

Version

1.0

Utility Name	Hydro Ottawa Limited	
Assigned EB Number	EB-2015-0004	
Name and Title	Geoff Simpson, Chief Financial Officer	
Phone Number	613-738-5499	
Email Address	geoffsimpson@hydroottawa.com	
Date	Settement - Test Year - 2016	
Last COS Re-based Year	2012	

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

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

Instructions

Purpose

The purpose of this workbook is to calculate the estimated Payment in Lieu of Taxes (PILs) for the Test Year. The calculation of PILs for the Test Year is on tab T0 and is based on the inputs on the other tabs.

Tab S Summary is a summary of the amounts to be transferred to the Revenue Requirement Workform. The Revenue Requirement Workform is on tab 3 of the Revenue Requirement Workform.

Methodology

To calculate the PILs for the Test Year:

- 1) input the balances from the income tax return of the Historical Year in tabs ${\sf H1}$ to ${\sf H13}$.
- 2) input the balances for the subsequent two (2) years (the Bridge Year and the Test Year). Inputs should include:
 - non-deductible expenses (Schedule 1 B1 and T1)
 - capital additions (Schedule 8 B8 and T8)
 - cumulative eligible expenditures (Schedule 10 B10 and T10)
 - non-deductible reserves (Schedule 13 B13 and T13)
- 3) make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab T0 is reasonable.

Other Notes

s

Tabs $\ensuremath{\text{H1}}$ to $\ensuremath{\text{H13}}$ relate to the Historical Year.

Tabs B1 to B13 relate to the Bridge Year.

Tabs T1 to T13 relate to the Test Year.

The amounts on tabs H1 to H13 should agree to the tax return filed with the Canada Revenue Agency. Any CRA audit adjustments or corrections should also be reflected.

It is assumed the net income before tax for the Test Year is equal to the Return on Equity. Return on Equity is calculated on tab A.

e On tab "A. Data Input Sheet", input the "Rate Base" amount and "Return on Rate Base" amounts.

For the 2016 Application, the "Test Year" is 2016, the "Historical Year" is 2014, and the "Bridge Year" is 2015.



1. Info

S. Summary

A. Data Input Sheet

B. Tax Rates & Exemptions

Historical Year Ho - PILs, Tax Provision Historical Year

H1 - Adj. Taxable Income Historical Year

H4 - Schedule 4 Loss Carry Forward Historical Year

H8 - Schedule 8 Historical'!A1

<u>H10 - Schedule 10 CEC Historical Year</u> <u>H13 - Schedule 13 Tax Reserves Historical</u>

Bridge Year <u>B0 - PILs,Tax Provision Bridge Year</u>

B1 - Adj. Taxable Income Bridge Year

B4 - Schedule 4 Loss Carry Forward Bridge Year

<u>B8 - Schedule 8 CCA Bridge Year</u> <u>B10 - Schedule 10 CEC Bridge Year</u>

B13 - Schedule 13 Tax Reserves Bridge Year

Test Year To PILs, Tax Provision Test Year

T1 Taxable Income Test Year

T4 Schedule 4 Loss Carry Forward Test Year

T8 Schedule 8 CCA Test Year
T10 Schedule 10 CEC Test Year
T13 Schedule 13 Reserve Test Year

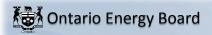
1

No inputs required on this worksheet.

Inputs on Service Revenue Requirement Worksheet

The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

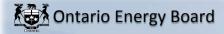
Item	Working Paper Reference	
Adjustments required to arrive at taxable income	as below	-19,578,061
Test Year - Payments in Lieu of Taxes (PILs)	<u>T0</u>	2,760,062
Test Year - Grossed-up PILs	<u>T0</u>	3,755,187
Federal Tax Rate	<u>T0</u>	15.0%
Ontario Tax Rate	<u>T0</u>	11.5%
Calculation of Adjustments required to arrive at Taxable Income		
Regulatory Income (before income taxes)	<u>T1</u>	30,625,466
Taxable Income	<u>T1</u>	11,047,405
Difference	calculated	-19 578 061 as abov



Rate Base		S	\$ 833,119,318		
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	Т	\$ 33,324,773	W = S * T	
Deemed Long Term Debt %	56.00%	U	\$ 466,546,818	X = S * U	
Deemed Equity %	40.00%	V	\$ 333,247,727	Y = S * V	
Short Term Interest Rate	2.16%	Z	\$ 719,815	AC = W * Z	
Long Term Interest	3.53%	AA	\$ 16,459,772	AD = X * AA	
Return on Equity (Regulatory Income)	9.19%	AB	\$ 30,625,466	AE = Y * AB	<u>T1</u>
Return on Rate Base			\$ 47,805,053	AF = AC + AD +	AE

Qι	estions that must be answered	Historical	Bridge	Test Year
1.	Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2.	Does the applicant have any SRED Expenditures?	No	No	No
3.	Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4.	Does the applicant have any Capital Leases?	No	No	No
5.	Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6.	Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
	Did the applicant pay dividends? [Yes, please describe what was the tax treatment in the manager's summary.	Yes	Yes	Yes

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



Tax Rates Federal & Provincial As of June 15, 2015	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015	Effective January 1, 2016
Federal income tax					
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario income tax	11.50%	11.50%	11.50%	11.50%	11.50%
Combined federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%
Federal & Ontario Small Business					
Federal small business threshold	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	11.00%	10.50%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%	4.50%

- Notes

 1. The Ontario Energy Board's proxy for taxable capital is rate base.
- 2. If taxable capital exceds \$15 million the maximum tax rates apply.
- 3. If taxable capital is below \$10 million the minimum tax rates apply.
- 4. Where taxable capital is between \$10 million and \$15 million, the tax rate will be calculated.



PILs Tax Provision - Historical Year

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

Regulatory Taxable Income Combined Tax Rate and PILs

Ontario Tax Rate (Maximum 11.5%) Federal tax rate (Maximum 15%) Combined tax rate (Maximum 26.5%)

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits
Total Tax Credits

Corporate PILs/Income Tax Provision for Historical Year

Wires Only

11.50%

15.00%

С

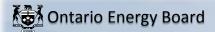
\$ 1,027,371 **A**

26.50% **M** = **K** + **L**

\$ 272,253 E = A * D

F G \$ - H=F+G

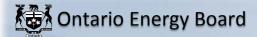
\$ 272,253 I = H + E



Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal	Non-Distribution	Historic
Income before PILs/Taxes		Entity	Eliminations	Wires Only
Additions:	Α	28,783,000		28,783,000
	103	6 420		6,439
Interest and penalties on taxes	103	6,439		
Amortization of tangible assets	_	30,249,000 5,791,000		30,249,000
Amortization of intangible assets	106	5,791,000		5,791,000
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	1,509,282		1,509,282
Charitable donations	112	212,515		212,515
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	70,010		70,010
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125	1,110,910		1,110,910
Reserves from financial statements- balance at end of year	126	5,371,304		5,371,304
Soft costs on construction and renovation of buildings	127	- / - /		0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible linerest Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
	200			1 0
Interest Expensed on Capital Leases Realized Income from Deferred Credit Accounts	290 291			0
	_	F07.004		507.00
Pensions New distriction and the second in t	292	597,824		597,824
Non-deductible penalties	293			0
	294 295			0
ARO Accretion expense	295	10,438		10,438
Capital Contributions Received (ITA 12(1)(x))		10,430		10,430
Lease Inducements Received (ITA 12(1)(x))				
Deferred Revenue (ITA 12(1)(a))	<u> </u>			
Prior Year Investment Tax Credits received	<u> </u>	11,878		11,878
Current Year Investment Tax Credits received	 	226,323		226,323
Current real investment rax Creuits received	1	220,323		220,320

mpairment charge		1,250,168		1,250,168
				(
Total Additions		46,417,091	0	46,417,09°
Deductions:				
Gain on disposal of assets per financial statements	401			
Dividends not taxable under section 83	402	04.040.000		
Capital cost allowance from Schedule 8	403	64,818,889		64,818,889
Terminal loss from Schedule 8	404	04.757		04.75
Cumulative eligible capital deduction from Schedule 10	405	91,757		91,75
Allowable business investment loss	406			
Deferred and prepaid expenses	409			
Scientific research expenses claimed in year	411	2 227 504		2 227 52
Tax reserves claimed in current year	413 414	3,227,504		3,227,504
Reserves from financial statements - balance at beginning of year	414	3,063,750		3,063,750
Contributions to deferred income plans		570,527		570,527
Book income of joint venture or partnership Equity in income from subsidiary or affiliates	305			
Other deductions: (Please explain in detail the nature of the item)	306			
Other deductions. (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390	1,857,000		1,857,000
Capital Lease Payments	391	1,037,000		1,057,000
Non-taxable imputed interest income on deferral and variance accounts	392			
Non taxable impated interest income on deterral and variance accounts	393			
	394			
ARO Payments - Deductible for Tax when Paid	30.1	103,721		103,72
ITA 13(7.4) Election - Capital Contributions Received		100,121		(
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				(
Deferred Revenue - ITA 20(1)(m) reserve				(
Principal portion of lease payments				(
Lease Inducement Book Amortization credit to income				(
Financing fees for tax ITA 20(1)(e) and (e.1)				(
Tax credits accrued for in current year & deducted in financials in current year		227,057		227,057
				(
				(
				(
				(
				(
Total Deductions		73,960,205	0	73,960,20
Net Income for Tax Purposes		1,239,886	0	1,239,886
Charitable donations from Schedule 2	311	212,515		212,51
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			. (
Non-capital losses of preceding taxation years from Schedule 4	331			(
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and				
ealculation in Manager's summary)	332			<u> </u>
imited partnership losses of preceding taxation years from Schedule 4	335			
TAXABLE INCOME		1,027,371	0	1,027,37



Schedule 7-1 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non- Distribution Portion	Utility Balance	
Actual Historical	0		0	
		Non	T	i

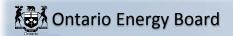
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<u>B4</u>



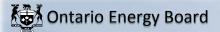
Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non- Distribution Portion	UCC Regulated Historical Year
1	Distribution System - post 1987	194,128,563	994,943	193,133,620
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	23,891,295	735,570	23,155,725
2	Distribution System - pre 1988	63,500,604		63,500,604
8	General Office/Stores Equip	8,163,885		8,163,885
10	Computer Hardware/ Vehicles	5,514,836		5,514,836
10.1	Certain Automobiles			0
12	Computer Software	16,489,286		16,489,286
13 ₁	Lease # 1			0
13 2	Lease #2			0
13 ₃	Lease # 3			0
13 4	Lease # 4			0
	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0
	Fibre Optic Cable	371,686		371,686
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment	85,572	85,572	0
45	Computers & Systems Software acq'd post Mar 22/04	26,138		26,138
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	357,958,594		357,958,594
50	Data Network Infrastructure Equipment - post Mar 2007	1,986,143		1,986,143
52	Computer Hardware and system software			0
95	CWIP			0
3	Building - pre 1988	9,673,783		9,673,783
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	681,790,385	1,816,085	679,974,300



Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				824,938
Additions Cost of Eligible Capital Property Acquired during Test Year	647,837			
Other Adjustments	0			
Subtotal	647,837	x 3/4 =	485,878	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
		=	485,878	485,878
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal			_	1,310,816
<u>Deductions</u>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	_	0
Cumulative Eligible Capital Balance				1,310,816
Current Year Deduction		1,310,816	x 7% =	91,757
Cumulative Eligible Capital - Closing Balance				1,219,059



B13 B13 B13 B13 B13 B13

B13

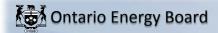
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B13 B13

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as	Non-Distribution Eliminations	Utility Only
<u>.</u>	per tax returns		, ,
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting	nurnoses		0
Reserve for doubtful accounts ss. 20(1)(I)	3,227,504		3,227,504
Reserve for goods and services not delivered	5,221,504		5,227,304
ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
Total	3,227,504	0	3,227,504
Total	0,221,001		0,227,004
Financial Statement Reserves (not deductible	le for Tax Purposes)		
General Reserve for Inventory Obsolescence			0
(non-specific)			0
General reserve for bad debts	3,828,062		3,828,062
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accmulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities	1,543,242		1,543,242
Bonuses Accrued and Not Paid Within 180			0
Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not			0
Paid Within 3 Taxation Years ss. 78(1)			ŭ
Other			0
			0
			0
Total	5,371,304	0	5,371,304



PILS Tax Provision - Bridge Year

Regulatory Taxable Income

Combined Tax Rate and PILs

Effective Ontario Tax Rate

Federal tax rate (Maximum 15%)

Combined tax rate

Wires Only

Reference B1 -\$ 6,256,777 **A**

26.50% **D = B + C**

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Bridge Year

calculated -\$

В

С

11.50%

15.00%

1,658,046 E = A * D

F G H = F + G

\$ - I = H + E

Note:

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



Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	Α		27,637,000
Additions:			
Interest and penalties on taxes	103		5,000
Amortization of tangible assets	104		38,416,273
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		1,013,053
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		75,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	3,227,504
Reserves from financial statements- balance at end of year	126	<u>B13</u>	5,371,304
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		



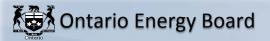
Adjusted Taxable Income - Bridge Year

Interest Expensed on Capital Leases	
Realized Income from Deferred Credit Accounts Pensions 291 292	
Pensions 292	
	600,000
I INDITUEURUURUE DEHANES LAND LAND	000,000
294	
295	
ARO Accretion expense	
Capital Contributions Received (ITA 12(1)(x))	
Lease Inducements Received (ITA 12(1)(x))	
Deferred Revenue (ITA 12(1)(a))	
Prior Year Investment Tax Credits received	
Current Year Investment Tax Credits Received	182,500
	8,890,634
Deductions:	
Gain on disposal of assets per financial statements	
Dividends not taxable under section 83 402	
Capital cost allowance from Schedule 8 403 <u>B8</u> 7	1,086,230
Terminal loss from Schedule 8 404	
Cumulative eligible capital deduction from Schedule 10 405 B10	998,873
Allowable business investment loss 406	
Deferred and prepaid expenses 409	
Scientific research expenses claimed in year 411	
Tax reserves claimed in current year 413 B13	3,227,504
Reserves from financial statements - balance at beginning of year	5,371,304
Contributions to deferred income plans 416	600,000
Book income of joint venture or partnership 305	·
Equity in income from subsidiary or affiliates 306	
Other deductions: (Please explain in detail the nature of the item)	



Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390		1,427,000
Capital Lease Payments	391		
Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
	394		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	82,710,911
			02,1 10,011
Net Income for Tax Purposes		calculated	-6,183,277
Charitable donations from Schedule 2	311		-73,500
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320		
Non-capital losses of preceding taxation years from Schedule 4	331	<u>B4</u>	0
Net-capital losses of preceding taxation years from Schedule 4 (<i>Please include explanation and calculation in Manager's summary</i>)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
TAXABLE INCOME		calculated	-6,256,777



Corporation Loss Continuity and Application

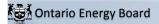
Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)	<u>B1</u>	0
Balance available for use in Test Year	calculated	0
Amount to be used in Bridge Year	<u>B1</u>	0
Balance available for use post Bridge Year	calculated	0

<u>T4</u>

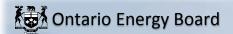
Net Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)		
Balance available for use in Test Year	calculated	0
Amount to be used in Bridge Year		
Balance available for use post Bridge Year	calculated	0

T4



Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA		UCC End of Bridge Year
1	Distribution System - post 1987	<u>H8</u>	\$ 193,133,620			\$ 193,133,620	\$ -	\$ 193,133,620	4%	\$ 7,725,345		\$ 185,408,275
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>H8</u>	\$ 23,155,725	\$ 2,259,608		\$ 25,415,333	\$ 1,129,804	\$ 24,285,529	6%	\$ 1,457,132		\$ 23,958,201
	Distribution System - pre 1988	<u>H8</u>	\$ 63,500,604			\$ 63,500,604	\$ -	\$ 63,500,604	6%	\$ 3,810,036		\$ 59,690,568
8	General Office/Stores Equip	<u>H8</u>	\$ 8,163,885	\$ 1,531,020		\$ 9,694,905	\$ 765,510	\$ 8,929,395	20%	\$ 1,785,879		\$ 7,909,026
10	Computer Hardware/ Vehicles	<u>H8</u>	\$ 5,514,836	\$ 1,464,507		\$ 6,979,343	\$ 732,254	\$ 6,247,090	30%	\$ 1,874,127		\$ 5,105,216
10.1	Certain Automobiles	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -		\$ -
12	Computer Software	<u>H8</u>	\$ 16,489,286	\$ 8,494,616		\$ 24,983,902	\$ 4,247,308	\$ 20,736,594	100%	\$ 20,736,594		\$ 4,247,308
13 1	Lease # 1	<u>H8</u>				\$ -	\$ -	\$		\$ -		\$ -
13 2	Lease #2	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
13 3	Lease # 3	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
13 4	Lease # 4	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
14	Franchise	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	<u>H8</u>				\$ -	\$ -	\$ -	8%	\$ -		\$ -
42	Fibre Optic Cable	<u>H8</u>	\$ 371,686			\$ 371,686	\$ -	\$ 371,686	12%	\$ 44,602		\$ 327,084
43.1	Certain Energy-Efficient Electrical Generating Equipment	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -		\$ -
43.2	Certain Clean Energy Generation Equipment	<u>H8</u>	\$ -			\$ -	\$ -	\$ -	50%	\$ -		\$ -
45	Computers & Systems Software acq'd post Mar 22/04	<u>H8</u>	\$ 26,138			\$ 26,138	\$ -	\$ 26,138	45%	\$ 11,762		\$ 14,376
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -		\$ -
47	Distribution System - post February 2005	<u>H8</u>	\$ 357,958,594	\$ 78,153,441		\$ 436,112,035	\$ 39,076,721	\$ 397,035,315	8%	\$ 31,762,825		\$ 404,349,210
50	Data Network Infrastructure Equipment - post Mar 2007	<u>H8</u>	\$ 1,986,143	\$ 1,097,672		\$ 3,083,815	\$ 548,836	\$ 2,534,979	55%	\$ 1,394,238		\$ 1,689,577
52	Computer Hardware and system software	<u>H8</u>				\$ -	\$ -	\$ -	100%	\$ -		\$ -
95	CWIP	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
3	Building - pre 1988		\$ 9,673,783			\$ 9,673,783	\$ -	\$ 9,673,783	5%	\$ 483,689		\$ 9,190,094
						\$ -	\$ -	\$ -	10%	\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
	TOTAL		\$ 679,974,300	\$ 93,000,864	\$ -	\$ 772,975,164	\$ 46,500,432	\$ 726,474,732		\$ 71,086,230	<u>B1</u>	\$ 701,888,934



