	0	1,543,478	
157	Ontario Capital Tax	+	751,099		751,099	
158	Federal Large Corporations Tax	+	506,738		506,738	
159						
160	Total income and capital taxes	=	2,801,315	0	2,801,315	
161						

	A	B	C	D	E	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						
7	Utility Name: Hamilton Hydro Inc.					
8	Reporting period: 2003					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		600,000		600,000	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)		89,584		89,584	
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)		689,584	0	689,584	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		600,000		600,000	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		600,000	0	600,000	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		1,500,000		1,500,000	
45	Inventory obsolescence		200,000		200,000	
46	Property taxes		0		0	
47	Employee expenses accrual		156,584		156,584	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		1,856,584	0	1,856,584	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		1,250,000		1,250,000	
57	Inventory obsolescence		340,000		340,000	
58	Property taxes				0	
59	Employee expenses accrual		0		0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		1,590,000	0	1,590,000	
64						

	A	B	C	D	E	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	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Hamilton Hydro Inc.					
9	Reporting period: 2003					
10	Number of days in taxation year:		365			
11	Materiality Level:		0			
12						
13						
14						
15	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	
21	Taxable capital gains	+	13,615		13,615	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	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	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	13,615	0	13,615	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53	Loss on disposal of assets		13,615	0	13,615	
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	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77	Total Material additions		13,615	0	13,615	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		13,615	0	13,615	

	A	B	C	D	E	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	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Hamilton Hydro Inc.					
9	Reporting period: 2003					
10	Number of days in taxation year:		365			
11	Materiality Level:		0			
12						
13						
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-			0	
93		-			0	
94		-			0	
95	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
96	Non-taxable load transfers	-	0		0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
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			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	
122						

	A	B	C	D	E	F
1						
2	PILs TAXES					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
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			
8	Utility Name: Hamilton Hydro Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2003					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+	43,835		43,835	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory - end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	9,948		9,948	
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				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
40	Ontario capital tax adjustments	+			0	
41	Changes in Regulatory Asset balances	+			0	
42		+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Bad debts - pre-October 1, 2001 Denied	+			0	
45	Capitalized Fleet Depreciation, net (not permitted for UCC purposes)	+	424,050		424,050	
46		+				
47	Total Additions on which true-up does not apply	=	477,833	0	477,833	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-	57,972		57,972	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	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	
63		-			0	
64	Ontario capital tax adjustments to current or prior year	-			0	
65		-			0	
66	Changes in Regulatory Asset balances	-			0	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	57,972	0	57,972	
74						
75						

	A	B	C	D	E	F	G	H	I	J
1	PILs TAXES									
2	Corporate Tax Rates					Version 2009.1				
3	Exemptions, Deductions, or Thresholds									
4	Utility Name: Hamilton Hydro Inc.									
5	Reporting period: 2003									
6										
7	Table 1									
8	Rates Used in 2002 RAM PILs Applications for 2002									
9	Income Range		0		200,001					
10	RAM 2002		to		to					
11		Year	200,000		700,000					
12	Income Tax Rate									
13	Proxy Tax Year	2002								
14	Federal (Includes surtax)		13.12%		26.12%			26.12%		
15	and Ontario blended		6.00%		6.00%			12.50%		
16	Blended rate		19.12%		34.12%			38.62%		
17										
18	Capital Tax Rate		0.300%							
19	LCT rate		0.225%							
20	Surtax		1.12%							
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000							
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000							
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing									
24										
25	Table 2									
26	Expected Income Tax Rates for 2003 and Capital Tax Exemptions for 2003									
27	Income Range		0		200,001					
28	Expected Rates		to		to					
29		Year	200,000		700,000					
30	Income Tax Rate									
31	Current year	2003								
32	Federal (Includes surtax)	2003	13.12%					24.12%		
33	Ontario	2003	6.00%					12.50%		
34	Blended rate	2003	19.12%		34.12%			36.62%		
35										
36	Capital Tax Rate	2003	0.300%							
37	LCT rate	2003	0.225%							
38	Surtax	2003	1.12%							
39	Ontario Capital Tax Exemption *** 2003	MAX \$5MM	5,000,000							
40	Federal Large Corporations Tax Exemption *** 2003	MAX \$10MM	10,000,000							
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43	Table 3									
44	Input Information from Utility's Actual 2003 Tax Returns									
45	Income Range		0		200,001					
46			to		to					
47		Year	200,000		700,000					
48	Income Tax Rate									
49	Current year	2003								
50	Federal (Includes surtax)		13.12%		0.00%			24.12%		
51	Ontario		6.00%		0.00%			12.50%		
52	Blended rate		19.12%		0.00%			36.62%		
53										
54	Capital Tax Rate		0.300%							
55	LCT rate		0.225%							
56	Surtax		1.12%							
57	Ontario Capital Tax Exemption *	MAX \$5MM	4,686,438							
58	Federal Large Corporations Tax Exemption *	MAX \$10MM	10,000,000							
59	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36									
60										
61										

