

**Halton Hills Hydro Inc.  
2013 IRM Rate Application  
Board Staff Interrogatories**

**1. Ref: 2012 IRM3 Tax Savings Work Form, page 5  
Ref: Revenue Requirement Work Form EB-2011-0271**

Board Staff notes some discrepancies in the tax rates entered into the 2013 Tax Savings Work form and the work form is incomplete.

- a) Please provide an explanation of the 2012 tax rate of 15.50% entered in the tax savings work form given that the 2012 approved rate was 7.65%. If this is an error Board Staff will update your work form.

Line No.	Particulars	Application				Per Board Decision
<u>Determination of Taxable Income</u>						
1	Utility net income before taxes	\$1,710,764		\$1,622,883		\$1,496,895
2	Adjustments required to arrive at taxable utility income	(\$1,341,194)		(\$1,208,116)		(\$1,190,116)
3	Taxable income	<u>\$369,570</u>		<u>\$414,767</u>		<u>\$306,779</u>
<u>Calculation of Utility income Taxes</u>						
4	Income taxes	<u>\$97,012</u>		<u>\$35,978</u>		<u>\$26,762</u>
6	Total taxes	<u>\$97,012</u>		<u>\$35,978</u>		<u>\$26,762</u>
7	Gross-up of Income Taxes	<u>\$34,530</u>		<u>\$3,415</u>		<u>\$2,217</u>
8	Grossed-up Income Taxes	<u>\$131,542</u>		<u>\$39,393</u>		<u>\$28,979</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$131,542</u>		<u>\$39,393</u>		<u>\$28,979</u>
10	Other tax Credits	\$ -		\$ -		\$ -
<u>Tax Rates</u>						
11	Federal tax (%)	15.00%		4.17%		3.82%
12	Provincial tax (%)	<u>11.25%</u>		<u>4.50%</u>		<u>3.83%</u>
13	Total tax rate (%)	26.25%		8.67%		7.65%

b) Please confirm the dollar amount for Taxable Capital cell M25 is \$42,429,005 as per the RRWF, row Total Rate Base and column Per Board Decision.

c) Please provide the dollar amount for Deduction from taxable capital up to \$15,000,000 cell M27. Board staff will update your work form.

#### Summary - Sharing of Tax Change Forecast Amounts

For the 2012 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)

31000

#### 1. Tax Related Amounts Forecast from Capital Tax Rate Changes

	2012	2013
Taxable Capital		\$ -
Deduction from taxable capital up to \$15,000,000	\$ -	\$ -
Net Taxable Capital	\$ -	\$ -
Rate	0.000%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -

#### 2. Tax Related Amounts Forecast from Income Tax Rate Changes

	2012	2013
Regulatory Taxable Income	\$ 306,779	\$ 306,779
Corporate Tax Rate	15.50%	15.50%
Tax Impact	\$ 16,551	\$ 16,551
<b>Grossed-up Tax Amount</b>	<b>\$ 19,587</b>	<b>\$ 19,587</b>
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 19,587	\$ 19,587
<b>Total Tax Related Amounts</b>	<b>\$ 19,587</b>	<b>\$ 19,587</b>
Incremental Tax Savings		\$ -
Sharing of Tax Savings (50%)		\$ -

Rate Base									
Line No.	Particulars		Initial Application					Per Board Decision	
1	Gross Fixed Assets (average) (3)	\$58,245,701	(\$1,467,006)	\$56,778,694	(\$600,000)	\$56,178,694			
2	Accumulated Depreciation (average) (3)	(\$21,569,493)	(\$90,578)	(\$21,660,071)	\$14,967	(\$21,645,104)			
3	Net Fixed Assets (average) (3)	\$36,676,208	(\$1,557,585)	\$35,118,623	(\$585,033)	\$34,533,590			
4	Allowance for Working Capital (1)	\$7,967,948	(\$16,430)	\$7,951,519	(\$56,103)	\$7,895,415			
5	<b>Total Rate Base</b>	<b>\$44,644,156</b>	<b>(\$1,574,015)</b>	<b>\$43,070,141</b>	<b>(\$641,136)</b>	<b>\$42,429,005</b>			

#### (1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$6,397,261	(\$123,240)	\$6,274,021	(\$374,021)	\$5,900,000
7	Cost of Power	\$46,722,395	\$13,707	\$46,736,102	\$ -	\$46,736,102
8	Working Capital Base	\$53,119,656	(\$109,533)	\$53,010,124	(\$374,021)	\$52,636,103
9	Working Capital Rate % (2)	15.00%	0.00%	15.00%	0.00%	15.00%
10	Working Capital Allowance	\$7,967,948	(\$16,430)	\$7,951,519	(\$56,103)	\$7,895,415

**2. Ref: 2012 IRM3 RTSR Work form, page 4**

Please confirm that the amounts entered into the columns “Non-Loss Adjusted Metered kWh” and “Non-Loss Adjusted Metered kW” have not been adjusted by Halton’s Board-approved loss factor.

Rate Class	Unit	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW
Residential - Time of Use	kWh	213,773,795	-
General Service Less Than 50 kW	kWh	57,401,529	-
General Service 50 to 999 kW	kW	115,214,051	318,520
General Service 1,000 to 4,999 kW - Interval Meters	kW	105,252,631	294,618
Unmetered Scattered Load	kWh	891,675	-
Sentinel Lighting	kW	503,097	520
Street Lighting	kW	2,743,202	7,634

**3. Ref: Rate Generator Sheet 5 2013 Continuity Generator**

Please provide an explanation for the combined balances of Accounts 1588 RSVA – Power excluding Global adjustment and 1588 RSVA -Power-Sub Account Global Adjustment on sheet 5 of the rate generator being greater by \$3,575 then the balance reported in RRR 2.1.7 Trial Balance. If this is an error please update your rate generator accordingly.

Rate Generator Model	\$ 1,347,283
Trial Balane 2.1.7 as of December 31, 2011	\$ 1,343,708
Difference	\$ 3,575