Schedule 10 CEC - Bridge Year

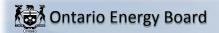
Cumulative Eligible Capital		F	Reference H10	1,219,059
<u>Additions</u>				
Cost of Eligible Capital Property Acquired during Test Year	17,400,735			
Other Adjustments	0			
Subtotal	17,400,735	x 3/4 = 3	########	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
,		=	########	13,050,551
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal	l		- -	14,269,610
<u>Deductions</u>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	_	0
Cumulative Eligible Capital Balance				14,269,610
Current Year Deduction		14,269,610	x 7% =	998,873
Cumulative Eligible Capital - Closing Balance				13,270,737



Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

_						Bridge Year Adjustments					
Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Bridge Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(I)	<u>H13</u>	3,227,504		3,227,504				3,227,504		0	
Reserve for goods and services not delivered ss. 20(1)(m)	<u>H13</u>	0		0					<u>T13</u>	0	
Reserve for unpaid amounts ss. 20(1)(n)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Debt & Share Issue Expenses ss. 20(1)(e)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other tax reserves	<u>H13</u>	0		0				0	T13	0	
		0		0				0		0	
Total		3,227,504	0	3,227,504	<u>B1</u>	0	0	3,227,504	<u>B1</u>	0	0
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	<u>H13</u>	0		0					<u>T13</u>	0	
General reserve for bad debts	<u>H13</u>	3,828,062		3,828,062				3,828,062		0	
Accrued Employee Future Benefits:	<u>H13</u>	0		0					<u>T13</u>	0	
- Medical and Life Insurance	<u>H13</u>	0		0					<u>T13</u>	0	
-Short & Long-term Disability	<u>H13</u>	0		0				0	<u>T13</u>	0	
-Accmulated Sick Leave	<u>H13</u>	0		0				0	<u>T13</u>	0	
- Termination Cost	<u>H13</u>	0		0				0	<u>T13</u>	0	
- Other Post-Employment Benefits	<u>H13</u>	0		0				0	<u>T13</u>	0	
Provision for Environmental Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Restructuring Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Accrued Contingent Litigation Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Accrued Self-Insurance Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other Contingent Liabilities	<u>H13</u>	1,543,242		1,543,242				1,543,242	<u>T13</u>	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other	<u>H13</u>	0		0				0	T13	0	
		0		0				0		0	
		0		0				0		0	
Total		5,371,304	0	5,371,304	<u>B1</u>	0	0	5,371,304	<u>B1</u>	0	0



PILs Tax Provision - Test Year

Regulatory Taxable Income			<u>T1</u>	\$ 11,047,405 A
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%) Federal tax rate (Maximum 15%) Combined tax rate (Maximum 26.5%)	11.50% 15.00%	B C	26.50% D = B + C
Total Income Taxes Investment Tax Credits Miscellaneous Tax Credits Total Tax Credits				\$ 2,927,562 E = A * D
Corporate PILs/Income Tax Provis	ion for Test Year			\$ 2,760,062 I = H + E <u>S. Su</u>
Corporate PILs/Income Tax Provision	n Gross Up ¹	73.50%	J	\$ 995,125 K = J * I
Income Tax (grossed-up)				\$ 3,755,187 L = K + I <u>S. Su</u>

Wires Only

Note:

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



Taxable Income - Test Year

		Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		<u>A.</u>	30,625,466
	T2 S1 line #	· · · · · · · · · · · · · · · · · · ·	

	T2 S1 line #		
dditions:			
Interest and penalties on taxes	103		5,000
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104		40,378,86
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		1,013,053
Charitable donations	112		.,,
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		75,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	T13	3,227,504
Reserves from financial statements- balance at end of year	126	<u>T13</u>	5,371,304
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		

Amounts received in respect of qualifying			
environment trust per paragraphs 12(1)(z.1) and	237		
12(1)(z.2)			
Other Additions: (please explain in detail the			
nature of the item) Interest Expensed on Capital Leases	200		
·	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		600,000
Non-deductible penalties	293		000,000
	294		
	295		
	200		
	296		
	297		
ADO Appretion expense			
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Current Year Investment Tax Credits received			167,500
Total Additions			50,838,222
Deductions:			
Gain on disposal of assets per financial	401		
statements	400		
Dividends not taxable under section 83	402	To	60 060 740
Capital cost allowance from Schedule 8	403	<u>T8</u>	60,268,749
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10 CEC	405	<u>T10</u>	948,726
Allowable business investment loss	406		
	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411	T40	0.007.504
Tax reserves end of year	413	<u>T13</u>	3,227,504
Reserves from financial statements - balance at	414	<u>T13</u>	5,371,304
beginning of year			
Contributions to deferred income plans	416		600,000
Book income of joint venture or partnership	305	 	
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the			
nature of the item)			
Interest capitalized for accounting deducted for	390		
tax Capital Lease Payments	201		
Capital Lease Payments	391	<u> </u>	

Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
	394		
	395		
	396		
	397		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	70,416,283
N== N== = = = = = = = = = = = = = = = =			
NET INCOME FOR TAX PURPOSES		calculated	11,047,405
Charitable donations	311		
Taxable dividends received under section 112 or	320		
Non-capital losses of preceding taxation years from	331	<u>T4</u>	0
Schedule 7-1 Net-capital losses of preceding taxation years	332	_	
(Please show calculation)	002		
Limited partnership losses of preceding taxation years from Schedule 4	335		
DECUMATORY TAYAR: T :::COLOR		1 1 2 2	44.047.467
REGULATORY TAXABLE INCOME		calculated	11,047,405



Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Working Paper Reference	Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	<u>B4</u>	0		0
				0
Other Adjustments Add (+) Deduct (-)	<u>T1</u>	0		0
Balance available for use in Test Year	calculated	0	0	0
Amount to be used in Test Year	<u>T1</u>	0		0
Balance available for use post Test Year	calculated	0	0	0

Net Capital Loss Carry Forward Deduction		Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	<u>B4</u>	0		0
				0
Other Adjustments Add (+) Deduct (-)				0
Balance available for use in Test Year	calculated	0	0	0
Amount to be used in Test Year				0
Balance available for use post Test Year	calculated	0	0	0



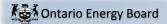
Schedule 8 CCA - Test Year

Class	Class Description	Working Paper Reference	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA		UCC End of Test Year
1	Distribution System - post 1987	<u>B8</u>	\$ 185,408,275			\$ 185,408,275	\$ -	\$ 185,408,275	4%	\$ 7,416,331		\$ 177,991,944
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>B8</u>	\$ 23,958,201	3,085,755		\$ 27,043,956	\$ 1,542,878	\$ 25,501,079	6%	\$ 1,530,065		\$ 25,513,892
2	Distribution System - pre 1988	<u>B8</u>	\$ 59,690,568			\$ 59,690,568	\$ -	\$ 59,690,568	6%	\$ 3,581,434		\$ 56,109,134
8	General Office/Stores Equip	<u>B8</u>	\$ 7,909,026	4,688,193		\$ 12,597,219	\$ 2,344,097	\$ 10,253,123	20%	\$ 2,050,625		\$ 10,546,595
10	Computer Hardware/ Vehicles	<u>B8</u>	\$ 5,105,216	1,289,703		\$ 6,394,919	\$ 644,852	\$ 5,750,068	30%	\$ 1,725,020		\$ 4,669,899
10.1	Certain Automobiles	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
12	Computer Software	B8	\$ 4,247,308	5,746,639		\$ 9,993,947	\$ 2,873,320	\$ 7,120,628	100%	\$ 7,120,628		\$ 2,873,320
	Lease # 1	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
	Lease #2	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
	Lease # 3	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
13 4	Lease # 4	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
14	Franchise	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than BI	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	8%	\$ -		\$ -
	Fibre Optic Cable	<u>B8</u>	\$ 327,084			\$ 327,084	\$ -	\$ 327,084	12%	\$ 39,250		\$ 287,834
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
43.2	Certain Clean Energy Generation Equipment	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	50%	\$ -		\$ -
45	Computers & Systems Software acq'd post Mar 22/04	<u>B8</u>	\$ 14,376			\$ 14,376	\$ -	\$ 14,376	45%	\$ 6,469		\$ 7,907
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
47	Distribution System - post February 2005	<u>B8</u>	\$ 404,349,210	55,468,861		\$ 459,818,071	\$ 27,734,431	\$ 432,083,640	8%	\$ 34,566,691		\$ 425,251,380
50	Data Network Infrastructure Equipment - post Mar 2007	B8	\$ 1,689,577	3,067,144		\$ 4,756,721	\$ 1,533,572	\$ 3,223,149	55%	\$ 1,772,732		\$ 2,983,989
52	Computer Hardware and system software	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	100%	\$ -		\$ -
95	CWIP	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
3	Building - pre 1988		\$ 9,190,094			\$ 9,190,094	\$ -	\$ 9,190,094	5%	\$ 459,505		\$ 8,730,589
			\$ -			\$ -	\$ -	\$ -	10%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
	TOTAL		\$ 701,888,934	\$ 73,346,295	\$ -	\$ 775,235,229	\$ 36,673,148	\$ 738,562,082		\$ 60,268,749	<u>T1</u>	\$ 714,966,480



Schedule 10 CEC - Test Year

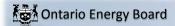
Cumulative Eligible Capital				<u>B10</u>	13,270,737
Additions Cost of Eligible Capital Property Acquired during Test Year		376,655			
Other Adjustments		0			
	Subtotal	376,655	x 3/4 =	282,491	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	е	0	x 1/2 =	0	
			=	282,491	282,491
Amount transferred on amalgamation or wind-up of subsidiary		0			0
	Subtotal			-	13,553,228
<u>Deductions</u>					
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year		0			
Other Adjustments		0			
	Subtotal	0	x 3/4 =	-	0
Cumulative Eligible Capital Balance					13,553,228
Current Year Deduction (Carry Forward to Tab "Test Year Taxable In	ncome")		13,553,228	x 7% =	948,726
Cumulative Eligible Capital - Closing Balance					12,604,502



Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

_						Test Year Adjustments		1			
Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Test Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	B13	0		0				1 0			1
Tax Reserves Not Deducted for accounting purposes	<u> </u>	0	l .	U						1	1
Reserve for doubtful accounts ss. 20(1)(I)	B13	3,227,504	l	3,227,504		0	0	3,227,504	T		
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0,227,004		0,221,004				0,227,004		0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0		0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0		0	
Other tax reserves	B13	0		0				0		0	
Other tax reserves	<u> </u>	0		0				0		0	
		0		0				0		0	
Total		3,227,504	0	3,227,504	<u>T1</u>	0	0	3,227,504	<u>T1</u>	0	0
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	<u>B13</u>	0		0				0		0	
General reserve for bad debts	<u>B13</u>	3,828,062		3,828,062				3,828,062		0	
Accrued Employee Future Benefits:	<u>B13</u>	0		0				0		0	
- Medical and Life Insurance	<u>B13</u>	0		0				0		0	
-Short & Long-term Disability	<u>B13</u>	0		0				0		0	
-Accmulated Sick Leave	<u>B13</u>	0		0				0		0	
- Termination Cost	<u>B13</u>	0		0				0		0	
- Other Post-Employment Benefits	<u>B13</u>	0		0				0		0	
Provision for Environmental Costs	<u>B13</u>	0		0				0		0	
Restructuring Costs	<u>B13</u>	0		0				0		0	
Accrued Contingent Litigation Costs	B13	0		0				0		0	
Accrued Self-Insurance Costs	B13	0		0				0		0	
Other Contingent Liabilities	<u>B13</u>	1,543,242		1,543,242				1,543,242		0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	<u>B13</u>	0		0				0		0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	<u>B13</u>	0		0				0		0	
Other	<u>B13</u>	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		5,371,304	0	5,371,304	<u>T1</u>	0	0	5,371,304	<u>T1</u>	0	0



Version

1.0

Utility Name	Hydro Ottawa Limited	
Assigned EB Number	EB-2015-0004	
Name and Title	Geoff Simpson, Chief Financial Officer	
Phone Number	613-738-5499	
Email Address	geoffsimpson@hydroottawa.com	
Date	Settement - Test Year - 2017	
ast COS Re-based Year	2012	

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

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

Instructions

Purpose

The purpose of this workbook is to calculate the estimated Payment in Lieu of Taxes (PILs) for the Test Year. The calculation of PILs for the Test Year is on tab T0 and is based on the inputs on the other tabs.

Tab S Summary is a summary of the amounts to be transferred to the Revenue Requirement Workform. The Revenue Requirement Workform is on tab 3 of the Revenue Requirement Workform.

Methodology

To calculate the PILs for the Test Year:

- 1) input the balances from the income tax return of the Historical Year in tabs ${\sf H1}$ to ${\sf H13}$.
- 2) input the balances for the subsequent two (2) years (the Bridge Year and the Test Year). Inputs should include:
 - non-deductible expenses (Schedule 1 B1 and T1)
 - capital additions (Schedule 8 B8 and T8)
 - cumulative eligible expenditures (Schedule 10 B10 and T10)
 - non-deductible reserves (Schedule 13 B13 and T13)
- 3) make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab T0 is reasonable.

Other Notes

s

Tabs $\ensuremath{\text{H1}}$ to $\ensuremath{\text{H13}}$ relate to the Historical Year.

Tabs B1 to B13 relate to the Bridge Year.

Tabs T1 to T13 relate to the Test Year.

The amounts on tabs H1 to H13 should agree to the tax return filed with the Canada Revenue Agency. Any CRA audit adjustments or corrections should also be reflected.

It is assumed the net income before tax for the Test Year is equal to the Return on Equity. Return on Equity is calculated on tab A.

e On tab "A. Data Input Sheet", input the "Rate Base" amount and "Return on Rate Base" amounts.

For the 2016 Application, the "Test Year" is 2016, the "Historical Year" is 2014, and the "Bridge Year" is 2015.



1. Info

S. Summary

A. Data Input Sheet

B. Tax Rates & Exemptions

Historical Year Ho - PILs, Tax Provision Historical Year

H1 - Adj. Taxable Income Historical Year

H4 - Schedule 4 Loss Carry Forward Historical Year

H8 - Schedule 8 Historical'!A1

<u>H10 - Schedule 10 CEC Historical Year</u> <u>H13 - Schedule 13 Tax Reserves Historical</u>

Bridge Year <u>B0 - PILs,Tax Provision Bridge Year</u>

B1 - Adj. Taxable Income Bridge Year

B4 - Schedule 4 Loss Carry Forward Bridge Year

<u>B8 - Schedule 8 CCA Bridge Year</u> <u>B10 - Schedule 10 CEC Bridge Year</u>

B13 - Schedule 13 Tax Reserves Bridge Year

Test Year To PILs, Tax Provision Test Year

T1 Taxable Income Test Year

T4 Schedule 4 Loss Carry Forward Test Year

T8 Schedule 8 CCA Test Year
T10 Schedule 10 CEC Test Year
T13 Schedule 13 Reserve Test Year

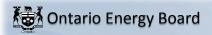
1

No inputs required on this worksheet.

Inputs on Service Revenue Requirement Worksheet

The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

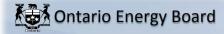
Item	Working Paper Reference					
Adjustments required to arrive at taxable income Test Year - Payments in Lieu of Taxes (PILs) Test Year - Grossed-up PILs Federal Tax Rate Ontario Tax Rate	as below	-21,165,928 2,671,102 3,634,152 15.0% 11.5%				
Calculation of Adjustments required to arrive at Taxable Income Regulatory Income (before income taxes) Taxable Income Difference	<u>T1</u> <u>T1</u> calculated	31,971,974 10,806,045 -21,165,928 as above				



Rate Base		s \$	869,749,016		
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	т \$	34,789,961	W = S * T	
Deemed Long Term Debt %	56.00%	υ \$	487,059,449	X = S * U	
Deemed Equity %	40.00%	v \$	347,899,606	Y = S * V	
Short Term Interest Rate	2.16%	z \$	751,463	AC = W * Z	
Long Term Interest	3.59%	АА \$	17,461,081	AD = X * AA	
Return on Equity (Regulatory Income)	9.19%	АВ \$	31,971,974	AE = Y * AB	<u>T1</u>
Return on Rate Base		\$	50,184,518	AF = AC + AD +	AE

Questions that must be answered	Historical	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? If Yes, please describe what was the tax treatment in the manager's summary.	Yes	Yes	Yes

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



Tax Rates Federal & Provincial As of June 15, 2015	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015	Effective January 1, 2016
Federal income tax	00.000/	00.000/	00.000/	00.000/	00 000/
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario income tax	11.50%	11.50%	11.50%	11.50%	11.50%
Combined federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%
Federal & Ontario Small Business Federal small business threshold	500,000	500,000	500,000	500,000	500.000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000
	,	,	,	,	,
Federal small business rate	11.00%	11.00%	11.00%	11.00%	10.50%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%	4.50%

- Notes

 1. The Ontario Energy Board's proxy for taxable capital is rate base.
- 2. If taxable capital exceds \$15 million the maximum tax rates apply.
- 3. If taxable capital is below \$10 million the minimum tax rates apply.
- 4. Where taxable capital is between \$10 million and \$15 million, the tax rate will be calculated.