24.12%	0.00%
12.50%	0.00%
36.62%	0.00%

24.12% 0.00%
12.50% 0.00%
36.62% 0.00%

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	PILS TAXES														
2	Analysis of PILS Tax Account 1562:														
3	Utility Name: Hamilton Hydro Inc.														Version 2009.1
4	Reporting period: 2003														0
5															
6															
7															
8	Year start:		01/10/2001		01/01/2002		01/01/2003		01/01/2004		01/01/2005		01/01/2006		
9	Year end:		31/12/2001		31/12/2002		31/12/2003		31/12/2004		31/12/2005		30/04/2006		Total
10															
11	Opening balance:	=	0		2,485,720		2,475,236		2,870,963						
12	Board-approved PILS tax proxy from Decisions (1)	+/-	2,470,670		8,774,379		11,245,049		9,392,047						
13	PILS proxy from April 1, 2005 - input 9/12 of amount														
14	True-up Variance Adjustment Q4, 2001 (2)	+/-			333,490										
15	True-up Variance Adjustment (3)	+/-					-91,966		-454,482						
16	Deferral Account Variance Adjustment Q4, 2001 (4)														
17	Deferral Account Variance Adjustment (5)	+/-					0		-374,681						
18	Adjustments to reported prior years' variances (6)	+/-													
19	Carrying charges (7)	+/-	15,050		232,853		167,356								
20	PILS billed to (collected from) customers (8)	-	0		-9,351,206		-10,924,712								
21															
22	Ending balance: # 1562		2,485,720		2,475,236		2,870,963								
23															
24															
25															
26	Uncollected PILS														
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. For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
29															
30															
31	Please identify if Method 1, 2 or 3 was used to account for the PILS proxy and recovery. ANSWER:														
32															
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.														
34															
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	(vi) Column M - The 2005 PILS tax proxy will be used for the period from January 1 to April 30, 2006.														
41															
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 trueed up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.														
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.														
46															
47															
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 trueed up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.														
49															
50															
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	(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.														
55															
56	(7) Carrying charges are calculated on a simple interest basis.														
57															
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, 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 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.														
59															
60															
61															
62															
63	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied by the PILS volumetric proxy rates by class (from the Q4, 2001 and 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.														
64															
65															
66															
67															
68															
69															
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.														
75															
76															
77															

	A	B	C	D	E
1	PILs TAXES				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Hamilton Hydro Inc.			Colour Code	
4	Reporting period: 2002			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
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	OCT	Y/N	N	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2002	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			247,324,048	
32					
33	Common Equity Ratio (CER)			45.00%	
34					
35	1-CER			55.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.00%	
40					
41	Market Adjusted Revenue Requirement			20,518,003	
42					
43	1999 return from RUD Sheet #7			4,776,987	4,776,987
44					
45	Total Incremental revenue			15,741,016	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			5,247,005	5,247,005
48	Amount allowed in 2002			5,247,005	5,247,005
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				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				15,270,997
55					
56	Equity			111,295,822	
57					
58	Return at target ROE			10,996,027	
59					
60	Debt			136,028,226	
61					
62	Deemed interest amount in 100% of MARR			9,521,976	
63					
64	Phase-in of interest - Year 1 (2001)			4,651,925	
65	$((D43+D47)/D41)*D61$				
66	Phase-in of interest - Year 2 (2002)			7,086,950	
67	$((D43+D47+D48)/D41)*D61$				
68	Phase-in of interest - Year 3 (2003) and forward			7,086,950	
69	$((D43+D47+D48)/D41)*D61$ (due to Bill 210)				
70	Phase-in of interest - 2005			9,521,976	
71					
72					

	A	B	C	D	E	F	G	H
1	PILS TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
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								
14	II) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	15,270,998		3,411,336		18,682,334	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	11,570,187		1,847,303		13,417,490	
21	Employee Benefit Plans - Accrued, Not Paid	3	1,565,000		-580,761		984,239	
22	Tax reserves - beginning of year	4	665,000		0		665,000	
23	Reserves from financial statements - end of year	4	0		1,856,584		1,856,584	
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	593,088		-578,947		14,141	
29	Other Additions (not "Material") "TAXREC 2"	6	528		-528		0	
30	Items on which true-up does not apply "TAXREC 3"				438,075		438,075	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	8,779,450		8,482,110		17,261,560	
34	Employee Benefit Plans - Paid Amounts	8	1,145,000		-644,576		500,424	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	7,086,950		1,998,204		9,085,154	
38	Tax reserves - end of year	4	665,000		24,584		689,584	
39	Reserves from financial statements - beginning of year	4			1,465,700		1,465,700	
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"				66,831		66,831	
49								
50	TAXABLE INCOME/ (LOSS)		11,988,401		-4,999,791	Before loss C/F	6,988,610	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		0.0000%		38.62%	
54								
55	REGULATORY INCOME TAX		4,629,920		-4,471,167	Actual	158,753	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		4,629,920		-4,471,167	Actual	158,753	
61								
62								
63	III) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	247,324,048		-1,283,531		246,040,517	
67	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		-628,824		4,371,176	
68	Taxable Capital		242,324,048		-1,912,355		241,669,341	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		726,972		-1,964		725,008	
73								
74	Federal Large Corporations Tax							
75	Base	18	247,324,048		1,822,651		249,146,699	
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		0		10,000,000	
77	Taxable Capital		237,324,048		1,822,651		239,146,699	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		533,979		4,101		538,080	
82	Less: Federal Surtax 1.12% x Taxable Income	21	134,270		-134,270		0	
83								
84	Net LCT		399,709		138,371		538,080	
85								