PILs Tax Provision - Historical Year

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

Regulatory Taxable Income Combined Tax Rate and PILs

Ontario Tax Rate (Maximum 11.5%) Federal tax rate (Maximum 15%) Combined tax rate (Maximum 26.5%)

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Historical Year

Wires Only

11.50%

15.00%

С

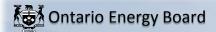
-\$ 6,256,777 **A**

26.50% M = K + L

-\$ 1,658,046 E = A * D
F
G

\$ - H = F + G

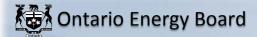
\$ - I=H+E



Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	Α	27,637,000		27,637,000
Additions:				, , , , , , , , , , , , , , , , , , , ,
Interest and penalties on taxes	103	5,000		5,000
Amortization of tangible assets	104	38,416,273		38.416.273
Amortization of intangible assets	106	00,110,210		0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			C
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	1,013,053		1,013,053
Charitable donations	112	1,010,000		.,,
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible club dues and rees Non-deductible meals and entertainment expense	121	75,000		75,000
Non-deductible automobile expenses	121	75,000		75,000
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	123			0
Tax reserves deducted in prior year	124	3,227,504		3,227,504
Reserves from financial statements- balance at end of year	125	5,371,304		5,371,304
Soft costs on construction and renovation of buildings	120	5,371,304		5,371,304
	205			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	208			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	_			0
Gain on settlement of debt	220 226			0
Non-deductible advertising				
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			_
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	236 237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	290			0
Pensions	291	600,000		600,000
Non-deductible penalties	293	000,000		000,000
Non-deductible penalites	293			0
	295			0
ARO Accretion expense				(
Capital Contributions Received (ITA 12(1)(x))				C
Lease Inducements Received (ITA 12(1)(x))				C
Deferred Revenue (ITA 12(1)(a))				C
Prior Year Investment Tax Credits received				C
Current Year Investment Tax Credits received		182,500		182,500

mpairment charge				0
				(
				(
				(
				C
Total Additions		48,890,634	0	48,890,634
	•	, , ,		
Deductions:				
Gain on disposal of assets per financial statements	401			C
Dividends not taxable under section 83	402			(
Capital cost allowance from Schedule 8	403	71,086,230		71,086,230
Terminal loss from Schedule 8	404			C
Cumulative eligible capital deduction from Schedule 10	405	998,873		998,873
Allowable business investment loss	406			C
Deferred and prepaid expenses	409			(
Scientific research expenses claimed in year	411			C
Tax reserves claimed in current year	413	3,227,504		3,227,504
Reserves from financial statements - balance at beginning of year	414	5,371,304		5,371,304
Contributions to deferred income plans	416	600,000		600,000
Book income of joint venture or partnership	305	, i		C
Equity in income from subsidiary or affiliates	306			C
Other deductions: (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390	1,427,000		1,427,000
Capital Lease Payments	391	, ,		C
Non-taxable imputed interest income on deferral and variance accounts	392			C
	393			C
	394			C
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				C
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				C
Deferred Revenue - ITA 20(1)(m) reserve				C
Principal portion of lease payments				C
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				C
Tax credits accrued for in current year & deducted in financials in current year				C
·				C
				C
				C
				C
				C
				C
Total Deductions		82,710,911	0	82,710,911
		, , , , , , , , , , , , , , , , , , ,		, ,
Net Income for Tax Purposes		-6,183,277	0	-6,183,277
		·		
Charitable donations from Schedule 2	311	73,500		73,500
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	,		(
Non-capital losses of preceding taxation years from Schedule 4	331			(
				-
Net-capital losses of preceding taxation years from Schedule 4 (<i>Please include explanation and calculation in Manager's summary</i>)	332			(
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and	332 335			0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)				(



Schedule 7-1 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non- Distribution Portion	Utility Balance	
Actual Historical	0		0	
		Non	T	i

<u>B4</u>

<u>B4</u>



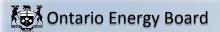
Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non- Distribution Portion	UCC Regulated Historical Year
1	Distribution System - post 1987	185,408,275		185,408,275
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	23,958,201		23,958,201
2	Distribution System - pre 1988	59,690,568		59,690,568
8	General Office/Stores Equip	7,909,026		7,909,026
10	Computer Hardware/ Vehicles	5,105,216		5,105,216
10.1	Certain Automobiles			0
12	Computer Software	4,247,308		4,247,308
13 ₁	Lease # 1			0
13 2	Lease #2			0
13 ₃	Lease # 3			0
13 4	Lease # 4			0
14	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0
42	Fibre Optic Cable	327,084		327,084
43.1	Certain Energy-Efficient Electrical Generating Equipment	·		0
43.2	Certain Clean Energy Generation Equipment	0		0
45	Computers & Systems Software acq'd post Mar 22/04	14,376		14,376
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	404,349,210		404,349,210
50	Data Network Infrastructure Equipment - post Mar 2007	1,689,577		1,689,577
52	Computer Hardware and system software			0
95	CWIP			0
3	Building - pre 1988	9,190,094		9,190,094
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	701,888,934	0	701,888,934



Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				1,219,059
Additions Cost of Eligible Capital Property Acquired during Test Year	17,400,735			
Other Adjustments	0			
Subtotal	17,400,735	x 3/4 =	#######	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
		:	#######	13,050,551
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal			_ _	14,269,610
<u>Deductions</u>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	_	0
Cumulative Eligible Capital Balance				14,269,610
Current Year Deduction		14,269,610	x 7% =	998,873
Cumulative Eligible Capital - Closing Balance				13,270,737



B13 B13 B13 B13 B13 B13

B13

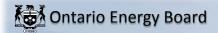
<u>B13</u>

B13 B13

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
		<u>'</u>	
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting po	urposes		
Reserve for doubtful accounts ss. 20(1)(I)	3,227,504		3,227,504
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
Total	3,227,504	0	3,227,504
Financial Statement Reserves (not deductible	for Tax Purposes)		
General Reserve for Inventory Obsolescence			
(non-specific)			0
General reserve for bad debts	3,828,062		3,828,062
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accmulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities	1.543.242		1.543.242
Bonuses Accrued and Not Paid Within 180	1,010,212		1,010,212
Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not			
Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	5,371,304	0	5,371,304



PILS Tax Provision - Bridge Year

Regulatory Taxable Income

Combined Tax Rate and PILs

Effective Ontario Tax Rate

Federal tax rate (Maximum 15%)

Combined tax rate

Wires Only

Reference B1 \$ 11,047,405 **A**

26.50% **D = B + C**

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Bridge Year

calculated \$

В

С

11.50%

15.00%

2,927,562 E = A * D

\$ 167,500 G \$ 167,500 H = F + G

\$ 2,760,062 I = H + E

Note:

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



Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	Α		30,625,466
	•		<u>. </u>
Additions:			
Interest and penalties on taxes	103		5,000
Amortization of tangible assets	104		40,378,861
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		1,013,053
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		75,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	3,227,504
Reserves from financial statements- balance at end of year	126	<u>B13</u>	5,371,304
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		



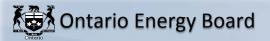
Adjusted Taxable Income - Bridge Year

Other Additions			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit	200		
Accounts	291		
Pensions	292		600,000
Non-deductible penalties	293		000,000
Tion addedible perialities			
	294		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
			107 500
Current Year Investment Tax Credits Received			167,500
Total Additions			50,838,222
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	B8	60,268,749
Terminal loss from Schedule 8	404		,, -
Cumulative eligible capital deduction from	405	B10	948,726
Schedule 10			0.0,
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	<u>B13</u>	3,227,504
Reserves from financial statements - balance	414	<u>B13</u>	5,371,304
at beginning of year Contributions to deferred income plans	416		600,000
Book income of joint venture or partnership	305		233,300
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the nature of the item)			



Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on	392		
deferral and variance accounts	392		
	393		
	394		
ARO Payments - Deductible for Tax when			
Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit			
to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
7.15.10			
Total Deductions		calculated	70,416,283
Not Income for Toy Durings		calculated	44 047 405
Net Income for Tax Purposes Charitable donations from Schedule 2	311	Calculated	11,047,405
Chantable donations from Schedule 2	311		
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320		
Non-capital losses of preceding taxation years from Schedule 4	331	<u>B4</u>	0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
TAXABLE INCOME	<u> </u>	calculated	11,047,405



Corporation Loss Continuity and Application

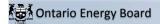
Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)	<u>B1</u>	0
Balance available for use in Test Year	calculated	0
Amount to be used in Bridge Year	<u>B1</u>	0
Balance available for use post Bridge Year	calculated	0

<u>T4</u>

Net Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)		
Balance available for use in Test Year	calculated	0
Amount to be used in Bridge Year		
Balance available for use post Bridge Year	calculated	0

T4



Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CC	A	UCC End of Bridge Year
	Distribution System - post 1987	<u>H8</u>	\$ 185,408,275			\$ 185,408,275	\$ -	\$ 185,408,275	4%	\$ 7,416,33	1	\$ 177,991,944
	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>H8</u>	\$ 23,958,201	\$ 3,085,755		\$ 27,043,956	\$ 1,542,878	\$ 25,501,079	6%	\$ 1,530,06	5	\$ 25,513,892
2	Distribution System - pre 1988	<u>H8</u>	\$ 59,690,568			\$ 59,690,568	\$ -	\$ 59,690,568	6%	\$ 3,581,43	.4	\$ 56,109,134
8	General Office/Stores Equip	<u>H8</u>	\$ 7,909,026	\$ 4,688,193		\$ 12,597,219	\$ 2,344,097	\$ 10,253,123	20%	\$ 2,050,62	.5	\$ 10,546,595
10	Computer Hardware/ Vehicles	<u>H8</u>	\$ 5,105,216	\$ 1,289,703		\$ 6,394,919	\$ 644,852	\$ 5,750,068	30%	\$ 1,725,02	.0	\$ 4,669,899
10.1	Certain Automobiles	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -		\$ -
12	Computer Software	<u>H8</u>	\$ 4,247,308	\$ 5,746,639		\$ 9,993,947	\$ 2,873,320	\$ 7,120,628	100%	\$ 7,120,62	.8	\$ 2,873,320
13 1	Lease # 1	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
13 2	Lease #2	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
13 3	Lease # 3	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
13 4	Lease # 4	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
14	Franchise	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	<u>H8</u>				\$ -	\$ -	\$ -	8%	\$ -		\$ -
42	Fibre Optic Cable	<u>H8</u>	\$ 327,084			\$ 327,084	\$ -	\$ 327,084	12%	\$ 39,25	0	\$ 287,834
43.1	Certain Energy-Efficient Electrical Generating Equipment	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -		\$ -
43.2	Certain Clean Energy Generation Equipment	<u>H8</u>	\$ -			\$ -	\$ -	\$ -	50%	\$ -		\$ -
45	Computers & Systems Software acq'd post Mar 22/04	<u>H8</u>	\$ 14,376			\$ 14,376	\$ -	\$ 14,376	45%	\$ 6,46	.9	\$ 7,907
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -		\$ -
47	Distribution System - post February 2005	<u>H8</u>	\$ 404,349,210	\$ 55,468,861		\$ 459,818,071	\$ 27,734,431	\$ 432,083,640	8%	\$ 34,566,69	4	\$ 425,251,380
50	Data Network Infrastructure Equipment - post Mar 2007	<u>H8</u>	\$ 1,689,577	\$ 3,067,144		\$ 4,756,721	\$ 1,533,572	\$ 3,223,149	55%	\$ 1,772,73	.2	\$ 2,983,989
52	Computer Hardware and system software	<u>H8</u>				\$ -	\$ -	\$ -	100%	\$ -		\$ -
95	CWIP	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
3	Building - pre 1988		\$ 9,190,094			\$ 9,190,094	\$ -	\$ 9,190,094	5%	\$ 459,50	5	\$ 8,730,589
						\$ -	\$ -	\$ -	10%	\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
	TOTAL		\$ 701,888,934	\$ 73,346,295	\$ -	\$ 775,235,229	\$ 36,673,148	\$ 738,562,082		\$ 60,268,74	.9 <u>B1</u>	\$ 714,966,480



Schedule 10 CEC - Bridge Year

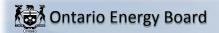
Cumulative Eligible Capital		ı	Reference <u>H10</u>	13,270,737
Additions Cost of Eligible Capital Property Acquired during Test Year	376,655			
	· ·			
Other Adjustments	0			
Subtotal	376,655	x 3/4 =	282,491	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
		=	282,491	282,491
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal			-	13,553,228
<u>Deductions</u>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	_	0
Cumulative Eligible Capital Balance				13,553,228
Current Year Deduction		13,553,228	x 7% =	948,726
Cumulative Eligible Capital - Closing Balance				12,604,502



Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

_						Bridge Year	Adjustments				
Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Bridge Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(I)	<u>H13</u>	3,227,504		3,227,504				3,227,504		0	
Reserve for goods and services not delivered ss. 20(1)(m)	<u>H13</u>	0		0					<u>T13</u>	0	
Reserve for unpaid amounts ss. 20(1)(n)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Debt & Share Issue Expenses ss. 20(1)(e)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other tax reserves	<u>H13</u>	0		0				0	T13	0	
		0		0				0		0	
Total		3,227,504	0	3,227,504	<u>B1</u>	0	0	3,227,504	<u>B1</u>	0	0
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	<u>H13</u>	0		0					<u>T13</u>	0	
General reserve for bad debts	<u>H13</u>	3,828,062		3,828,062				3,828,062		0	
Accrued Employee Future Benefits:	<u>H13</u>	0		0					<u>T13</u>	0	
- Medical and Life Insurance	<u>H13</u>	0		0					<u>T13</u>	0	
-Short & Long-term Disability	<u>H13</u>	0		0				0	<u>T13</u>	0	
-Accmulated Sick Leave	<u>H13</u>	0		0				0	<u>T13</u>	0	
- Termination Cost	<u>H13</u>	0		0				0	<u>T13</u>	0	
- Other Post-Employment Benefits	<u>H13</u>	0		0				0	<u>T13</u>	0	
Provision for Environmental Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Restructuring Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Accrued Contingent Litigation Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Accrued Self-Insurance Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other Contingent Liabilities	<u>H13</u>	1,543,242		1,543,242				1,543,242	<u>T13</u>	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other	<u>H13</u>	0		0				0	T13	0	
		0		0				0		0	
		0		0				0		0	
Total		5,371,304	0	5,371,304	<u>B1</u>	0	0	5,371,304	<u>B1</u>	0	0



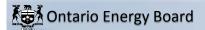
PILs Tax Provision - Test Year

Regulatory Taxable Income			<u>T1</u>	\$ 10,806,045 A
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%) Federal tax rate (Maximum 15%) Combined tax rate (Maximum 26.5%)	11.50% 15.00%	B C	26.50% D = B + C
Total Income Taxes Investment Tax Credits Miscellaneous Tax Credits Total Tax Credits				\$ 2,863,602 E = A * D F F G F G F F F F F
Corporate PILs/Income Tax Provision for Test Year		73.50%		\$ 2,671,102 I = H + E
Corporate PILs/Income Tax Provisio Income Tax (grossed-up)	n Gross op	73.30%	J	\$ 963,050 K = J * I \$ 3,634,152 L = K + I <u>S. Su</u>

Wires Only

Note:

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



Taxable Income - Test Year

Taxable Income Test Teal			
	F	orking Paper Ference	Test Year Taxable Income
Net Income Before Taxes		<u>A.</u>	31,971,974
		_	

Interest and penalties on taxes Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489 Amortization of intangible assets	103		5,000
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489 Amortization of intangible assets	104		5,000
2-4 ADJUSTED ACCOUNTING DATA P489 Amortization of intangible assets			
			43,558,281
2-4 ADJUSTED ACCOUNTING DATA P490	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		1,013,053
Charitable donations	112		1,013,030
Taxable Capital Gains	113		
Political Donations	114		_
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on	118		
financial statements	440		
Capitalized interest Non-deductible club dues and fees	119 120		
Non-deductible meals and entertainment	120		75,000
expense	400		,
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	<u>T13</u>	3,227,504
Reserves from financial statements- balance at end of year	126	<u>T13</u>	5,371,304
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		

Amounts received in respect of qualifying			
environment trust per paragraphs 12(1)(z.1) and	237		
12(1)(z.2)			
Other Additions: (please explain in detail the nature of the item)			
Interest Expensed on Capital Leases	290		
·			
Realized Income from Deferred Credit Accounts	291		
Pensions	292		600,000
Non-deductible penalties	293		
	294		
	295		
	296		
	297		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Current Year Investment Tax Credits received			192,500
			,
Total Additions			54,042,642
Deductions:			34,042,042
Gain on disposal of assets per financial			
statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	<u>T8</u>	65,124,596
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from	405	T10	00E 167
Schedule 10 CEC	405	<u>T10</u>	885,167
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year	413	<u>T13</u>	3,227,504
Reserves from financial statements - balance at	414	T13	5,371,304
beginning of year			
Contributions to deferred income plans	416		600,000
Book income of joint venture or partnership Equity in income from subsidiary or affiliates	305 306		
Other deductions: (Please explain in detail the	300		
nature of the item)			
Interest capitalized for accounting deducted for	000		
tax	390		
Capital Lease Payments			

_			
Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
	394		
	395		
	396		
	397		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	75,208,570
NET INCOME FOR TAX PURPOSES		calculated	10,806,045
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of preceding taxation years from Schedule 7-1	331	<u>T4</u>	C
Net-capital losses of preceding taxation years (Please show calculation)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	10,806,045



Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Working Paper Reference	Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	<u>B4</u>	0		0
				0
Other Adjustments Add (+) Deduct (-)	<u>T1</u>	0		0
Balance available for use in Test Year	calculated	0	0	0
Amount to be used in Test Year	<u>T1</u>	0		0
Balance available for use post Test Year	calculated	0	0	0

Net Capital Loss Carry Forward Deduction		Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	<u>B4</u>	0		0
				0
Other Adjustments Add (+) Deduct (-)				0
Balance available for use in Test Year	calculated	0	0	0
Amount to be used in Test Year				0
Balance available for use post Test Year	calculated	0	0	0



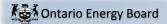
Schedule 8 CCA - Test Year

Class	Class Description	Working Paper Reference	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA	ı	UCC End of Test Year
1	Distribution System - post 1987	B8	\$ 177,991,944			\$ 177,991,944	\$ -	\$ 177,991,944	4%	\$ 7,119,678	\$	170,872,266
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>B8</u>	\$ 25,513,892	2,500,925		\$ 28,014,817	\$ 1,250,463	\$ 26,764,354	6%	\$ 1,605,861	\$	26,408,955
	Distribution System - pre 1988	<u>B8</u>	\$ 56,109,134			\$ 56,109,134	\$ -	\$ 56,109,134	6%	\$ 3,366,548	\$	52,742,586
8	General Office/Stores Equip	B8	\$ 10,546,595	5,659,176		\$ 16,205,771	\$ 2,829,588	\$ 13,376,183	20%	\$ 2,675,237	\$	13,530,534
10	Computer Hardware/ Vehicles	<u>B8</u>	\$ 4,669,899	1,035,059		\$ 5,704,958	\$ 517,530	\$ 5,187,428	30%	\$ 1,556,229	\$	4,148,729
10.1	Certain Automobiles	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$	-
12	Computer Software	B8	\$ 2,873,320	14,487,488		\$ 17,360,808	\$ 7,243,744	\$ 10,117,064	100%	\$ 10,117,064	\$	7,243,744
13 1	Lease # 1	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -	\$, -
13 2	Lease #2	B8	\$ -			\$ -	\$ -	\$		\$ -	\$	-
13 3	Lease # 3	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
13 4	Lease # 4	B8	\$ -			\$ -	\$ -	\$		\$ -	\$	-
14	Franchise	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bl	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	8%	\$ -	\$	-
	Fibre Optic Cable	<u>B8</u>	\$ 287,834			\$ 287,834	\$ -	\$ 287,834	12%	\$ 34,540	\$	253,294
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$, -
43.2	Certain Clean Energy Generation Equipment	<u>B8</u>	\$ -			\$ -	\$ -	\$	50%	\$ -	\$	-
45	Computers & Systems Software acq'd post Mar 22/04	<u>B8</u>	\$ 7,907			\$ 7,907	\$ -	\$ 7,907	45%	\$ 3,558	\$	4,349
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$	-
47	Distribution System - post February 2005	B8	\$ 425,251,380	57,120,445		\$ 482,371,825	\$ 28,560,223	\$ 453,811,602	8%	\$ 36,304,928	\$	446,066,896
50	Data Network Infrastructure Equipment - post Mar 2007	<u>B8</u>	\$ 2,983,989	957,202		\$ 3,941,191	\$ 478,601	\$ 3,462,590	55%	\$ 1,904,424	\$	2,036,766
52	Computer Hardware and system software	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	100%	\$ -	\$, -
95	CWIP	B8	\$ -			\$ -	\$ -	\$	0%	\$ -	\$	-
3	Building - pre 1988		\$ 8,730,589			\$ 8,730,589	\$ -	\$ 8,730,589	5%	\$ 436,529	\$	8,294,060
			\$ -			\$ -	\$ -	\$ -	10%	\$ -	\$	
			\$ -			\$ -	\$ -	\$	0%	\$ -	\$	-
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$, -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	-
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$, -
			\$ -		•	\$ -	\$ -	\$ -	0%	\$ -	\$	-
	TOTAL		\$ 714,966,480	\$ 81,760,295	\$ -	\$ 796,726,775	\$ 40,880,148	\$ 755,846,628		\$ 65,124,596	<u>T1</u> \$	731,602,180



Schedule 10 CEC - Test Year

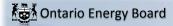
Cumulative Eligible Capital				<u>B10</u>	12,604,502
Additions Cost of Eligible Capital Property Acquired during Test Year		54,317			
Other Adjustments		0			
	Subtotal	54,317	x 3/4 =	40,738	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	e	0	x 1/2 =	0	
			=	40,738	40,738
Amount transferred on amalgamation or wind-up of subsidiary		0			0
	Subtotal				12,645,240
<u>Deductions</u>					
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year		0			
Other Adjustments		0			
	Subtotal	0	x 3/4 =		0
Cumulative Eligible Capital Balance					12,645,240
Current Year Deduction (Carry Forward to Tab "Test Year Taxable In	come")		12,645,240	x 7% =	885,167
Cumulative Eligible Capital - Closing Balance					11,760,073



Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

_						Test Year A	djustments	1			
Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Test Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	B13	0	1	0				0			1
Tax Reserves Not Deducted for accounting purposes	DIO	0	1	U				0		1	1
Reserve for doubtful accounts ss. 20(1)(I)	B13	3,227,504	1	3,227,504		0	0	3,227,504	T		
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0,227,004		0,221,004		· ·		0,227,004		0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0		0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0		0	
Other tax reserves	B13	0		0				0		0	
Other tax reserves	<u>510</u>	0		0				0		0	
	l	0		0				0		0	
Total		3,227,504	0	3,227,504	<u>T1</u>	0	0	3,227,504	<u>T1</u>	0	0
Financial Statement Reserves (not deductible for Tax Purposes)	5.40										
General Reserve for Inventory Obsolescence (non-specific)	<u>B13</u>	0		0				0		0	
General reserve for bad debts	<u>B13</u>	3,828,062		3,828,062				3,828,062		0	
Accrued Employee Future Benefits:	<u>B13</u>	0		0				0		0	
- Medical and Life Insurance	<u>B13</u>	0		0				0		0	
-Short & Long-term Disability	<u>B13</u>	0		0				0		0	
-Accmulated Sick Leave	<u>B13</u>	0		0				0		0	
- Termination Cost	<u>B13</u>	0		0				0		0	
- Other Post-Employment Benefits	<u>B13</u>	0		0				0		0	
Provision for Environmental Costs	<u>B13</u>	0		0				0		0	
Restructuring Costs	B13	0		0				0		0	
Accrued Contingent Litigation Costs	B13	0		0				0	-	0	
Accrued Self-Insurance Costs Other Contingent Liabilities	B13 B13	1,543,242		1,543,242				1,543,242	-	0	
Other Contingent Liabilities	<u>B13</u>	1,543,242		1,543,242				1,543,242	-	U	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	<u>B13</u>	0		0				0		0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	<u>B13</u>	0		0				0		0	
Other	<u>B13</u>	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		5,371,304	0	5,371,304	<u>T1</u>	0	0	5,371,304	<u>T1</u>	0	0



Version

1.0

Utility Name	Hydro Ottawa Limited
Assigned EB Number	EB-2015-0004
Name and Title	Geoff Simpson, Chief Financial Officer
Phone Number	613-738-5499
Email Address	geoffsimpson@hydroottawa.com
Date	Settement - Test Year - 2018
Last COS Re-based Year	2012

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

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

Instructions

Purpose

The purpose of this workbook is to calculate the estimated Payment in Lieu of Taxes (PILs) for the Test Year. The calculation of PILs for the Test Year is on tab T0 and is based on the inputs on the other tabs.

Tab S Summary is a summary of the amounts to be transferred to the Revenue Requirement Workform. The Revenue Requirement Workform is on tab 3 of the Revenue Requirement Workform.

Methodology

To calculate the PILs for the Test Year:

- 1) input the balances from the income tax return of the Historical Year in tabs ${
 m H1}$ to ${
 m H13}$.
- 2) input the balances for the subsequent two (2) years (the Bridge Year and the Test Year). Inputs should include:
 - non-deductible expenses (Schedule 1 B1 and T1)
 - capital additions (Schedule 8 B8 and T8)
 - cumulative eligible expenditures (Schedule 10 B10 and T10)
 - non-deductible reserves (Schedule 13 B13 and T13)
- 3) make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab T0 is reasonable.

Other Notes

s

Tabs $\ensuremath{\text{H1}}$ to $\ensuremath{\text{H13}}$ relate to the Historical Year.

Tabs B1 to B13 relate to the Bridge Year.

Tabs T1 to T13 relate to the Test Year.

The amounts on tabs H1 to H13 should agree to the tax return filed with the Canada Revenue Agency. Any CRA audit adjustments or corrections should also be reflected.

It is assumed the net income before tax for the Test Year is equal to the Return on Equity. Return on Equity is calculated on tab A.

e On tab "A. Data Input Sheet", input the "Rate Base" amount and "Return on Rate Base" amounts.

For the 2016 Application, the "Test Year" is 2016, the "Historical Year" is 2014, and the "Bridge Year" is 2015.



1. Info

S. Summary

A. Data Input Sheet

B. Tax Rates & Exemptions

Historical Year Ho - PILs, Tax Provision Historical Year

H1 - Adj. Taxable Income Historical Year

H4 - Schedule 4 Loss Carry Forward Historical Year

H8 - Schedule 8 Historical'!A1

<u>H10 - Schedule 10 CEC Historical Year</u> <u>H13 - Schedule 13 Tax Reserves Historical</u>

Bridge Year <u>B0 - PILs,Tax Provision Bridge Year</u>

B1 - Adj. Taxable Income Bridge Year

B4 - Schedule 4 Loss Carry Forward Bridge Year

<u>B8 - Schedule 8 CCA Bridge Year</u> <u>B10 - Schedule 10 CEC Bridge Year</u>

B13 - Schedule 13 Tax Reserves Bridge Year

Test Year To PILs, Tax Provision Test Year

T1 Taxable Income Test Year

T4 Schedule 4 Loss Carry Forward Test Year

T8 Schedule 8 CCA Test Year
T10 Schedule 10 CEC Test Year
T13 Schedule 13 Reserve Test Year

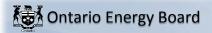
1

No inputs required on this worksheet.

Inputs on Service Revenue Requirement Worksheet

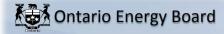
The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

Item	Working Paper Reference	
Adjustments required to arrive at taxable income	as below	-19,474,050
Test Year - Payments in Lieu of Taxes (PILs)	<u>T0</u>	3,599,306
Test Year - Grossed-up PILs	<u>T0</u>	4,897,014
Federal Tax Rate	<u>T0</u>	15.0%
Ontario Tax Rate	<u>T0</u>	11.5%
Calculation of Adjustments required to arrive at Taxable Income		00 550 005
Regulatory Income (before income taxes)	<u>T1</u>	33,556,335
Taxable Income	<u>T1</u>	14,082,285
Difference	calculated	-19.474.050 as abov



Rate Base		s \$	912,849,158		
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	т \$	36,513,966	W = S * T	
Deemed Long Term Debt %	56.00%	υ \$	511,195,528	X = S * U	
Deemed Equity %	40.00%	v \$	365,139,663	Y = S * V	
Short Term Interest Rate	2.16%	z \$	788,702	AC = W * Z	
Long Term Interest	3.65%	аа \$	18,653,525	AD = X * AA	
Return on Equity (Regulatory Income)	9.19%	АВ \$	33,556,335	AE = Y * AB	<u>T1</u>
Return on Rate Base		\$	52,998,562	AF = AC + AD + A	AE

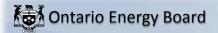
Questions that must be answered	Historical	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? If Yes, please describe what was the tax treatment in the manager's summary.	Yes	Yes	Yes
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No



Tax Rates Federal & Provincial As of June 15, 2015	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015	Effective January 1, 2016
Federal income tax	00.000/	00.000/	00.000/	00.000/	00 000/
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario income tax	11.50%	11.50%	11.50%	11.50%	11.50%
Combined federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%
Federal & Ontario Small Business Federal small business threshold	500,000	500,000	500,000	500,000	500.000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000
	,	,	,	,	,
Federal small business rate	11.00%	11.00%	11.00%	11.00%	10.50%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%	4.50%

- Notes

 1. The Ontario Energy Board's proxy for taxable capital is rate base.
- 2. If taxable capital exceds \$15 million the maximum tax rates apply.
- 3. If taxable capital is below \$10 million the minimum tax rates apply.
- 4. Where taxable capital is between \$10 million and \$15 million, the tax rate will be calculated.



PILs Tax Provision - Historical Year

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

Regulatory Taxable Income Combined Tax Rate and PILs

Ontario Tax Rate (Maximum 11.5%) Federal tax rate (Maximum 15%) Combined tax rate (Maximum 26.5%)

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Historical Year

Wires Only

\$ 11,047,405 **A**

11.50%

15.00%

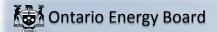
С

26.50% M = K + L

\$ 2,927,562 E = A * D

\$ 167,500 G \$ 167,500 H = F + G

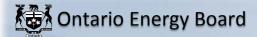
\$ 2,760,062 I = H + E



Adjusted Taxable Income - Historical Year

		Total for Legal	Non-Distribution	Historic
	T2S1 line #	Entity	Eliminations	Wires Only
Income before PILs/Taxes	A	30,625,466		30,625,466
Additions:				•
Interest and penalties on taxes	103	5,000		5,000
Amortization of tangible assets	104	40,378,861		40,378,861
Amortization of intangible assets	106	, ,		0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	1,013,053		1,013,053
Charitable donations	112	, ,		0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	75.000		75,000
Non-deductible automobile expenses	122	10,000		0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125	3,227,504		3,227,504
Reserves from financial statements- balance at end of year	126	5,371,304		5,371,304
Soft costs on construction and renovation of buildings	127	0,011,001		0,011,000
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions	1			
Interest Expensed on Capital Leases	290			n
Realized Income from Deferred Credit Accounts	291			0
Pensions	292	600,000		600,000
Non-deductible penalties	293	000,000		0
····· Bessess paramoo	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				n
Prior Year Investment Tax Credits received				n
Current Year Investment Tax Credits received		167,500		167,500

mpairment charge				(
•				(
Total Additions		50,838,222	0	50,838,222
Deductions:			-	
Gain on disposal of assets per financial statements	401			
Dividends not taxable under section 83	402	22 222 742		
Capital cost allowance from Schedule 8	403	60,268,749		60,268,74
Terminal loss from Schedule 8	404			
Cumulative eligible capital deduction from Schedule 10	405	948,726		948,72
Allowable business investment loss	406			
Deferred and prepaid expenses	409			
Scientific research expenses claimed in year	411	0.007.504		0.007.==
Tax reserves claimed in current year	413	3,227,504		3,227,504
Reserves from financial statements - balance at beginning of year	414	5,371,304		5,371,304
Contributions to deferred income plans	416	600,000		600,000
Book income of joint venture or partnership	305			
Equity in income from subsidiary or affiliates Other deductions: (Please explain in detail the nature of the item)	306			(
Other deductions: (Please explain in detail the nature of the Item)				
Interest conitalized for accounting deducted for toy	200			
Interest capitalized for accounting deducted for tax Capital Lease Payments	390 391			
Non-taxable imputed interest income on deferral and variance accounts	392			
Non-taxable imputed interest income on deferral and variance accounts	393			
	394			
ARO Payments - Deductible for Tax when Paid	394			(
ITA 13(7.4) Election - Capital Contributions Received				· · · · · · · · · · · · · · · · · · ·
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				
Deferred Revenue - ITA 20(1)(m) reserve				(
Principal portion of lease payments				(
Lease Inducement Book Amortization credit to income				(
Financing fees for tax ITA 20(1)(e) and (e.1)				
Tax credits accrued for in current year & deducted in financials in current year				(
				(
				(
				(
				(
				(
				(
Total Deductions		70,416,283	0	70,416,283
Net Income for Tax Purposes		11,047,405	0	11,047,405
Charitable donations from Schedule 2	311	0		(
Faxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	U		
Non-capital losses of preceding taxation years from Schedule 4	331			
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and				
calculation in Manager's summary)	332			
imited partnership losses of preceding taxation years from Schedule 4	335			
and the state of t	333			•
TAXABLE INCOME	+	11,047,405	0	11,047,40



Schedule 7-1 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non- Distribution Portion	Utility Balance	
Actual Historical	0		0	1
		Non	1	l

<u>B4</u>

<u>B4</u>



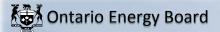
Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non- Distribution Portion	UCC Regulated Historical Year
	Distribution System - post 1987	177,991,944		177,991,944
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	25,513,892		25,513,892
2	Distribution System - pre 1988	56,109,134		56,109,134
8	General Office/Stores Equip	10,546,595		10,546,595
10	Computer Hardware/ Vehicles	4,669,899		4,669,899
	Certain Automobiles			0
12	Computer Software	2,873,320		2,873,320
13 ₁	Lease # 1			0
13 2	Lease #2			0
13 ₃	Lease # 3			0
13 4	Lease # 4			0
14	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0
	Fibre Optic Cable	287,834		287,834
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment	0		0
45	Computers & Systems Software acq'd post Mar 22/04	7,907		7,907
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	425,251,380		425,251,380
50	Data Network Infrastructure Equipment - post Mar 2007	2,983,989		2,983,989
52	Computer Hardware and system software			0
95	CWIP			0
3	Building - pre 1988	8,730,589		8,730,589
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	714,966,480	0	714,966,480



Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				13,270,737
<u>Additions</u>				
Cost of Eligible Capital Property Acquired during Test Year	376,655			
Other Adjustments	0			
Subtotal	376,655	x 3/4 =	282,491	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
		=	282,491	282,491
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal			-	13,553,228
<u>Deductions</u>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	_	0
Cumulative Eligible Capital Balance				13,553,228
Current Year Deduction		13,553,228	x 7% =	948,726
Cumulative Eligible Capital - Closing Balance				12,604,502



B13 B13 B13 B13 B13

B13

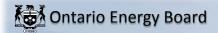
<u>B13</u>

B13 B13

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as	Non-Distribution Eliminations	Utility Only
·	per tax returns		, ,
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting	nurnoses		0
Reserve for doubtful accounts ss. 20(1)(I)	3,227,504		3,227,504
Reserve for goods and services not delivered	5,221,504		5,227,304
ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
Total	3,227,504	0	3,227,504
Financial Statement Reserves (not deductib	le for Tax Purposes)	l l	
General Reserve for Inventory Obsolescence			0
(non-specific)			Ü
General reserve for bad debts	3,828,062		3,828,062
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accmulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities	1,543,242		1,543,242
Bonuses Accrued and Not Paid Within 180			0
Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not			0
Paid Within 3 Taxation Years ss. 78(1)			
Other			0
			0
			0
Total	5,371,304	0	5,371,304



PILS Tax Provision - Bridge Year

Regulatory Taxable Income

Combined Tax Rate and PILs

Effective Ontario Tax Rate

Federal tax rate (Maximum 15%)

Combined tax rate

Wires Only

Reference B1 \$ 10,806,045 **A**

11.50%

15.00%

В

С

26.50% **D** = **B** + **C**

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Bridge Year

calculated \$ 2,863,602 E = A * D

F 3 192,500 G 3 192,500 H = F + G

\$ 2,671,102 I = H + E

Note:

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



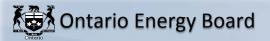
	T2S1 line #	Working	Total for		
	1251 IIIle #	Paper Reference	Regulated Utility		
Income before PILs/Taxes	Α		31,971,974		
[a.m.					
Additions:					
Interest and penalties on taxes	103		5,000		
Amortization of tangible assets	104		43,558,281		
Amortization of intangible assets	106				
Recapture of capital cost allowance from Schedule 8	107				
Gain on sale of eligible capital property from Schedule 10	108				
Income or loss for tax purposes- joint ventures or partnerships	109				
Loss in equity of subsidiaries and affiliates	110				
Loss on disposal of assets	111		1,013,053		
Charitable donations	112				
Taxable Capital Gains	113				
Political Donations	114				
Deferred and prepaid expenses	116				
Scientific research expenditures deducted on financial statements	118				
Capitalized interest	119				
Non-deductible club dues and fees	120				
Non-deductible meals and entertainment expense	121		75,000		
Non-deductible automobile expenses	122				
Non-deductible life insurance premiums	123				
Non-deductible company pension plans	124				
Tax reserves deducted in prior year	125	B13	3,227,504		
Reserves from financial statements- balance at end of year	126	<u>B13</u>	5,371,304		
Soft costs on construction and renovation of buildings	127				
Book loss on joint ventures or partnerships	205				
Capital items expensed	206				
Debt issue expense	208				
Development expenses claimed in current year	212				
Financing fees deducted in books	216				
Gain on settlement of debt	220				
Non-deductible advertising	226				
Non-deductible interest	227				
Non-deductible legal and accounting fees	228				
Recapture of SR&ED expenditures	231				
Share issue expense	235				
Write down of capital property	236				
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237				