	A	B	C	D	E	F	G	H
1	PILS TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
7	Reporting period: 2002							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12							TAXREC	
13			\$		\$		\$	
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		37.50%					
89								
90	Income Tax (proxy tax is grossed-up)	22	7,407,873			Actual 2002	158,753	
91	LCT (proxy tax is grossed-up)	23	639,534			Actual 2002	720,075	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	726,972			Actual 2002	538,080	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	8,774,379			Actual 2002	1,416,908	
96	RAM DECISION							
97								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			-580,761			
103	Tax reserves deducted in prior year	4			0			
104	Reserves from financial statements-end of year	4			1,856,584			
105	Regulatory Adjustments	5			0			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			-578,947			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			-644,576			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I204)	11			0			
113	Tax reserves claimed in current year	4			24,584			
114	Reserves from F/S beginning of year	4			1,465,700			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	-148,832			
121								
122	Income Tax Rate (excluding surtax) from 2002 Utility's tax return			x	38.62%			
123								
124	Income Tax Effect on True-up adjustments			=	-57,479			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				-57,479			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				37.50%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				-91,966			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	11,988,401			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	38.62%			
139								
140	REVISED REGULATORY INCOME TAX			=	4,629,920			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	4,629,920			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	4,629,920			
147								
148	Regulatory Income Tax Variance			=	0			
149								

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
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							\$	
150	Ontario Capital Tax							
151	Base			=	247,324,048			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	242,324,048			
154								
155	Rate - Tab Tax Rates cell C54			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	726,972			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	726,972			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
161	Federal LCT							
162	Base				247,324,048			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			
164	Revised Federal LCT			=	237,324,048			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2250%			
167								
168	Gross Amount				533,979			
169	Less: Federal surtax			-	134,270			
170	Revised Net LCT			=	399,709			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	399,709			
173	Regulatory Federal LCT Variance			=	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				37.50%			
176								
177	Income Tax (grossed-up)			+	0			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	0			
182								
183	TRUE-UP VARIANCE (from cell I130)			+	-91,966			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=	-91,966			
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				9,521,976			
194	Interest phased-in (Cell C36)				7,086,950			
195								
196	Variance due to phase-in of debt component of MARR in rates				2,435,026			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41)				9,085,154			
202	Total deemed interest (REGINFO CELL D61)				9,521,976			
203								
204	Variance caused by excess debt				0			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I110)				0			
207								
208	Total Interest Variance				2,435,026			
209								
210								
211								

	A	B	C	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	
4			Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Hamilton Hydro Inc.					
8	Reporting period: 2002					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		365	days		
12						
13	Please enter the Materiality Level :		0	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N	N			
15	(0.25% x Net Assets)	Y/N	N			
16	Or other measure (please provide the basis of the amount)	Y/N	Y			
17	Does the utility carry on non-wires related operation?	Y/N	Y			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
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.					
25	If required please change the descriptions except for amortization, 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	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+				0
32	Distribution Revenue	+	55,315,947			55,315,947
33	Other Income	+	5,016,020	2,695,000		2,321,020
34	Miscellaneous income	+				0
35		+				0
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-				0
40	Administration	-				0
41	Customer billing and collecting	-				0
42	Operations and maintenance	-	26,304,823	1,174,000		25,130,823
43	Amortization	-	13,372,544	236,000		13,136,544
44	Ontario Capital Tax	-	687,266			687,266
45	Reg Assets	-				0
46		-				0
47		-				0
48		-				0
49						
50	Net Income Before Interest & Income Taxes EBIT	=	19,967,334	1,285,000		18,682,334
51	Less: Interest expense for accounting purposes	-	9,085,154			9,085,154
52	Provision for payments in lieu of income taxes	-	3,592,198	497,000		3,095,198
53	Net Income (loss)	=	7,289,982	788,000		6,501,982
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						
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	+	3,592,198	497,000		3,095,198
60	Federal large corporation tax	+				0
61	Depreciation & Amortization	+	13,653,490	236,000		13,417,490
62	Employee benefit plans-accrued, not paid	+	984,239	0		984,239
63	Tax reserves - beginning of year	+	665,000	0		665,000
64	Reserves from financial statements- end of year	+	1,856,584	0		1,856,584
65	Regulatory adjustments on which true-up may apply (see A66)	+				0
66	Items on which true-up does not apply "TAXREC 3"		438,075	0		438,075
67	Material addition items from TAXREC 2	+	14,141	0		14,141
68	Other addition items (not Material) from TAXREC 2	+	0	0		0
69						
70	Subtotal		21,203,727	733,000		20,470,727
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+				0
74	Non-deductible meals and entertainment expense	+				0
75	Capital items expensed	+				0
76	DEPRECIATION DIFFERENCE	+				0
77		+				0
78		+				0
79		+				0
80	Total Other Additions	=	0	0		0
81						
82	Total Additions	=	21,203,727	733,000		20,470,727
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
90			0	0		0
91			0	0		0