290		
291		
292		600,000
		000,000
294		
295		
		192,500
		54,042,642
401		
402		
403	<u>B8</u>	65,124,596
404		
405	<u>B10</u>	885,167
406		
409		
411		
413	<u>B13</u>	3,227,504
414	<u>B13</u>	5,371,304
416	1	600,000
305		222,000
306		
	291 292 293 294 295 295 401 401 402 403 404 406 409 411 413 414 416 305	291 292 293 294 295 295 401 401 402 403 88 404 405 810 406 409 411 413 813 414 813 416 305



for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts	390 391 392 393 394		
Non-taxable imputed interest income on	392 393		
	393		
	394		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease			
Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit			
to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	75,208,570
Net Income for Tax Purposes		calculated	10,806,045
Charitable donations from Schedule 2	311	Calculated	10,000,040
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320		
Non-capital losses of preceding taxation years from Schedule 4	331	<u>B4</u>	0
Net-capital losses of preceding taxation years from Schedule 4 (<i>Please include explanation and calculation in Manager's summary</i>)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
TAXABLE INCOME		calculated	10,806,045



Corporation Loss Continuity and Application

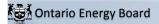
Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)	<u>B1</u>	0
Balance available for use in Test Year	calculated	0
Amount to be used in Bridge Year	<u>B1</u>	0
Balance available for use post Bridge Year	calculated	0

<u>T4</u>

Net Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)		
Balance available for use in Test Year	calculated	0
Amount to be used in Bridge Year		
Balance available for use post Bridge Year	calculated	0

T4



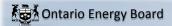
Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA	ι	JCC End of Bridge Year
1	Distribution System - post 1987	<u>H8</u>	\$ 177,991,944			\$ 177,991,944	\$ -	\$ 177,991,944	4%	\$ 7,119,678		\$ 170,872,266
	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>H8</u>	\$ 25,513,892	\$ 2,500,925		\$ 28,014,817	\$ 1,250,463	\$ 26,764,354	6%	\$ 1,605,861		\$ 26,408,955
2	Distribution System - pre 1988	<u>H8</u>	\$ 56,109,134			\$ 56,109,134	\$ -	\$ 56,109,134	6%	\$ 3,366,548		\$ 52,742,586
	General Office/Stores Equip	<u>H8</u>	\$ 10,546,595	\$ 5,659,176		\$ 16,205,771	\$ 2,829,588	\$ 13,376,183	20%	\$ 2,675,237		\$ 13,530,534
10	Computer Hardware/ Vehicles	<u>H8</u>	\$ 4,669,899	\$ 1,035,059		\$ 5,704,958	\$ 517,530	\$ 5,187,428	30%	\$ 1,556,229		\$ 4,148,729
	Certain Automobiles	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -		\$ -
	Computer Software	<u>H8</u>	\$ 2,873,320	\$ 14,487,488		\$ 17,360,808	\$ 7,243,744	\$ 10,117,064	100%	\$ 10,117,064		\$ 7,243,744
13 1	Lease # 1	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
13 2	Lease #2	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
	Lease # 3	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
	Lease # 4	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
14	Franchise	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	<u>H8</u>				\$ -	\$ -	\$ -	8%	\$ -		\$ -
	Fibre Optic Cable	<u>H8</u>	\$ 287,834			\$ 287,834	\$ -	\$ 287,834	12%	\$ 34,540		\$ 253,294
	Certain Energy-Efficient Electrical Generating Equipment	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -		\$ -
	Certain Clean Energy Generation Equipment	<u>H8</u>	\$ -			\$ -	\$ -	\$ -	50%	\$ -		\$ -
	Computers & Systems Software acq'd post Mar 22/04	<u>H8</u>	\$ 7,907			\$ 7,907	\$ -	\$ 7,907	45%	\$ 3,558	Щ.	\$ 4,349
	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -	Щ.	\$ -
	Distribution System - post February 2005	<u>H8</u>	\$ 425,251,380	\$ 57,120,445		\$ 482,371,825	\$ 28,560,223	\$ 453,811,602	8%	\$ 36,304,928		\$ 446,066,896
50	Data Network Infrastructure Equipment - post Mar 2007	<u>H8</u>	\$ 2,983,989	\$ 957,202		\$ 3,941,191	\$ 478,601	\$ 3,462,590	55%	\$ 1,904,424		\$ 2,036,766
	Computer Hardware and system software	<u>H8</u>				\$ -	\$ -	\$ -	100%	\$ -	Щ.	\$ -
	CWIP	<u>H8</u>				\$ -	\$ -	\$ -		\$ -	Щ.	\$ -
3	Building - pre 1988		\$ 8,730,589			\$ 8,730,589	\$ -	\$ 8,730,589	5%	\$ 436,529		\$ 8,294,060
						\$ -	\$ -	\$ -	10%	\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -	Щ.	\$ -
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						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -	$\perp \perp \perp \perp$	\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
	TOTAL		\$ 714,966,480	\$ 81,760,295	\$ -	\$ 796,726,775	\$ 40,880,148	\$ 755,846,628		\$ 65,124,596	<u>B1</u>	\$ 731,602,180



Schedule 10 CEC - Bridge Year

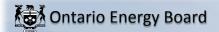
		F	Reference	
Cumulative Eligible Capital			<u>H10</u>	12,604,502
Additions				
Cost of Eligible Capital Property Acquired during Test Year	54,317			
Other Adjustments	0			
Subtotal	54,317	x 3/4 =	40,738	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
,		=	40,738	40,738
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal			-	12,645,240
<u>Deductions</u>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	_	0
Cumulative Eligible Capital Balance				12,645,240
Current Year Deduction		12,645,240	x 7% =	885,167
Cumulative Eligible Capital - Closing Balance				11,760,073



Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

						Bridge Year Adjustments					
Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Bridge Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(I)	<u>H13</u>	3,227,504		3,227,504				3,227,504	<u>T13</u>	0	
Reserve for goods and services not delivered ss. 20(1)(m)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Reserve for unpaid amounts ss. 20(1)(n)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Debt & Share Issue Expenses ss. 20(1)(e)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other tax reserves	<u>H13</u>	0		0				0	T13	0	
		0		0				0		0	
Total		3,227,504	0	3,227,504	<u>B1</u>	0	0	3,227,504	<u>B1</u>	0	0
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	<u>H13</u>	0		0					<u>T13</u>	0	
General reserve for bad debts	<u>H13</u>	3,828,062		3,828,062				3,828,062		0	
Accrued Employee Future Benefits:	<u>H13</u>	0		0					<u>T13</u>	0	
- Medical and Life Insurance	<u>H13</u>	0		0					<u>T13</u>	0	
-Short & Long-term Disability	<u>H13</u>	0		0				0	<u>T13</u>	0	
-Accmulated Sick Leave	<u>H13</u>	0		0				0	<u>T13</u>	0	
- Termination Cost	<u>H13</u>	0		0				0	<u>T13</u>	0	
- Other Post-Employment Benefits	<u>H13</u>	0		0				0	<u>T13</u>	0	
Provision for Environmental Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Restructuring Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Accrued Contingent Litigation Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Accrued Self-Insurance Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other Contingent Liabilities	<u>H13</u>	1,543,242		1,543,242				1,543,242	<u>T13</u>	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other	<u>H13</u>	0		0				0	<u>T13</u>	0	
		0		0				0		0	
		0		0				0		0	
Total		5,371,304	0	5,371,304	<u>B1</u>	0	0	5,371,304	<u>B1</u>	0	0



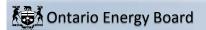
PILs Tax Provision - Test Year

Regulatory Taxable Income			<u>T1</u>	\$ 14,082,285 A
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%) Federal tax rate (Maximum 15%) Combined tax rate (Maximum 26.5%)	11.50% 15.00%	B C	26.50% D = B + C
Total Income Taxes Investment Tax Credits Miscellaneous Tax Credits Total Tax Credits				\$ 3,731,806 E = A * D F \$ 132,500 G \$ 132,500 H = F + G
Corporate PILs/Income Tax Provision		73.50%	J	\$ 3,599,306 I = H + E S. Su \$ 1,297,709 K = J * I
Income Tax (grossed-up)	11 01055 OP	70.00%	Ü	\$ 4,897,014 L = K + I S. Su

Wires Only

Note:

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



Taxable Income - Test Year

Tuxubio Illoonio Tool Toul		
	Work Pap	o loot loui
	Refere	ence Income
Net Income Before Taxes	<u>A</u> .	33,556,335

	T2 S1 line #		
Additions:			
Interest and penalties on taxes	103		5,000
Amortization of tangible assets	104		46,388,393
2-4 ADJUSTED ACCOUNTING DATA P489	104		40,000,000
Amortization of intangible assets	106		
2-4 ADJUSTED ACCOUNTING DATA P490	.00		
Recapture of capital cost allowance from	107		
Schedule 8			
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or	109		
partnerships	440		
Loss in equity of subsidiaries and affiliates	110		4 0 4 0 0 5 5
Loss on disposal of assets	111		1,013,053
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on	118		
financial statements	110		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment	121		75,000
expense	121		73,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	<u>T13</u>	3,227,504
Reserves from financial statements- balance at	126	T40	F 274 204
end of year	120	<u>T13</u>	5,371,304
Soft costs on construction and renovation of	127		
buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
5	0.10		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
write down of capital property	230		

ļ			
Amounts received in respect of qualifying			
environment trust per paragraphs 12(1)(z.1) and	237		
12(1)(z.2)			
Other Additions: (please explain in detail the			
nature of the item) Interest Expensed on Capital Leases	200		
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		600,000
Non-deductible penalties	293		000,000
	294		
	295		
	000		
	296		
	297		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a)) Prior Year Investment Tax Credits received			
Current Year Investment Tax Credits received			132,500
Total Additions			56,812,754
Deductions:			30,012,734
Gain on disposal of assets per financial			
statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	T8	66,246,978
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from	405	T40	0.44.040
Schedule 10 CEC	405	<u>T10</u>	841,018
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year	413	<u>T13</u>	3,227,504
Reserves from financial statements - balance at	414	T12	5,371,304
beginning of year	414	<u>T13</u>	5,571,504
Contributions to deferred income plans	416		600,000
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the			
nature of the item)			
Interest capitalized for accounting deducted for	390		
tax			
Capital Lease Payments	391		

and variance accounts 392 393 394 395 396 397 ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 76,286,80 NET INCOME FOR TAX PURPOSES Calculated 14,082,28 Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4				
394 395 396 397 ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 76,286,80 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 13 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4	Non-taxable imputed interest income on deferral and variance accounts	392		
ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated Total Deductions NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4		393		
ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 76,286,80 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 13 Non-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4		394		
ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions NET INCOME FOR TAX PURPOSES Calculated 76,286,80 NET INCOME FOR TAX PURPOSES Calculated 14,082,28 Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4		395		
ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 76,286,80 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4		396		
ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated Total Deductions Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 ITA 13(7.4) Election - Capital Contributions Calculated Total Deductions Calculated Total Deductions Calculated Total Deductions 311 320 331 T4 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4		397		
Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 76,286,80 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4	ARO Payments - Deductible for Tax when Paid			
cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 76,286,80 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 Deferred Revenue - ITA 20(1)(m) reserve Calculated 76,286,80 14,082,28 76,286,80 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,28 11,082,2	Received			
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Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 Total Deductions calculated 76,286,80 14,082,28 Calculated 14,082,28 1320 331 T4 Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4	Principal portion of lease payments			
Total Deductions Calculated 76,286,80 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335	Lease Inducement Book Amortization credit to			
Total Deductions Calculated 76,286,80 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335	Financing fees for tax ITA 20(1)(e) and (e.1)			
NET INCOME FOR TAX PURPOSES Calculated 14,082,28 Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335				
NET INCOME FOR TAX PURPOSES Calculated 14,082,28 Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335				
NET INCOME FOR TAX PURPOSES Calculated 14,082,28 Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335				
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NET INCOME FOR TAX PURPOSES Calculated 14,082,28 Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335				
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NET INCOME FOR TAX PURPOSES Calculated 14,082,28 Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335				
Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 331 T4	Total Deductions		calculated	76,286,804
Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 331 T4	NET INCOME FOR TAX PURPOSES		calculated	14 082 285
Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 332 (Please show calculation) 335	NET INCOME FOR TAX FOR OSES		calculated	14,002,203
113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 320 T4 331 T4	Charitable donations	311		
Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 331 T4 332 (Please show calculation) James Schedule 4 335		320		
Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335	Non-capital losses of preceding taxation years from Schedule 7-1	331	<u>T4</u>	0
years from Schedule 4		332		
REGULATORY TAXABLE INCOME Calculated 14,082,28		335		
REGULATORY TAXABLE INCOME calculated 14,082,28				
	REGULATORY TAXABLE INCOME		calculated	14,082,285



Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Working Paper Reference	Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	<u>B4</u>	0		0
				0
Other Adjustments Add (+) Deduct (-)	<u>T1</u>	0		0
Balance available for use in Test Year	calculated	0	0	0
Amount to be used in Test Year	<u>T1</u>	0		0
Balance available for use post Test Year	calculated	0	0	0

Net Capital Loss Carry Forward Deduction		Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	<u>B4</u>	0		0
				0
Other Adjustments Add (+) Deduct (-)				0
Balance available for use in Test Year	calculated	0	0	0
Amount to be used in Test Year				0
Balance available for use post Test Year	calculated	0	0	0



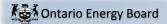
Schedule 8 CCA - Test Year

Class	Class Description	Working Paper Reference	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA		UCC End of Test Year
1	Distribution System - post 1987	<u>B8</u>	\$ 170,872,266			\$ 170,872,266	\$ -	\$ 170,872,266	4%	\$ 6,834,891		\$ 164,037,376
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	B8	\$ 26,408,955	2,929,713		\$ 29,338,668	\$ 1,464,857	\$ 27,873,812	6%	\$ 1,672,429		\$ 27,666,240
2	Distribution System - pre 1988	<u>B8</u>	\$ 52,742,586			\$ 52,742,586	\$ -	\$ 52,742,586	6%	\$ 3,164,555		\$ 49,578,031
8	General Office/Stores Equip	<u>B8</u>	\$ 13,530,534	4,303,997		\$ 17,834,531	\$ 2,151,999	\$ 15,682,533	20%	\$ 3,136,507		\$ 14,698,025
10	Computer Hardware/ Vehicles	<u>B8</u>	\$ 4,148,729	1,451,508		\$ 5,600,237	\$ 725,754	\$ 4,874,483	30%	\$ 1,462,345		\$ 4,137,892
10.1	Certain Automobiles	<u>B8</u>	\$ -			\$ -	\$ -	\$	30%	\$ -		\$ -
12	Computer Software	<u>B8</u>	\$ 7,243,744	4,427,066		\$ 11,670,810	\$ 2,213,533	\$ 9,457,277	100%	\$ 9,457,277		\$ 2,213,533
	Lease # 1	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
	Lease #2	<u>B8</u>	\$ -			\$ -	\$ -	\$		\$ -		\$ -
	Lease # 3	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
13 4	Lease # 4	<u>B8</u>	\$ -			\$ -	\$ -	\$		\$ -		\$ -
14	Franchise	<u>B8</u>	\$ -			\$ -	\$ -	\$		\$ -		\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bl	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	8%	\$ -		\$ -
	Fibre Optic Cable	<u>B8</u>	\$ 253,294			\$ 253,294	\$ -	\$ 253,294	12%	\$ 30,395		\$ 222,898
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
43.2	Certain Clean Energy Generation Equipment	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	50%	\$ -		\$ -
45	Computers & Systems Software acq'd post Mar 22/04	<u>B8</u>	\$ 4,349			\$ 4,349	\$ -	\$ 4,349	45%	\$ 1,957		\$ 2,392
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
47	Distribution System - post February 2005	<u>B8</u>	\$ 446,066,896	74,671,869		\$ 520,738,765	\$ 37,335,935	\$ 483,402,831	8%	\$ 38,672,226		\$ 482,066,539
50	Data Network Infrastructure Equipment - post Mar 2007	B8	\$ 2,036,766	1,016,261		\$ 3,053,027	\$ 508,131	\$ 2,544,897	55%	\$ 1,399,693		\$ 1,653,334
52	Computer Hardware and system software	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	100%	\$ -		\$ -
95	CWIP	<u>B8</u>	\$ -			\$ -	\$ -	\$	0%	\$ -		\$ -
3	Building - pre 1988		\$ 8,294,060			\$ 8,294,060	\$ -	\$ 8,294,060	5%	\$ 414,703		\$ 7,879,357
			\$ -			\$ -	\$ -	\$ -	10%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
	TOTAL		\$ 731,602,180	\$ 88,800,414	\$ -	\$ 820,402,594	\$ 44,400,207	\$ 776,002,387		\$ 66,246,978	<u>T1</u>	\$ 754,155,616



Schedule 10 CEC - Test Year

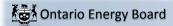
Cumulative Eligible Capital				<u>B10</u>	11,760,073
Additions Cost of Eligible Capital Property Acquired during Test Year		339,288			
Other Adjustments		0			
	Subtotal	339,288	x 3/4 =	254,466	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	Э	0	x 1/2 =	0	
, , , , , , , , , , , , , , , , ,			=	254,466	254,466
Amount transferred on amalgamation or wind-up of subsidiary		0			0
	Subtotal			- -	12,014,539
<u>Deductions</u>					
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year		0			
Other Adjustments		0			
	Subtotal	0	x 3/4 =	-	0
Cumulative Eligible Capital Balance					12,014,539
Current Year Deduction (Carry Forward to Tab "Test Year Taxable In	come")		12,014,539	x 7% =	841,018
Cumulative Eligible Capital - Closing Balance					11,173,522



Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

_						Test Year Adjustments		1			
Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Test Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	B13	0	1	0				0			1
Tax Reserves Not Deducted for accounting purposes	DIO	0	1	U				0		1	1
Reserve for doubtful accounts ss. 20(1)(I)	B13	3,227,504	1	3,227,504		0	0	3,227,504	T		
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0,227,004		0,221,004		0		0,227,004		0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0		0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0		0	
Other tax reserves	B13	0		0				0		0	
Other tax reserves	<u>510</u>	0		0				0		0	
	l	0		0				0		0	
Total		3,227,504	0	3,227,504	<u>T1</u>	0	0	3,227,504	<u>T1</u>	0	0
Financial Statement Reserves (not deductible for Tax Purposes)	5.40										
General Reserve for Inventory Obsolescence (non-specific)	<u>B13</u>	0		0				0		0	
General reserve for bad debts	<u>B13</u>	3,828,062		3,828,062				3,828,062		0	
Accrued Employee Future Benefits:	<u>B13</u>	0		0				0		0	
- Medical and Life Insurance	<u>B13</u>	0		0				0		0	
-Short & Long-term Disability	<u>B13</u>	0		0				0		0	
-Accmulated Sick Leave	<u>B13</u>	0		0				0		0	
- Termination Cost	<u>B13</u>	0		0				0		0	
- Other Post-Employment Benefits	<u>B13</u>	0		0				0		0	
Provision for Environmental Costs	<u>B13</u>	0		0				0		0	
Restructuring Costs	B13	0		0				0		0	
Accrued Contingent Litigation Costs	B13	0		0				0	-	0	
Accrued Self-Insurance Costs Other Contingent Liabilities	B13 B13	1,543,242		1,543,242				1,543,242	-	0	
Other Contingent Liabilities	<u>B13</u>	1,543,242		1,543,242				1,543,242	-	U	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	<u>B13</u>	0		0				0		0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	<u>B13</u>	0		0				0		0	
Other	<u>B13</u>	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		5,371,304	0	5,371,304	<u>T1</u>	0	0	5,371,304	<u>T1</u>	0	0



Version

1.0

Utility Name	Hydro Ottawa Limited
Assigned EB Number	EB-2015-0004
Name and Title	Geoff Simpson, Chief Financial Officer
Phone Number	613-738-5499
Email Address	geoffsimpson@hydroottawa.com
Date	Settement - Test Year - 2019
Last COS Re-based Year	2012

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

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

Instructions

Purpose

The purpose of this workbook is to calculate the estimated Payment in Lieu of Taxes (PILs) for the Test Year. The calculation of PILs for the Test Year is on tab T0 and is based on the inputs on the other tabs.

Tab S Summary is a summary of the amounts to be transferred to the Revenue Requirement Workform. The Revenue Requirement Workform is on tab 3 of the Revenue Requirement Workform.

Methodology

To calculate the PILs for the Test Year:

- 1) input the balances from the income tax return of the Historical Year in tabs ${
 m H1}$ to ${
 m H13}$.
- 2) input the balances for the subsequent two (2) years (the Bridge Year and the Test Year). Inputs should include:
 - non-deductible expenses (Schedule 1 B1 and T1)
 - capital additions (Schedule 8 B8 and T8)
 - cumulative eligible expenditures (Schedule 10 B10 and T10)
 - non-deductible reserves (Schedule 13 B13 and T13)
- 3) make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab T0 is reasonable.

Other Notes

s

Tabs $\ensuremath{\text{H1}}$ to $\ensuremath{\text{H13}}$ relate to the Historical Year.

Tabs B1 to B13 relate to the Bridge Year.

Tabs T1 to T13 relate to the Test Year.

The amounts on tabs H1 to H13 should agree to the tax return filed with the Canada Revenue Agency. Any CRA audit adjustments or corrections should also be reflected.

It is assumed the net income before tax for the Test Year is equal to the Return on Equity. Return on Equity is calculated on tab A.

e On tab "A. Data Input Sheet", input the "Rate Base" amount and "Return on Rate Base" amounts.

For the 2016 Application, the "Test Year" is 2016, the "Historical Year" is 2014, and the "Bridge Year" is 2015.



1. Info

S. Summary

A. Data Input Sheet

B. Tax Rates & Exemptions

Historical Year Ho - PILs, Tax Provision Historical Year

H1 - Adj. Taxable Income Historical Year

H4 - Schedule 4 Loss Carry Forward Historical Year

H8 - Schedule 8 Historical'!A1

<u>H10 - Schedule 10 CEC Historical Year</u> <u>H13 - Schedule 13 Tax Reserves Historical</u>

Bridge Year <u>B0 - PILs,Tax Provision Bridge Year</u>

B1 - Adj. Taxable Income Bridge Year

B4 - Schedule 4 Loss Carry Forward Bridge Year

<u>B8 - Schedule 8 CCA Bridge Year</u> <u>B10 - Schedule 10 CEC Bridge Year</u>

B13 - Schedule 13 Tax Reserves Bridge Year

Test Year To PILs, Tax Provision Test Year

T1 Taxable Income Test Year

T4 Schedule 4 Loss Carry Forward Test Year

T8 Schedule 8 CCA Test Year
T10 Schedule 10 CEC Test Year
T13 Schedule 13 Reserve Test Year

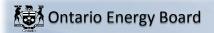
1

No inputs required on this worksheet.

Inputs on Service Revenue Requirement Worksheet

The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

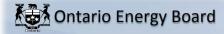
Item	Working Paper Reference	
Adjustments required to arrive at taxable income Test Year - Payments in Lieu of Taxes (PILs) Test Year - Grossed-up PILs Federal Tax Rate Ontario Tax Rate	as below	-13,976,513 5,289,883 7,197,120 15.0% 11.5%
Calculation of Adjustments required to arrive at Taxable Income Regulatory Income (before income taxes) Taxable Income Difference	<u>T1</u> <u>T1</u> calculated	34,411,923 20,435,409 -13,976,513 as above



Rate Base		S	\$ 936,124,120		
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	Т	\$ 37,444,965	W = S * T	
Deemed Long Term Debt %	56.00%	U	\$ 524,229,507	X = S * U	
Deemed Equity %	40.00%	V	\$ 374,449,648	Y = S * V	
Short Term Interest Rate	2.16%	Z	\$ 808,811	AC = W * Z	
Long Term Interest	3.72%	AA	\$ 19,485,611	AD = X * AA	
Return on Equity (Regulatory Income)	9.19%	AB	\$ 34,411,923	AE = Y * AB	<u>T1</u>
Return on Rate Base			\$ 54,706,345	AF = AC + AD +	AE

Questions that must be answered	Historical	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? If Yes, please describe what was the tax treatment in the manager's summary.	Yes	Yes	Yes

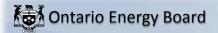
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?



Tax Rates Federal & Provincial As of June 15, 2015	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015	Effective January 1, 2016
Federal income tax	00 000/	00.000/	00.000/	00.000/	00 000/
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario income tax	11.50%	11.50%	11.50%	11.50%	11.50%
Combined federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%
Federal & Ontario Small Business Federal small business threshold	500,000	500,000	500,000	500,000	500.000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000
	,	,	,	,	,
Federal small business rate	11.00%	11.00%	11.00%	11.00%	10.50%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%	4.50%

- Notes

 1. The Ontario Energy Board's proxy for taxable capital is rate base.
- 2. If taxable capital exceds \$15 million the maximum tax rates apply.
- 3. If taxable capital is below \$10 million the minimum tax rates apply.
- 4. Where taxable capital is between \$10 million and \$15 million, the tax rate will be calculated.



PILs Tax Provision - Historical Year

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

Regulatory Taxable Income Combined Tax Rate and PILs

Ontario Tax Rate (Maximum 11.5%) Federal tax rate (Maximum 15%) Combined tax rate (Maximum 26.5%)

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Historical Year

Wires Only

11.50%

15.00%

С

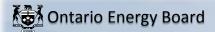
\$ 10,806,045 **A**

26.50% **M** = **K** + **L**

2,863,602 E = A * D

\$ 192,500 G \$ 192,500 H = F + G

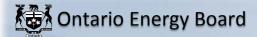
\$ 2,671,102 I = H + E



Adjusted Taxable Income - Historical Year

		Total for Legal	Non-Distribution	Historic
	T2S1 line #	Entity	Eliminations	Wires Only
Income before PILs/Taxes	Α	31,971,974		31,971,974
Additions:				
Interest and penalties on taxes	103	5,000		5,000
Amortization of tangible assets	104	43,558,281		43,558,281
Amortization of intangible assets	106	, ,		0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	1,013,053		1,013,053
Charitable donations	112	, ,		0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	75.000		75,000
Non-deductible automobile expenses	122	10,000		0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125	3,227,504		3,227,504
Reserves from financial statements- balance at end of year	126	5,371,304		5,371,304
Soft costs on construction and renovation of buildings	127	2,011,001		0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions	I .			
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292	600,000		600,000
Non-deductible penalties	293	223,000		0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
Current Year Investment Tax Credits received		192,500		192,500

Impairment charge				(
Impairment charge				
Total Additions		54,042,642	0	54,042,64
Total Additions		04,042,042	<u> </u>	04,042,04
Deductions:				
Gain on disposal of assets per financial statements	401			
Dividends not taxable under section 83	402			
Capital cost allowance from Schedule 8	403	65,124,596		65,124,59
Terminal loss from Schedule 8	404	55,1-1,555		
Cumulative eligible capital deduction from Schedule 10	405	885,167		885,16
Allowable business investment loss	406	,		*
Deferred and prepaid expenses	409			
Scientific research expenses claimed in year	411			
Tax reserves claimed in current year	413	3,227,504		3,227,50
Reserves from financial statements - balance at beginning of year	414	5,371,304		5,371,30
Contributions to deferred income plans	416	600,000		600,00
Book income of joint venture or partnership	305			
Equity in income from subsidiary or affiliates	306			
Other deductions: (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390			
Capital Lease Payments	391			
Non-taxable imputed interest income on deferral and variance accounts	392			
	393			
	394			
ARO Payments - Deductible for Tax when Paid				
ITA 13(7.4) Election - Capital Contributions Received				
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				
Deferred Revenue - ITA 20(1)(m) reserve				
Principal portion of lease payments				
Lease Inducement Book Amortization credit to income				
Financing fees for tax ITA 20(1)(e) and (e.1)				
Tax credits accrued for in current year & deducted in financials in current year				
				'
Total Deductions		75,208,570	0	75,208,57
TOTAL DEGREE DESCRIPTION		13,200,370	U	13,200,37
Net Income for Tax Purposes	1	10,806,045	0	10,806,04
TO THE OWN TO THE TENT OF THE	I L	10,000,040	U ₁	10,000,04
			T	
Charitable donations from Schedule 2	311	0		
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			
Non-capital losses of preceding taxation years from Schedule 4	331			
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and	332			
calculation in Manager's summary)				
Limited partnership losses of preceding taxation years from Schedule 4	335			
TAYADI FINOME		40.000.0:=	_	40.000.00
TAXABLE INCOME		10,806,045	0	10,806,04



Schedule 7-1 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non- Distribution Portion	Utility Balance	
Actual Historical	0		0	
		Non	T	i

<u>B4</u>

<u>B4</u>



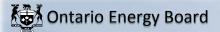
Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non- Distribution Portion	UCC Regulated Historical Year
1	Distribution System - post 1987	170,872,266		170,872,266
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	26,408,955		26,408,955
2	Distribution System - pre 1988	52,742,586		52,742,586
8	General Office/Stores Equip	13,530,534		13,530,534
10	Computer Hardware/ Vehicles	4,148,729		4,148,729
10.1	Certain Automobiles			0
12	Computer Software	7,243,744		7,243,744
13 ₁	Lease # 1			0
13 ₂	Lease #2			0
13 3	Lease # 3			0
13 4	Lease # 4			0
14	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0
42	Fibre Optic Cable	253,294		253,294
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment	0		0
45	Computers & Systems Software acq'd post Mar 22/04	4,349		4,349
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	446,066,896		446,066,896
50	Data Network Infrastructure Equipment - post Mar 2007	2,036,766		2,036,766
52	Computer Hardware and system software			0
95	CWIP			0
3	Building - pre 1988	8,294,060		8,294,060
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	731,602,180	0	731,602,180



Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				12,604,502
Additions Cost of Eligible Capital Property Acquired during Test Year	54,317			
Other Adjustments	0			
Subtotal	54,317	x 3/4 =	40,738	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
·		=	40,738	40,738
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal			-	12,645,240
<u>Deductions</u>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	_	0
Cumulative Eligible Capital Balance				12,645,240
Current Year Deduction		12,645,240	x 7% =	885,167
Cumulative Eligible Capital - Closing Balance				11,760,073



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B13

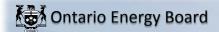
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Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as	Non-Distribution Eliminations	Utility Only
<u>.</u>	per tax returns		, ,
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting	nurnoses		0
Reserve for doubtful accounts ss. 20(1)(I)	3,227,504		3,227,504
Reserve for goods and services not delivered	5,221,504		5,227,304
ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
Total	3,227,504	0	3,227,504
Total	0,221,001		0,227,004
Financial Statement Reserves (not deductible	le for Tax Purposes)		
General Reserve for Inventory Obsolescence			0
(non-specific)			0
General reserve for bad debts	3,828,062		3,828,062
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accmulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities	1,543,242		1,543,242
Bonuses Accrued and Not Paid Within 180			0
Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not			0
Paid Within 3 Taxation Years ss. 78(1)			ŭ
Other			0
			0
			0
Total	5,371,304	0	5,371,304



PILS Tax Provision - Bridge Year

Regulatory	Tavabla	Incomo
Requiatory	Taxable	ıncome

Combined Tax Rate and PILs

Combined tax rate

Effective Ontario Tax Rate 11.50% Federal tax rate (Maximum 15%) 15.00%

Total Income Taxes

Investment Tax Credits Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Bridge Year

Note:

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

Wires Only

Reference		
<u>B1</u>	\$ 14,082,285	Α

В

С

26.50% **D = B + C**

calculated \$ 3,731,806 E = A * D

> 132,500 **G** 132,500 H = F + G

3,599,306 I = H + E



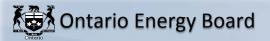
	T2S1 line #	Working	Total for
	1251 line #	Paper Reference	Regulated Utility
Income before PILs/Taxes	Α		33,556,335
A Live			
Additions:		1	
Interest and penalties on taxes	103		5,000
Amortization of tangible assets	104		46,388,393
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		1,013,053
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		75,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	3,227,504
Reserves from financial statements- balance at end of year	126	B13	5,371,304
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		



Other Additions			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		600,000
Non-deductible penalties	293		
	294		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Current Year Investment Tax Credits Received			132,500
Total Additions			56,812,754
Deductions:		1	1
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	<u>B8</u>	66,246,978
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10	405	<u>B10</u>	841,018
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	<u>B13</u>	3,227,504
Reserves from financial statements - balance at beginning of year	414	<u>B13</u>	5,371,304
Contributions to deferred income plans	416		600,000
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the nature of the item)			
· · · · · · · · · · · · · · · · · · ·		1	



Interest capitalized for accounting deducted for tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on	392		
deferral and variance accounts			
	393		
	394		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit			
to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	76,286,804
Net Income for Tax Purposes		calculated	14,082,285
Charitable donations from Schedule 2	311		
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320		
Non-capital losses of preceding taxation years from Schedule 4	331	<u>B4</u>	0
Net-capital losses of preceding taxation years from Schedule 4 (<i>Please include explanation and calculation in Manager's summary</i>)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
TAXABLE INCOME		calculated	14,082,285



Corporation Loss Continuity and Application

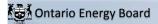
Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)	<u>B1</u>	0
Balance available for use in Test Year	calculated	0
Amount to be used in Bridge Year	<u>B1</u>	0
Balance available for use post Bridge Year	calculated	0

<u>T4</u>

Net Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)		
Balance available for use in Test Year	calculated	0
Amount to be used in Bridge Year		
Balance available for use post Bridge Year	calculated	0

T4



Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year C	CA		nd of Bridge Year
	Distribution System - post 1987	<u>H8</u>	\$ 170,872,266			\$ 170,872,266	\$ -	\$ 170,872,266	4%	\$ 6,834,8	91	\$ 1	164,037,376
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>H8</u>	\$ 26,408,955	\$ 2,929,713		\$ 29,338,668	\$ 1,464,857	\$ 27,873,812	6%	\$ 1,672,4	29	\$	27,666,240
2	Distribution System - pre 1988	<u>H8</u>	\$ 52,742,586			\$ 52,742,586	\$ -	\$ 52,742,586	6%	\$ 3,164,5	55	\$	49,578,031
8	General Office/Stores Equip	<u>H8</u>	\$ 13,530,534	\$ 4,303,997		\$ 17,834,531	\$ 2,151,999	\$ 15,682,533	20%	\$ 3,136,5	07	\$	14,698,025
10	Computer Hardware/ Vehicles	<u>H8</u>	\$ 4,148,729	\$ 1,451,508		\$ 5,600,237	\$ 725,754	\$ 4,874,483	30%	\$ 1,462,3	45	\$	4,137,892
10.1	Certain Automobiles	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$		\$	-
12	Computer Software	H8	\$ 7,243,744	\$ 4,427,066		\$ 11,670,810	\$ 2,213,533	\$ 9,457,277	100%	\$ 9,457,2	77	\$	2,213,533
13 1	Lease # 1	<u>H8</u>				\$ -	\$ -	\$ -		\$		\$	-
13 2	Lease #2	<u>H8</u>				\$ -	\$ -	\$ -		\$		\$	-
13 3	Lease # 3	<u>H8</u>				\$ -	\$ -	\$ -		\$		\$	-
13 4	Lease # 4	<u>H8</u>				\$ -	\$ -	\$ -		\$		\$	-
14	Franchise	<u>H8</u>				\$ -	\$ -	\$ -		\$		\$	-
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	<u>H8</u>				\$ -	\$ -	\$ -	8%	\$		\$	-
42	Fibre Optic Cable	<u>H8</u>	\$ 253,294			\$ 253,294	\$ -	\$ 253,294	12%	\$ 30,3	95	\$	222,898
43.1	Certain Energy-Efficient Electrical Generating Equipment	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$		\$	-
43.2	Certain Clean Energy Generation Equipment	<u>H8</u>	\$ -			\$ -	\$ -	\$ -	50%	\$		\$	-
45	Computers & Systems Software acq'd post Mar 22/04	<u>H8</u>	\$ 4,349			\$ 4,349	\$ -	\$ 4,349	45%	\$ 1,9	57	\$	2,392
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$		\$	-
47	Distribution System - post February 2005	<u>H8</u>	\$ 446,066,896	\$ 74,671,869		\$ 520,738,765	\$ 37,335,935	\$ 483,402,831	8%	\$ 38,672,2	26	\$ 4	482,066,539
50	Data Network Infrastructure Equipment - post Mar 2007	<u>H8</u>	\$ 2,036,766	\$ 1,016,261		\$ 3,053,027	\$ 508,131	\$ 2,544,897	55%	\$ 1,399,6	93	\$	1,653,334
52	Computer Hardware and system software	<u>H8</u>				\$ -	\$ -	\$ -	100%	\$		\$	-
95	CWIP	<u>H8</u>				\$ -	\$ -	\$ -		\$		\$	-
3	Building - pre 1988		\$ 8,294,060			\$ 8,294,060	\$ -	\$ 8,294,060	5%	\$ 414,7	03	\$	7,879,357
						\$ -	\$ -	\$	10%	\$		\$	-
						\$ -	\$ -	\$ -		\$		\$	-
,						\$ -	\$ -	\$ -		\$		\$	-
						\$ -	\$ -	\$ -		\$		\$	-
						\$ -	\$ -	\$ -		\$		\$	-
						\$ -	\$ -	\$ -		\$		\$	-
						\$ -	\$ -	\$ -		\$		\$	-
						\$ -	\$ -	\$ -		\$		\$	-
						\$ -	\$ -	\$ -		\$		\$	-
	TOTAL		\$ 731,602,180	\$ 88,800,414	\$ -	\$ 820,402,594	\$ 44,400,207	\$ 776,002,387		\$ 66,246,9	78 <u>B1</u>	\$ 7	754,155,616