	A	B	C	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	
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						

	A	B	C	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	
4		0	Return			
5					Version 2009.1	
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	16,090,873	236,000	15,854,873	
98	Cumulative eligible capital deduction	-	1,406,687		1,406,687	
99	Employee benefit plans-paid amounts	-	500,424		500,424	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	689,584	0	689,584	
105	Reserves from financial statements- beginning of year	-	1,465,700	0	1,465,700	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		66,831	0	66,831	
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	Subtotal	=	20,220,099	236,000	19,984,099	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-	0		0	
117		-			0	
118					0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	20,220,099	236,000	19,984,099	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	8,273,610	1,285,000	6,988,610	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	8,273,610		8,273,610	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	0	1,285,000	-1,285,000	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	0		0	
143	Net Ontario Income Tax (Must agree with tax return)	+	158,753		158,753	
144	Subtotal	=	158,753	0	158,753	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	158,753	0	158,753	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		26.12%		26.12%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		12.50%		12.50%	
151	Blended Income Tax Rate		38.62%	*****	38.62%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	158,753	0	158,753	
157	Ontario Capital Tax	+	720,075		720,075	
158	Federal Large Corporations Tax	+	538,080		538,080	
159						
160	Total income and capital taxes	=	1,416,908	0	1,416,908	
161						

	A	B	C	D	E	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						
7	Utility Name: Hamilton Hydro Inc.					
8	Reporting period: 2002					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		450,000		450,000	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)		215,000		215,000	
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)		665,000	0	665,000	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		600,000		600,000	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)		89,584		89,584	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		689,584	0	689,584	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		1,000,000		1,000,000	
45	Inventory obsolescence		50,000		50,000	
46	Property taxes				0	
47	Employee Expenses Accrual		415,700		415,700	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		1,465,700	0	1,465,700	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		1,500,000		1,500,000	
57	Inventory obsolescence		200,000		200,000	
58	Property taxes				0	
59	Employee Expenses Accrual		156,584		156,584	
60	Other - Please describe		0		0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		1,856,584	0	1,856,584	
64						

	A	B	C	D	E	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	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Hamilton Hydro Inc.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		0			
12						
13						
14						
15	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	
21	Taxable capital gains	+	14,141		14,141	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	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	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	14,141	0	14,141	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53	Loss on disposal of assets		14,141	0	14,141	
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	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77	Total Material additions		14,141	0	14,141	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		14,141	0	14,141	

	A	B	C	D	E	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	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Hamilton Hydro Inc.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		0			
12						
13						
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-			0	
93		-			0	
94		-			0	
95	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
96	Non-taxable load transfers	-			0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
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			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	
122						

	A	B	C	D	E	F
1						
2	PILs TAXES					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
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			
8	Utility Name: Hamilton Hydro Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2002					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+	11,830		11,830	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	15,121		15,121	
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				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
40	Ontario capital tax adjustments	+			0	
41	Changes in Regulatory Asset balances	+			0	
42		+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Capitalized Fleet Depreciation disallowed for UCC Purposes	+	411,124		411,124	
45		+			0	
46		+			0	
47	Total Additions on which true-up does not apply	=	438,075	0	438,075	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-	66,831		66,831	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	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	
63		-			0	
64	Ontario capital tax adjustments to current or prior year	-			0	
65		-			0	
66	Changes in Regulatory Asset balances	-			0	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	66,831	0	66,831	
74						
75						