Schedule 10 CEC - Bridge Year

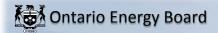
Cumulative Eligible Capital			Reference <u>H10</u>	11,760,073
<u>Additions</u>				
Cost of Eligible Capital Property Acquired during Test Year	339,288			
Other Adjustments	0			
Subtotal	339,288	x 3/4 =	254,466	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
		=	254,466	254,466
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal			-	12,014,539
<u>Deductions</u>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	-	0
Cumulative Eligible Capital Balance				12,014,539
Current Year Deduction		12,014,539	x 7% =	841,018
Cumulative Eligible Capital - Closing Balance				11,173,522



Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

_						Bridge Year					
Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Bridge Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(I)	<u>H13</u>	3,227,504		3,227,504				3,227,504		0	
Reserve for goods and services not delivered ss. 20(1)(m)	<u>H13</u>	0		0					<u>T13</u>	0	
Reserve for unpaid amounts ss. 20(1)(n)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Debt & Share Issue Expenses ss. 20(1)(e)	H13	0		0				0	<u>T13</u>	0	
Other tax reserves	<u>H13</u>	0		0				0	T13	0	
		0		0				0		0	1
Total		3,227,504	0	3,227,504	<u>B1</u>	0	0	3,227,504	<u>B1</u>	0	0
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	<u>H13</u>	0		0					<u>T13</u>	0	
General reserve for bad debts	<u>H13</u>	3,828,062		3,828,062				3,828,062		0	
Accrued Employee Future Benefits:	<u>H13</u>	0		0					<u>T13</u>	0	
- Medical and Life Insurance	<u>H13</u>	0		0					<u>T13</u>	0	
-Short & Long-term Disability	<u>H13</u>	0		0				0	<u>T13</u>	0	
-Accmulated Sick Leave	<u>H13</u>	0		0				0	<u>T13</u>	0	
- Termination Cost	H13	0		0				0	<u>T13</u>	0	
- Other Post-Employment Benefits	H13	0		0				0	<u>T13</u>	0	
Provision for Environmental Costs	H13	0		0				0	T13	0	
Restructuring Costs	H13	0		0				0	T13	0	
Accrued Contingent Litigation Costs	H13	0		0				0	T13	0	
Accrued Self-Insurance Costs	H13	0		0				0	T13	0	
Other Contingent Liabilities	H13	1,543,242		1,543,242				1,543,242	<u>T13</u>	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	<u>H13</u>	0		0				0	<u>T13</u>	0	ı
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other	<u>H13</u>	0		0				0	<u>T13</u>	0	
		0		0				0		0	
		0		0				0		0	
Total		5,371,304	0	5,371,304	<u>B1</u>	0	0	5,371,304	<u>B1</u>	0	0



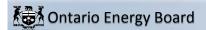
PILs Tax Provision - Test Year

Regulatory Taxable Income			<u>T1</u>	\$ 20,435,409 A
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%) Federal tax rate (Maximum 15%) Combined tax rate (Maximum 26.5%)	11.50% 15.00%	B C	26.50% D = B + C
Total Income Taxes Investment Tax Credits Miscellaneous Tax Credits Total Tax Credits				\$ 5,415,383 E = A * D \$ 125,500 F G \$ 125,500 H = F + G
Corporate PILs/Income Tax Provisio		73.50%	J	\$ 5,289,883 I = H + E S. Su \$ 1,907,237 K = J * I
Income Tax (grossed-up)	11 G1055 OP	70.50%	v	\$ 7,197,120 L = K + I S. Su

Wires Only

Note:

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



Taxable Income - Test Year

	Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes	<u>A.</u>	34,411,923
•		

	T2 S1 line #		
Additions:			
Interest and penalties on taxes	103		5,000
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104		48,157,576
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		1,013,053
Charitable donations	112		1,010,000
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		75,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	T13	3,227,504
Reserves from financial statements- balance at end of year	126	T13	5,371,304
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property			
write down of capital property	236		

Amounts received in respect of qualifying			
environment trust per paragraphs 12(1)(z.1) and	237		
12(1)(z.2) Other Additions: (please explain in detail the			
nature of the item)			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		600,000
Non-deductible penalties	293		
	294		
	295		
	296		
	200		
	297		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Current Year Investment Tax Credits received			125,500
			120,000
Total Additions			E0 E74 027
Deductions:			58,574,937
Gain on disposal of assets per financial			
	401		
statements			
statements Dividends not taxable under section 83			
Dividends not taxable under section 83	402	Т8	62.567.518
Dividends not taxable under section 83 Capital cost allowance from Schedule 8	402 403	<u>T8</u>	62,567,518
Dividends not taxable under section 83	402 403 404		
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8	402 403	<u>T8</u>	
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from	402 403 404		
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC	402 403 404 405		62,567,518
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss	402 403 404 405 406		
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses	402 403 404 405 406 409		
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at	402 403 404 405 406 409 411 413	T10	785,124 3,227,504
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year	402 403 404 405 406 409 411 413 414	<u>T10</u>	785,124 3,227,504 5,371,304
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans	402 403 404 405 406 409 411 413 414 416	T10	785,124 3,227,504
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership	402 403 404 405 406 409 411 413 414 416 305	T10	785,124 3,227,504 5,371,304
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership Equity in income from subsidiary or affiliates	402 403 404 405 406 409 411 413 414 416	T10	785,124 3,227,504 5,371,304
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership Equity in income from subsidiary or affiliates Other deductions: (Please explain in detail the	402 403 404 405 406 409 411 413 414 416 305	T10	3,227,504 5,371,304
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership Equity in income from subsidiary or affiliates Other deductions: (Please explain in detail the nature of the item)	402 403 404 405 406 409 411 413 414 416 305 306	T10	785,124 3,227,504 5,371,304
Dividends not taxable under section 83 Capital cost allowance from Schedule 8 Terminal loss from Schedule 8 Cumulative eligible capital deduction from Schedule 10 CEC Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves end of year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership Equity in income from subsidiary or affiliates Other deductions: (Please explain in detail the	402 403 404 405 406 409 411 413 414 416 305	T10	785,124 3,227,504 5,371,304

Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
	394		
	395		
	396		
	397		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	72,551,450
NET INCOME FOR TAX PURPOSES		calculated	20,435,409
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of preceding taxation years from Schedule 7-1	331	<u>T4</u>	C
Net-capital losses of preceding taxation years (Please show calculation)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	20,435,409



Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Working Paper Reference	Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	<u>B4</u>	0		0
				0
Other Adjustments Add (+) Deduct (-)	<u>T1</u>	0		0
Balance available for use in Test Year	calculated	0	0	0
Amount to be used in Test Year	<u>T1</u>	0		0
Balance available for use post Test Year	calculated	0	0	0

Net Capital Loss Carry Forward Deduction		Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	<u>B4</u>	0		0
				0
Other Adjustments Add (+) Deduct (-)				0
Balance available for use in Test Year	calculated	0	0	0
Amount to be used in Test Year				0
Balance available for use post Test Year	calculated	0	0	0



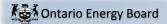
Schedule 8 CCA - Test Year

Class	Class Description	Working Paper Reference	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA		UCC End of Test Year
1	Distribution System - post 1987	<u>B8</u>	\$ 164,037,376			\$ 164,037,376	\$ -	\$ 164,037,376	4%	\$ 6,561,495		\$ 157,475,881
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>B8</u>	\$ 27,666,240	860,917		\$ 28,527,157	\$ 430,459	\$ 28,096,698	6%	\$ 1,685,802		\$ 26,841,355
2	Distribution System - pre 1988	<u>B8</u>	\$ 49,578,031			\$ 49,578,031	\$ -	\$ 49,578,031	6%	\$ 2,974,682		\$ 46,603,349
8	General Office/Stores Equip	<u>B8</u>	\$ 14,698,025	3,095,502		\$ 17,793,527	\$ 1,547,751	\$ 16,245,776	20%	\$ 3,249,155		\$ 14,544,371
10	Computer Hardware/ Vehicles	<u>B8</u>	\$ 4,137,892	1,479,811		\$ 5,617,703	\$ 739,906	\$ 4,877,798	30%	\$ 1,463,339		\$ 4,154,364
10.1	Certain Automobiles	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
12	Computer Software	<u>B8</u>	\$ 2,213,533	4,325,277		\$ 6,538,810	\$ 2,162,639	\$ 4,376,172	100%	\$ 4,376,172		\$ 2,162,639
13 1	Lease # 1	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
13 2	Lease #2	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
	Lease # 3	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
13 4	Lease # 4	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
14	Franchise	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bl	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	8%	\$ -		\$ -
42	Fibre Optic Cable	<u>B8</u>	\$ 222,898			\$ 222,898	\$ -	\$ 222,898	12%	\$ 26,748		\$ 196,151
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
43.2	Certain Clean Energy Generation Equipment	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	50%	\$ -		\$ -
45	Computers & Systems Software acq'd post Mar 22/04	<u>B8</u>	\$ 2,392			\$ 2,392	\$ -	\$ 2,392	45%	\$ 1,076		\$ 1,315
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
47	Distribution System - post February 2005	<u>B8</u>	\$ 482,066,539	52,817,278		\$ 534,883,817	\$ 26,408,639	\$ 508,475,178	8%	\$ 40,678,014		\$ 494,205,803
50	Data Network Infrastructure Equipment - post Mar 2007	<u>B8</u>	\$ 1,653,334	900,848		\$ 2,554,182	\$ 450,424	\$ 2,103,758	55%	\$ 1,157,067		\$ 1,397,115
52	Computer Hardware and system software	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	100%	\$ -		\$ -
95	CWIP	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
3	Building - pre 1988		\$ 7,879,357			\$ 7,879,357	\$ -	\$ 7,879,357	5%	\$ 393,968		\$ 7,485,389
			\$ -			\$ -	\$ -	\$ -	10%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
		·	\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
	TOTAL		\$ 754,155,616	\$ 63,479,633	\$ -	\$ 817,635,249	\$ 31,739,817	\$ 785,895,432		\$ 62,567,518	<u>T1</u>	\$ 755,067,731



Schedule 10 CEC - Test Year

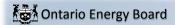
Cumulative Eligible Capital				<u>B10</u>	11,173,522
Additions Cost of Eligible Capital Property Acquired during Test Year		56,723			
Other Adjustments		0			
	Subtotal	56,723	x 3/4 =	42,542	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	e	0	x 1/2 =	0	
			=	42,542	42,542
Amount transferred on amalgamation or wind-up of subsidiary		0			0
	Subtotal				11,216,064
<u>Deductions</u>					
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year		0			
Other Adjustments		0			
	Subtotal	0	x 3/4 =		0
Cumulative Eligible Capital Balance					11,216,064
Current Year Deduction (Carry Forward to Tab "Test Year Taxable In	come")		11,216,064	x 7% =	785,124
Cumulative Eligible Capital - Closing Balance					10,430,939



Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

_					Test Year Adjustments		djustments	1			
Description	Working Paper Reference Bridge Year		Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Test Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	B13	0	1	0				0			1
Tax Reserves Not Deducted for accounting purposes	DIO	0	1	U				0		1	1
Reserve for doubtful accounts ss. 20(1)(I)	B13	3,227,504	1	3,227,504		0	0	3,227,504	T		
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0,227,004		0,227,004		0		0,227,004		0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0		0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0		0	
Other tax reserves	B13	0		0				0		0	
Other tax reserves	<u>510</u>	0		0				0		0	
	l	0		0				0		0	
Total		3,227,504	0	3,227,504	<u>T1</u>	0	0	3,227,504	<u>T1</u>	0	0
Financial Statement Reserves (not deductible for Tax Purposes)	5.40										
General Reserve for Inventory Obsolescence (non-specific)	<u>B13</u>	0		0				0		0	
General reserve for bad debts	<u>B13</u>	3,828,062		3,828,062				3,828,062		0	
Accrued Employee Future Benefits:	<u>B13</u>	0		0				0		0	
- Medical and Life Insurance	<u>B13</u>	0		0				0		0	
-Short & Long-term Disability	<u>B13</u>	0		0				0		0	
-Accmulated Sick Leave	<u>B13</u>	0		0				0		0	
- Termination Cost	<u>B13</u>	0		0				0		0	
- Other Post-Employment Benefits	<u>B13</u>	0		0				0		0	
Provision for Environmental Costs	<u>B13</u>	0		0				0		0	
Restructuring Costs	B13	0		0				0		0	
Accrued Contingent Litigation Costs	B13	0		0				0	-	0	
Accrued Self-Insurance Costs Other Contingent Liabilities	B13 B13	1,543,242		1,543,242				1,543,242	-	0	
Other Contingent Liabilities	<u>B13</u>	1,543,242		1,543,242				1,543,242	-	U	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	<u>B13</u>	0		0				0		0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	<u>B13</u>	0		0				0		0	
Other	<u>B13</u>	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		5,371,304	0	5,371,304	<u>T1</u>	0	0	5,371,304	<u>T1</u>	0	0



Version

1.0

Utility Name	Hydro Ottawa Limited	
Assigned EB Number	EB-2015-0004	
Name and Title	Geoff Simpson, Chief Financial Officer	
Phone Number	613-738-5499	
Email Address	geoffsimpson@hydroottawa.com	
Date	Settement - Test Year - 2020	
Last COS Re-based Year	2012	

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

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

Instructions

Purpose

The purpose of this workbook is to calculate the estimated Payment in Lieu of Taxes (PILs) for the Test Year. The calculation of PILs for the Test Year is on tab T0 and is based on the inputs on the other tabs.

Tab S Summary is a summary of the amounts to be transferred to the Revenue Requirement Workform. The Revenue Requirement Workform is on tab 3 of the Revenue Requirement Workform.

Methodology

To calculate the PILs for the Test Year:

- 1) input the balances from the income tax return of the Historical Year in tabs ${
 m H1}$ to ${
 m H13}$.
- 2) input the balances for the subsequent two (2) years (the Bridge Year and the Test Year). Inputs should include:
 - non-deductible expenses (Schedule 1 B1 and T1)
 - capital additions (Schedule 8 B8 and T8)
 - cumulative eligible expenditures (Schedule 10 B10 and T10)
 - non-deductible reserves (Schedule 13 B13 and T13)
- 3) make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab T0 is reasonable.

Other Notes

s

Tabs $\ensuremath{\text{H1}}$ to $\ensuremath{\text{H13}}$ relate to the Historical Year.

Tabs B1 to B13 relate to the Bridge Year.

Tabs T1 to T13 relate to the Test Year.

The amounts on tabs H1 to H13 should agree to the tax return filed with the Canada Revenue Agency. Any CRA audit adjustments or corrections should also be reflected.

It is assumed the net income before tax for the Test Year is equal to the Return on Equity. Return on Equity is calculated on tab A.

e On tab "A. Data Input Sheet", input the "Rate Base" amount and "Return on Rate Base" amounts.

For the 2016 Application, the "Test Year" is 2016, the "Historical Year" is 2014, and the "Bridge Year" is 2015.



1. Info

S. Summary

A. Data Input Sheet

B. Tax Rates & Exemptions

Historical Year Ho - PILs, Tax Provision Historical Year

H1 - Adj. Taxable Income Historical Year

H4 - Schedule 4 Loss Carry Forward Historical Year

H8 - Schedule 8 Historical'!A1

<u>H10 - Schedule 10 CEC Historical Year</u> <u>H13 - Schedule 13 Tax Reserves Historical</u>

Bridge Year <u>B0 - PILs,Tax Provision Bridge Year</u>

B1 - Adj. Taxable Income Bridge Year

B4 - Schedule 4 Loss Carry Forward Bridge Year

<u>B8 - Schedule 8 CCA Bridge Year</u> <u>B10 - Schedule 10 CEC Bridge Year</u>

B13 - Schedule 13 Tax Reserves Bridge Year

Test Year To PILs, Tax Provision Test Year

T1 Taxable Income Test Year

T4 Schedule 4 Loss Carry Forward Test Year

T8 Schedule 8 CCA Test Year
T10 Schedule 10 CEC Test Year
T13 Schedule 13 Reserve Test Year

1

No inputs required on this worksheet.

Inputs on Service Revenue Requirement Worksheet

The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

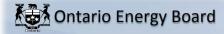
Item	Working Paper Reference	
Adjustments required to arrive at taxable income Test Year - Payments in Lieu of Taxes (PlLs)	as below T0	-18,049,075 4,584,682
Test Year - Grossed-up PILs Federal Tax Rate	<u>T0</u> <u>T0</u>	6,237,663 15.0%
Ontario Tax Rate	<u>T0</u>	11.5%
Calculation of Adjustments required to arrive at Taxable Income		
Regulatory Income (before income taxes)	<u>T1</u>	35,796,933
Taxable Income	<u>T1</u>	17,747,858
Difference	calculated	-18,049,075 as above



Rate Base		S	\$ 973,801,235		
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	Т	\$ 38,952,049	W = S * T	
Deemed Long Term Debt %	56.00%	U	\$ 545,328,692	X = S * U	
Deemed Equity %	40.00%	V	\$ 389,520,494	Y = S * V	
Short Term Interest Rate	2.16%	Z	\$ 841,364	AC = W * Z	
Long Term Interest	3.75%	AA	\$ 20,433,466	AD = X * AA	
Return on Equity (Regulatory Income)	9.19%	AB	\$ 35,796,933	AE = Y * AB	<u>T1</u>
Return on Rate Base			\$ 57,071,764	AF = AC + AD +	AE

Questions that must be answered	Historical	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? If Yes, please describe what was the tax treatment in the manager's summary.	Yes	Yes	Yes

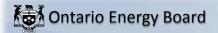
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?