	A	B	C	D	E	F	G	H	I	J
1	PILs TAXES									
2	Corporate Tax Rates									
3	Exemptions, Deductions, or Thresholds									
4	Utility Name: Hamilton Hydro Inc.									
5	Reporting period: 2002									
6										
7										
8	Rates Used in 2002 RAM PILs Applications for 2002									
9	Income Range		0		200,001					
10	RAM 2002		to		to					
11		Year	200,000		700,000					
12	Income Tax Rate									
13	Proxy Tax Year	2002								
14	Federal (Includes surtax)		13.12%		26.12%			26.12%		
15	and Ontario blended		6.00%		6.00%			12.50%		
16	Blended rate		19.12%		34.12%			38.62%		
17										
18	Capital Tax Rate		0.300%							
19	LCT rate		0.225%							
20	Surtax		1.12%							
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000							
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000							
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing									
24										
25										
26	Expected Income Tax Rates for 2002 and Capital Tax Exemptions for 2002									
27	Income Range		0		200,001					
28	Expected Rates		to		to					
29		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										
36	Capital Tax Rate	2002	0.300%							
37	LCT rate	2002	0.225%							
38	Surtax	2002	1.12%							
39	Ontario Capital Tax Exemption *** 2002	MAX \$5MM	5,000,000							
40	Federal Large Corporations Tax Exemption *** 2002	MAX \$10MM	10,000,000							
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43										
44	Input Information from Utility's Actual 2002 Tax Returns									
45	Income Range		0		200,001					
46			to		to					
47		Year	200,000		700,000					
48	Income Tax Rate									
49	Current year	2002								
50	Federal (Includes surtax)		13.12%		22.12%			26.12%		
51	Ontario		6.00%		9.75%			12.50%		
52	Blended rate		19.12%		31.87%			38.62%		
53										
54	Capital Tax Rate		0.300%							
55	LCT rate		0.225%							
56	Surtax		1.12%							
57	Ontario Capital Tax Exemption *	MAX \$5MM	4,668,892							
58	Federal Large Corporations Tax Exemption *	MAX \$10MM	10,000,000							
59	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36									
60										
61										

26.12% 0.00%
12.50% 0.00%
38.62% 0.00%

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	PILS TAXES														
2	Analysis of PILs Tax Account 1562:														
3	Utility Name: Hamilton Hydro Inc.														Version 2009.1
4	Reporting period: 2002				Sign Convention: + for increase; - for decrease										0
5															
6															
7															
8	Year start:		01/10/2001		01/01/2002		01/01/2003		01/01/2004		01/01/2005		01/01/2006		
9	Year end:		31/12/2001		31/12/2002		31/12/2003		31/12/2004		31/12/2005		30/04/2006		Total
10															
11	Opening balance:	=	0		2,485,720		2,475,236								
12	Board-approved PILs tax proxy from Decisions (1)	+/-	2,470,670		8,774,379		11,245,049								
13	PILs proxy from April 1, 2005 - input 9/12 of amount														
14	True-up Variance Adjustment Q4, 2001 (2)	+/-			333,490										
15	True-up Variance Adjustment (3)	+/-					-91,966								
16	Deferral Account Variance Adjustment Q4, 2001 (4)														
17	Deferral Account Variance Adjustment (5)	+/-					0								
18	Adjustments to reported prior years' variances (6)	+/-													
19	Carrying charges (7)	+/-	15,050		232,853										
20	PILs billed to (collected from) customers (8)	-	0		-9,351,206										
21															
22	Ending balance: # 1562		2,485,720		2,475,236										
23															
24															
25															
26	Uncollected PILs														
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	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
30															
31	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:														
32															
33	(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.													
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.													
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	(vi)	Column M - The 2005 PILs tax proxy will be used for the period from January 1 to April 30, 2006.													
41															
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		true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.													
44															
45	(3)	From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.													
46		The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.													
47															
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		true 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		The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.													
53															
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.													
55															
56	(7)	Carrying charges are calculated on a simple interest basis.													
57															
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, 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.													
61		The 2005 PILs tax proxy is being recovered on a volumetric basis by class.													
62															
63	(ii)	Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied													
64		by the PILs volumetric proxy rates by class (from the Q4, 2001 and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;													
65		plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.													
66															
67		In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,													
68		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.													
69															
70		In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,													
71		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.													
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															

	A	B	C	D	E
1	PILs TAXES - EB-2008-381				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Hamilton Hydro Inc.			Colour Code	
4	Reporting period: 2001			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	92	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
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	OCT	Y/N	Y	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		87%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	31-Dec	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			247,324,048	
32					
33	Common Equity Ratio (CER)			45.00%	
34					
35	1-CER			55.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.00%	
40					
41	Market Adjusted Revenue Requirement			20,518,003	
42					
43	1999 return from RUD Sheet #7			4,776,987	4,776,987
44					
45	Total Incremental revenue			15,741,016	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			874,501	874,501
48	Amount allowed in 2002			9,619,510	9,619,510
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			5,247,005	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				15,270,998
55					
56	Equity			111,295,822	
57					
58	Return at target ROE			10,996,027	
59					
60	Debt			136,028,226	
61					
62	Deemed interest amount in 100% of MARR			9,521,976	
63					
64	Phase-in of interest - Year 1 (2001)			2,622,737	
65	$((D43+D47)/D41)*D61$				
66	Phase-in of interest - Year 2 (2002)			7,086,951	
67	$((D43+D47+D48)/D41)*D61$				
68	Phase-in of interest - Year 3 (2003) and forward			7,086,951	
69	$((D43+D47+D48)/D41)*D61$ (due to Bill 210)				
70	Phase-in of interest - 2005			9,521,976	
71					
72					

	A	B	C	D	E	F	G	H
1	PILS TAXES - EB-2008-381	ITEM	Initial		M of F	M of F	Tax	
2	PILS DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
7	Reporting period: 2001							
8							Column	
9	Days in reporting period:	92	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
14	II) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	2,068,748		-6,726,041		-4,657,293	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	2,892,547		440,439		3,332,986	
21	Employee Benefit Plans - Accrued, Not Paid	3	377,492		-175,000		202,492	
22	Tax reserves - beginning of year	4			450,000		450,000	
23	Reserves from financial statements - end of year	4			1,465,700		1,465,700	
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	186,561		-186,561		0	
30	Items on which true-up does not apply "TAXREC 3"				344,902		344,902	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	1,118,595		3,140,173		4,258,768	
34	Employee Benefit Plans - Paid Amounts	8	278,827		-96,005		182,822	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	960,062		1,296,002		2,256,064	
38	Tax reserves - end of year	4			665,000		665,000	
39	Reserves from financial statements - beginning of year	4			675,000		675,000	
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"				8,250,835		8,250,835	
49								
50	TAXABLE INCOME/ (LOSS)		3,167,864		-18,317,566		-15,149,702	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	40.62%		-2.0000%		38.62%	
54								
55	REGULATORY INCOME TAX		1,286,786		-1,286,786		0	
56								
57								
58	Miscellaneous Tax Credits	14			0		0	
59								
60	Total Regulatory Income Tax		1,286,786		-1,286,786		0	
61								
62								
63	III) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	247,324,048		80,412,178		327,736,226	
67	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		-582,271		4,417,729	
68	Taxable Capital		242,324,048		79,829,907		323,318,497	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		181,743		62,739		244,482	
73								
74	Federal Large Corporations Tax							
75	Base	18	247,324,048		81,040,318		328,364,366	
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		0		10,000,000	
77	Taxable Capital		237,324,048		81,040,318		318,364,366	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		133,495		47,057		180,552	
82	Less: Federal Surtax 1.12% x Taxable Income	21	35,480		-35,480		0	
83								
84	Net LCT		98,015		82,537		180,552	
85								

	A	B	C	D	E	F	G	H
1	PILs TAXES - EB-2008-381	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
7	Reporting period: 2001							
8							Column	
9	Days in reporting period:	92	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		39.50%					
89								
90	Income Tax (proxy tax is grossed-up)	22	2,126,919			Actual 2001	0	
91	LCT (proxy tax is grossed-up)	23	162,008			Actual 2001	244,482	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	181,743			Actual 2001	180,552	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2001	25	2,470,670			Actual 2001	425,034	
96	RAM DECISION							
97								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			-175,000			
103	Tax reserves deducted in prior year	4			450,000			
104	Reserves from financial statements-end of year	4			1,465,700			
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							
109	Employee Benefit Plans - Paid Amounts	8			-96,005			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I204)	11			0			
113	Tax reserves claimed in current year	4			665,000			
114	Reserves from F/S beginning of year	4			675,000			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	496,705			
121								
122	Income Tax Rate (excluding surtax) from 2001 Utility's tax return			x	40.62%			
123								
124	Income Tax Effect on True-up adjustments			=	201,762			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				201,762			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				39.50%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				333,490			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	3,167,864			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	40.62%			
139								
140	REVISED REGULATORY INCOME TAX			=	1,286,786			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	1,286,786			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	1,286,786			
147								
148	Regulatory Income Tax Variance			=	0			
149								

	A	B	C	D	E	F	G	H
1	PILs TAXES - EB-2008-381	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Hamilton Hydro Inc.							
7	Reporting period: 2001							
8								
9	Days in reporting period:	92	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12							TAXREC	
13							\$	
150	Ontario Capital Tax							
151	Base			=	247,324,048			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	242,324,048			
154								
155	Rate - Tab Tax Rates cell C54			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	181,743			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	181,743			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
161	Federal LCT							
162	Base				247,324,048			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			
164	Revised Federal LCT			=	237,324,048			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2250%			
167								
168	Gross Amount				133,495			
169	Less: Federal surtax			-	35,480			
170	Revised Net LCT			=	98,015			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	98,015			
173	Regulatory Federal LCT Variance			=	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				39.50%			
176								
177	Income Tax (grossed-up)			+	0			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	0			
182								
183	TRUE-UP VARIANCE (from cell I130)			+	333,490			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=	333,490			
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				9,521,976			
194	Interest phased-in (Cell C36)				2,622,737			
195								
196	Variance due to phase-in of debt component of MARR in rates				6,899,239			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41)				2,256,064			
202	Total deemed interest (REGINFO CELL D62)				9,521,976			
203								
204	Variance caused by excess debt				0			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I110)				0			
207								
208	Total Interest Variance				6,899,239			
209								
210								
211								

	A	B	C	D	E	F
1	PILS TAXES - EB-2008-381	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			Return			
5	0				Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Hamilton Hydro Inc.					
8	Reporting period: 2001					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		92	days		
12						
13	Please enter the Materiality Level :		0	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N	N			
15	(0.25% x Net Assets)	Y/N	N			
16	Or other measure (please provide the basis of the amount)	Y/N	Y			
17	Does the utility carry on non-wires related operation?	Y/N	Y			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
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.					
25	If required please change the descriptions except for amortization, 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	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+			0	
32	Distribution Revenue	+	6,310,377		6,310,377	
33	Other Income	+	799,673		799,673	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-			0	
40	Administration	-	5,700,692		5,700,692	
41	Customer billing and collecting	-			0	
42	Operations and maintenance	-	2,474,193		2,474,193	
43	Amortization	-	3,332,458		3,332,458	
44	Ontario Capital Tax	-	260,000		260,000	
45	Reg Assets	-			0	
46		-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	-4,657,293	0	-4,657,293	
51	Less: Interest expense for accounting purposes	-	2,256,064		2,256,064	
52	Provision for payments in lieu of income taxes	-	-2,864,436		-2,864,436	
53	Net Income (loss)	=	-4,048,921	0	-4,048,921	
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						
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	+	-2,864,436	0	-2,864,436	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	3,332,986	0	3,332,986	
62	Employee benefit plans-accrued, not paid	+	202,492	0	202,492	
63	Tax reserves - beginning of year	+	450,000	0	450,000	
64	Reserves from financial statements- end of year	+	1,465,700	0	1,465,700	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		344,902	0	344,902	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	Subtotal		2,931,644	0	2,931,644	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76	DEPRECIATION DIFFERENCE	+			0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	2,931,644	0	2,931,644	
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	
90			0	0	0	
91			0	0	0	

	A	B	C	D	E	F
1	PILs TAXES - EB-2008-381	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						

	A	B	C	D	E	F
1	PILS TAXES - EB-2008-381	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	
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	3,897,934		3,897,934	
98	Cumulative eligible capital deduction	-	360,834		360,834	
99	Employee benefit plans-paid amounts	-	182,822		182,822	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	665,000	0	665,000	
105	Reserves from financial statements- beginning of year	-	675,000	0	675,000	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		8,250,835	0	8,250,835	
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	Subtotal	=	14,032,425	0	14,032,425	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118					0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	14,032,425	0	14,032,425	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	-15,149,702	0	-15,149,702	
135	DEDUCT:					
136	Non-capital loss applied positive number	-			0	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	-15,149,702	0	-15,149,702	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+			0	
143	Net Ontario Income Tax (Must agree with tax return)	+			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						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		26.12%		26.12%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		12.50%		12.50%	
151	Blended Income Tax Rate		38.62%	*****	38.62%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	0	0	0	
157	Ontario Capital Tax	+	244,482		244,482	
158	Federal Large Corporations Tax	+	180,552		180,552	
159						
160	Total income and capital taxes	=	425,034	0	425,034	
161						

	A	B	C	D	E	F
1	PILS TAXES - EB-2008-381	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						
7	Utility Name: Hamilton Hydro Inc.					
8	Reporting period: 2001					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)		450,000		450,000	
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)		450,000	0	450,000	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)		450,000		450,000	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Employee expenses accrual		215,000		215,000	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		665,000	0	665,000	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts		625,000		625,000	
45	Inventory obsolescence		50,000		50,000	
46	Property taxes				0	
47	Other - Please describe				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		675,000	0	675,000	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts		1,000,000		1,000,000	
57	Inventory obsolescence		50,000		50,000	
58	Property taxes				0	
59	Employee expenses accrual		415,700		415,700	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		1,465,700	0	1,465,700	
64						

	A	B	C	D	E	F
1						
2	PILS TAXES - EB-2008-381	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	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Hamilton Hydro Inc.					
9	Reporting period: 2001					
10	Number of days in taxation year:		92			
11	Materiality Level:		0			
12						
13						
14						
15	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	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	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	
37		+			0	
38		+			0	
39		+			0	
40		+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	0	0	0	
47						
48	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	
73			0	0	0	
74			0	0	0	
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	

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381	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	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Hamilton Hydro Inc.					
9	Reporting period: 2001					
10	Number of days in taxation year:		92			
11	Materiality Level:		0			
12						
13						
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-			0	
93		-			0	
94		-			0	
95	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
96	Non-taxable load transfers	-			0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
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			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	
122						

	A	B	C	D	E	F
1						
2	PILs TAXES - EB-2008-381					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
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			
8	Utility Name: Hamilton Hydro Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2001					
12	Number of days in taxation year:		92			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+	4,284		4,284	
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				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
40	Ontario capital tax adjustments	+			0	
41	Changes in Regulatory Asset balances	+			0	
42		+			0	
43	<i>Pre Sept 30/01 interest</i>	+	154,585		154,585	
44	<i>Capitalized Fleet Depreciation disallowed for UCC Purposes</i>	+	186,033		186,033	
45		+			0	
46		+			0	
47	Total Additions on which true-up does not apply	=	344,902	0	344,902	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-	62,665		62,665	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	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	
63		-			0	
64	Ontario capital tax adjustments to current or prior year	-			0	
65		-			0	
66	Changes in Regulatory Asset balances	-	8,188,170		8,188,170	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	8,250,835	0	8,250,835	
74						
75						

	A	B	C	D	E	F	G	H	I	J
1	PILs TAXES - EB-2008-381									
2	Corporate Tax Rates									
3	Exemptions, Deductions, or Thresholds									
4	Utility Name: Hamilton Hydro Inc.									
5	Reporting period: 2001									
6										
7										
8	Rates Used in 2002 RAM PILs Applications for 2002									
9	Income Range		0		200,001					
10	RAM 2002		to		to					
11		Year	200,000		700,000				>700,000	
12	Income Tax Rate									
13	Proxy Tax Year	2002								
14	Federal (Includes surtax)		13.12%		26.12%				26.12%	
15	and Ontario blended		6.00%		6.00%				12.50%	
16	Blended rate		19.12%		34.12%				38.62%	
17										
18	Capital Tax Rate		0.300%							
19	LCT rate		0.225%							
20	Surtax		1.12%							
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000							
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000							
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing									
24										
25										
26	Expected Income Tax Rates for 2002 and Capital Tax Exemptions for 2002									
27	Income Range		0		200,001					
28	Expected Rates		to		to				>700,000	
29		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										
36	Capital Tax Rate	2002	0.300%							
37	LCT rate	2002	0.225%							
38	Surtax	2002	1.12%							
39	Ontario Capital Tax Exemption *** 2002	MAX \$5MM	5,000,000							
40	Federal Large Corporations Tax Exemption *** 2002	MAX \$10MM	10,000,000							
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43										
44	Input Information from Utility's Actual 2002 Tax Returns									
45	Income Range		0		200,001					
46			to		to				>700,000	
47		Year	200,000		700,000					
48	Income Tax Rate									
49	Current year	2002								
50	Federal (Includes surtax)		13.12%		22.12%				26.12%	
51	Ontario		6.00%		9.75%				12.50%	
52	Blended rate		19.12%		31.87%				38.62%	
53										
54	Capital Tax Rate		0.300%							
55	LCT rate		0.225%							
56	Surtax		1.12%							
57	Ontario Capital Tax Exemption *	MAX \$5MM	4,668,892							
58	Federal Large Corporations Tax Exemption *	MAX \$10MM	10,000,000							
59	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36									
60										
61										

26.12% 0.00%
12.50% 0.00%
38.62% 0.00%

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	PILS TAXES - EB-2008-381														
2	Analysis of PILs Tax Account 1562:														
3	Utility Name: Hamilton Hydro Inc.														Version 2009.1
4	Reporting period: 2001														0
5															
6															
7															
8	Year start:		01/10/2001		01/01/2002		01/01/2003		01/01/2004		01/01/2005		01/01/2006		
9	Year end:		31/12/2001		31/12/2002		31/12/2003		31/12/2004		31/12/2005		30/04/2006		Total
10															
11	Opening balance:	=	0		2,485,720										
12	Board-approved PILs tax proxy from Decisions (1)	+/-	2,470,670												
13	PILs proxy from April 1, 2005 - input 9/12 of amount														
14	True-up Variance Adjustment Q4, 2001 (2)	+/-			333,490										
15	True-up Variance Adjustment (3)	+/-													
16	Deferral Account Variance Adjustment Q4, 2001 (4)				0										
17	Deferral Account Variance Adjustment (5)	+/-													
18	Adjustments to reported prior years' variances (6)	+/-													
19	Carrying charges (7)	+/-	15,050												
20	PILs billed to (collected from) customers (8)	-	0												
21															
22	Ending balance: # 1562		2,485,720												
23															
24															
25															
26	Uncollected PILs														
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	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
30															
31	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:														
32															
33	(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.														
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.														
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	(vi) Column M - The 2005 PILs tax proxy will be used for the period from January 1 to April 30, 2006.														
41															
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	trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.														
44															
45	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.														
46	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
47															
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	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
53															
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.														
55															
56	(7) Carrying charges are calculated on a simple interest basis.														
57															
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, 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.														
61	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.														
62															
63	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied														
64	by the PILs volumetric proxy rates by class (from the Q4, 2001 and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;														
65	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.														
66															
67	In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,														
68	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.														
69															
70	In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,														
71	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.														
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															