Tax Rates Federal & Provincial As of June 15, 2015	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015	Effective January 1, 2016
Federal income tax	00 000/	00.000/	00.000/	00.000/	00 000/
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario income tax	11.50%	11.50%	11.50%	11.50%	11.50%
Combined federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%
Federal & Ontario Small Business Federal small business threshold	500,000	500,000	500,000	500,000	500.000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000
	,	,	,	,	,
Federal small business rate	11.00%	11.00%	11.00%	11.00%	10.50%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%	4.50%

- Notes

 1. The Ontario Energy Board's proxy for taxable capital is rate base.
- 2. If taxable capital exceds \$15 million the maximum tax rates apply.
- 3. If taxable capital is below \$10 million the minimum tax rates apply.
- 4. Where taxable capital is between \$10 million and \$15 million, the tax rate will be calculated.



PILs Tax Provision - Historical Year

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

Regulatory Taxable Income Combined Tax Rate and PILs

Ontario Tax Rate (Maximum 11.5%) Federal tax rate (Maximum 15%) Combined tax rate (Maximum 26.5%)

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Historical Year

Wires Only

\$ 14,082,285 **A**

11.50%

15.00%

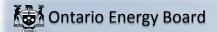
С

26.50% **M** = **K** + **L**

3,731,806 E = A * D

\$ 132,500 F \$ 132,500 H = F + G

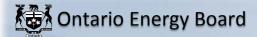
\$ 3,599,306 I = H + E



Adjusted Taxable Income - Historical Year

		Total for Legal	Non-Distribution	Historic
	T2S1 line #	Entity	Eliminations	Wires Only
Income before PILs/Taxes	A	33,556,335		33,556,335
Additions:				•
Interest and penalties on taxes	103	5,000		5,000
Amortization of tangible assets	104	46,388,393		46,388,393
Amortization of intangible assets	106	, ,		C
Recapture of capital cost allowance from Schedule 8	107			C
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			C
Loss in equity of subsidiaries and affiliates	110			C
Loss on disposal of assets	111	1,013,053		1,013,053
Charitable donations	112	, = -, = -		C
Taxable Capital Gains	113			C
Political Donations	114			0
Deferred and prepaid expenses	116			C
Scientific research expenditures deducted on financial statements	118			C
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	75.000		75,000
Non-deductible automobile expenses	122	10,000		C
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125	3,227,504		3,227,504
Reserves from financial statements- balance at end of year	126	5,371,304		5,371,304
Soft costs on construction and renovation of buildings	127	0,011,001		0,011,000
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			C
Other Additions	J			l .
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292	600,000		600,000
Non-deductible penalties	293	555,500		0.00,000
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
Current Year Investment Tax Credits received		132,500		132,500

mpairment charge				(
1				(
Total Additions		56,812,754	0	56,812,75
Deductions:				
Gain on disposal of assets per financial statements	401			
Dividends not taxable under section 83	402			
Capital cost allowance from Schedule 8	403	66,246,978		66,246,97
Terminal loss from Schedule 8	404			
Cumulative eligible capital deduction from Schedule 10	405	841,018		841,01
Allowable business investment loss	406			
Deferred and prepaid expenses	409			
Scientific research expenses claimed in year	411	0.007.504		
Tax reserves claimed in current year	413	3,227,504		3,227,50
Reserves from financial statements - balance at beginning of year	414	5,371,304		5,371,30
Contributions to deferred income plans	416	600,000		600,00
Book income of joint venture or partnership	305			(
Equity in income from subsidiary or affiliates	306			(
Other deductions: (Please explain in detail the nature of the item)				
Interest conitalized for accounting deducted for toy	200			
Interest capitalized for accounting deducted for tax Capital Lease Payments	390 391			
Non-taxable imputed interest income on deferral and variance accounts	392			
Non-taxable imputed interest income on deferral and variance accounts	393			
	394			
ARO Payments - Deductible for Tax when Paid	334			
ITA 13(7.4) Election - Capital Contributions Received				
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				
Deferred Revenue - ITA 20(1)(m) reserve				-
Principal portion of lease payments				
Lease Inducement Book Amortization credit to income				
Financing fees for tax ITA 20(1)(e) and (e.1)				
Tax credits accrued for in current year & deducted in financials in current year				-
Total Deductions		76,286,804	0	76,286,80
Net Income for Tax Purposes		14,082,285	0	14,082,28
Charitable donations from Schedule 2	311	0		
axable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			
Non-capital losses of preceding taxation years from Schedule 4	331			
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and	220			
alculation in Manager's summary)	332			
imited partnership losses of preceding taxation years from Schedule 4	335			
AXABLE INCOME	1	14,082,285	0	14,082,28



Schedule 7-1 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non- Distribution Portion	Utility Balance	
Actual Historical	0		0	
		Non	T	i

<u>B4</u>

<u>B4</u>



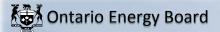
Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non- Distribution Portion	UCC Regulated Historical Year
1	Distribution System - post 1987	164,037,376		164,037,376
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	27,666,240		27,666,240
2	Distribution System - pre 1988	49,578,031		49,578,031
8	General Office/Stores Equip	14,698,025		14,698,025
10	Computer Hardware/ Vehicles	4,137,892		4,137,892
10.1	Certain Automobiles			0
12	Computer Software	2,213,533		2,213,533
13 ₁	Lease # 1			0
13 ₂	Lease #2			0
13 3	Lease # 3			0
13 4	Lease # 4			0
14	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0
42	Fibre Optic Cable	222,898		222,898
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment	0		0
45	Computers & Systems Software acq'd post Mar 22/04	2,392		2,392
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	482,066,539		482,066,539
50	Data Network Infrastructure Equipment - post Mar 2007	1,653,334		1,653,334
52	Computer Hardware and system software			0
95	CWIP			0
3	Building - pre 1988	7,879,357		7,879,357
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	754,155,616	0	754,155,616



Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				11,760,073
Additions Cost of Eligible Capital Property Acquired during Test Year	339,288			
Other Adjustments	0			
Subtotal	339,288	x 3/4 =	254,466	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
		=	254,466	254,466
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal			- -	12,014,539
<u>Deductions</u>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	-	0
Cumulative Eligible Capital Balance				12,014,539
Current Year Deduction		12,014,539	x 7% =	841,018
Cumulative Eligible Capital - Closing Balance				11,173,522



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B13

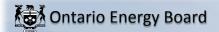
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Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as	Non-Distribution Eliminations	Utility Only
<u>.</u>	per tax returns		, ,
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting	nurnoses		0
Reserve for doubtful accounts ss. 20(1)(I)	3,227,504		3,227,504
Reserve for goods and services not delivered	5,221,504		5,227,304
ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
Total	3,227,504	0	3,227,504
Total	0,221,001		0,227,004
Financial Statement Reserves (not deductible	le for Tax Purposes)		
General Reserve for Inventory Obsolescence			0
(non-specific)			0
General reserve for bad debts	3,828,062		3,828,062
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accmulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities	1,543,242		1,543,242
Bonuses Accrued and Not Paid Within 180			0
Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not			0
Paid Within 3 Taxation Years ss. 78(1)			ŭ
Other			0
			0
			0
Total	5,371,304	0	5,371,304



PILS Tax Provision - Bridge Year

Regulatory	Tavabla	Incomo
Redulatory	Taxable	income

Combined Tax Rate and PILs

Combined tax rate

Effective Ontario Tax Rate Federal tax rate (Maximum 15%)

Total Income Taxes

Investment Tax Credits Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Bridge Year

Note:

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

Wires Only

Reference		
<u>B1</u>	\$ 20,435,409	Α

11.50% В 15.00% С

26.50% **D = B + C**

calculated \$ 5,415,383 E = A * D

> 125,500 **G** 125,500 H = F + G

5,289,883 I = H + E



Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	Α		34,411,923
Additions:			
Interest and penalties on taxes	103		5,000
Amortization of tangible assets	104		48,157,576
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		1,013,053
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		75,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	3,227,504
Reserves from financial statements- balance at end of year	126	B13	5,371,304
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		



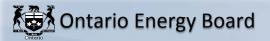
Adjusted Taxable Income - Bridge Year

Other Additions			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		600,000
Non-deductible penalties	293		000,000
	294		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Current Year Investment Tax Credits Received			125,500
Total Additions			58,574,937
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	<u>B8</u>	62,567,518
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10	405	<u>B10</u>	785,124
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	<u>B13</u>	3,227,504
Reserves from financial statements - balance at beginning of year	414	<u>B13</u>	5,371,304
Contributions to deferred income plans	416		600,000
Book income of joint venture or partnership	305		·
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the nature of the item)			



Adjusted Taxable Income - Bridge Year

	I	1	
Interest capitalized for accounting deducted for tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on	392		
deferral and variance accounts			
	393		
	394		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit			
to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	72,551,450
Net Income for Tax Purposes		calculated	20,435,409
Charitable donations from Schedule 2	311		
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320		
Non-capital losses of preceding taxation years from Schedule 4	331	<u>B4</u>	0
Net-capital losses of preceding taxation years from Schedule 4 (<i>Please include explanation and calculation in Manager's summary</i>)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
	1		
TAXABLE INCOME		calculated	20,435,409



Corporation Loss Continuity and Application

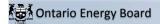
Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)	<u>B1</u>	0
Balance available for use in Test Year	calculated	0
Amount to be used in Bridge Year	<u>B1</u>	0
Balance available for use post Bridge Year	calculated	0

<u>T4</u>

Net Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)		
Balance available for use in Test Year	calculated	0
Amount to be used in Bridge Year		
Balance available for use post Bridge Year	calculated	0

T4



Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA		UCC End of Bridge Year
1	Distribution System - post 1987	<u>H8</u>	\$ 164,037,376			\$ 164,037,376	\$ -	\$ 164,037,376	4%	\$ 6,561,495	5	\$ 157,475,881
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>H8</u>	\$ 27,666,240	\$ 860,917		\$ 28,527,157	\$ 430,459	\$ 28,096,698	6%	\$ 1,685,802	2	\$ 26,841,355
	Distribution System - pre 1988	<u>H8</u>	\$ 49,578,031			\$ 49,578,031	\$ -	\$ 49,578,031	6%	\$ 2,974,682	2	\$ 46,603,349
8	General Office/Stores Equip	<u>H8</u>	\$ 14,698,025	\$ 3,095,502		\$ 17,793,527	\$ 1,547,751	\$ 16,245,776	20%	\$ 3,249,155	5	\$ 14,544,371
10	Computer Hardware/ Vehicles	<u>H8</u>	\$ 4,137,892	\$ 1,479,811		\$ 5,617,703	\$ 739,906	\$ 4,877,798	30%	\$ 1,463,339)	\$ 4,154,364
10.1	Certain Automobiles	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -		\$ -
12	Computer Software	<u>H8</u>	\$ 2,213,533	\$ 4,325,277		\$ 6,538,810	\$ 2,162,639	\$ 4,376,172	100%	\$ 4,376,172	2	\$ 2,162,639
13 1	Lease # 1	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
13 2	Lease #2	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
13 3	Lease # 3	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
13 4	Lease # 4	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
14	Franchise	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	<u>H8</u>				\$ -	\$ -	\$ -	8%	\$ -		\$ -
42	Fibre Optic Cable	<u>H8</u>	\$ 222,898			\$ 222,898	\$ -	\$ 222,898	12%	\$ 26,748	3	\$ 196,151
43.1	Certain Energy-Efficient Electrical Generating Equipment	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -		\$ -
43.2	Certain Clean Energy Generation Equipment	<u>H8</u>	\$ -			\$ -	\$ -	\$ -	50%	\$ -		\$ -
45	Computers & Systems Software acq'd post Mar 22/04	<u>H8</u>	\$ 2,392			\$ 2,392	\$ -	\$ 2,392	45%	\$ 1,076	3	\$ 1,315
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -		\$ -
47	Distribution System - post February 2005	<u>H8</u>	\$ 482,066,539	\$ 52,817,278		\$ 534,883,817	\$ 26,408,639	\$ 508,475,178	8%	\$ 40,678,014	Į.	\$ 494,205,803
50	Data Network Infrastructure Equipment - post Mar 2007	<u>H8</u>	\$ 1,653,334	\$ 900,848		\$ 2,554,182	\$ 450,424	\$ 2,103,758	55%	\$ 1,157,067	7	\$ 1,397,115
52	Computer Hardware and system software	<u>H8</u>				\$ -	\$ -	\$ -	100%	\$ -		\$ -
95	CWIP	<u>H8</u>				\$ -	\$ -	\$ -		\$ -		\$ -
3	Building - pre 1988		\$ 7,879,357			\$ 7,879,357	\$ -	\$ 7,879,357	5%	\$ 393,968	3	\$ 7,485,389
						\$ -	\$ -	\$ -	10%	\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
	TOTAL		\$ 754,155,616	\$ 63,479,633	\$ -	\$ 817,635,249	\$ 31,739,817	\$ 785,895,432		\$ 62,567,518	<u>B1</u>	\$ 755,067,731



Schedule 10 CEC - Bridge Year

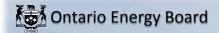
Cumulative Eligible Capital		F	Reference H10	11,173,522
Additions				
Cost of Eligible Capital Property Acquired during Test Year	56,723			
Other Adjustments	0			
Subtotal	56,723	x 3/4 =	42,542	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
		=	42,542	42,542
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal			-	11,216,064
<u>Deductions</u>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	_	0
Cumulative Eligible Capital Balance				11,216,064
Current Year Deduction		11,216,064	x 7% =	785,124
Cumulative Eligible Capital - Closing Balance				10,430,939



Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

_						Bridge Year Adjustments					
Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Bridge Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(I)	<u>H13</u>	3,227,504		3,227,504				3,227,504		0	
Reserve for goods and services not delivered ss. 20(1)(m)	<u>H13</u>	0		0					<u>T13</u>	0	
Reserve for unpaid amounts ss. 20(1)(n)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Debt & Share Issue Expenses ss. 20(1)(e)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other tax reserves	<u>H13</u>	0		0				0	T13	0	
		0		0				0		0	
Total		3,227,504	0	3,227,504	<u>B1</u>	0	0	3,227,504	<u>B1</u>	0	0
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	<u>H13</u>	0		0					<u>T13</u>	0	
General reserve for bad debts	<u>H13</u>	3,828,062		3,828,062				3,828,062		0	
Accrued Employee Future Benefits:	<u>H13</u>	0		0					<u>T13</u>	0	
- Medical and Life Insurance	<u>H13</u>	0		0					<u>T13</u>	0	
-Short & Long-term Disability	<u>H13</u>	0		0				0	<u>T13</u>	0	
-Accmulated Sick Leave	<u>H13</u>	0		0				0	<u>T13</u>	0	
- Termination Cost	<u>H13</u>	0		0				0	<u>T13</u>	0	
- Other Post-Employment Benefits	<u>H13</u>	0		0				0	<u>T13</u>	0	
Provision for Environmental Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Restructuring Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Accrued Contingent Litigation Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Accrued Self-Insurance Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other Contingent Liabilities	<u>H13</u>	1,543,242		1,543,242				1,543,242	<u>T13</u>	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other	<u>H13</u>	0		0				0	T13	0	
		0		0				0		0	
		0		0				0		0	
Total		5,371,304	0	5,371,304	<u>B1</u>	0	0	5,371,304	<u>B1</u>	0	0



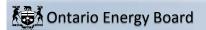
PILs Tax Provision - Test Year

Regulatory Taxable Income			<u>T1</u>	\$ 17,747,858 A
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%) Federal tax rate (Maximum 15%) Combined tax rate (Maximum 26.5%)	11.50% 15.00%	B C	26.50% D = B + C
Total Income Taxes Investment Tax Credits Miscellaneous Tax Credits Total Tax Credits				\$ 4,703,182 E = A * D F \$ 118,500 G \$ 118,500 H = F + G
Corporate PILs/Income Tax Provisio		73.50%	J	\$ 4,584,682 I = H + E
Income Tax (grossed-up)				\$ 6,237,663 L = K + I <u>S. Su</u>

Wires Only

Note:

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



Taxable Income - Test Year

	Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes	<u>A.</u>	35,796,933

	T2 S1 line #		
dditions:			
Interest and penalties on taxes	103		5,000
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104		49,383,520
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from	108		
Schedule 10 Income or loss for tax purposes- joint ventures or	109		
partnerships	440		
Loss in equity of subsidiaries and affiliates	110		4 0 4 0 0 0 0
Loss on disposal of assets	111		1,013,053
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		75,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	T13	3,227,504
Reserves from financial statements- balance at end of year	126	T13	5,371,304
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		

Amounts received in respect of qualifying			
environment trust per paragraphs 12(1)(z.1) and	237		
12(1)(z.2)			
Other Additions: (please explain in detail the			
nature of the item) Interest Expensed on Capital Leases	290		
·			
Realized Income from Deferred Credit Accounts	291		
Pensions	292		600,000
Non-deductible penalties	293		
	294		
	254		
	295		
	296		
	230		
	297		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Current Year Investment Tax Credits received			118,500
			1.0,000
Total Additions			59,793,881
Deductions:			33,733,001
Gain on disposal of assets per financial			
statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	<u>T8</u>	67,909,279
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from	405	<u>T10</u>	734,870
Schedule 10 CEC		110	734,070
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411	T10	0.007.504
Tax reserves end of year	413	<u>T13</u>	3,227,504
Reserves from financial statements - balance at beginning of year	414	<u>T13</u>	5,371,304
Contributions to deferred income plans	416	<u> </u>	600,000
Book income of joint venture or partnership	305		300,000
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the	000		
nature of the item)			
Interest capitalized for accounting deducted for	390		
tax	390		
Capital Lease Payments	391		

and variance accounts 392 393 394 395 396 397 ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 77,842,95 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4				
394 395 396 397 ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 77,842,95 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 13 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4	Non-taxable imputed interest income on deferral and variance accounts	392		
ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated T7,842,95 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 ARO Payments - Deductions again and a section 12 or 320 331 T4		393		
ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 77,842,95 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 13 Non-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4		394		
ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions NET INCOME FOR TAX PURPOSES Calculated 77,842,95 Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4		395		
ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 77,842,95 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4		396		
ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 77,842,95 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 ITA 13(7.4) Election - Capital Contributions calculated 77,842,95 Calculated 77,842,95 Taxable dividends received under section 112 or 1320 331 T4 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4		397		
Received ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 77,842,95 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4	ARO Payments - Deductible for Tax when Paid			
cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions Calculated 77,842,95 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 Deferred Revenue - ITA 20(1)(m) reserve Calculated 77,842,95 Calculated 17,747,85 114 114 115 116 117 118 119 119 119 119 119 119	Received			
Principal portion of lease payments Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 Total Deductions calculated T7,842,95 Calculated T7,747,85 Calculated T7,747,85 320 331 T4 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4	cost of Leaseholds			
Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 Total Deductions calculated 77,842,95 Calculated 17,747,85 Taxable dividends received under section 112 or 320 331 T4 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4	Deferred Revenue - ITA 20(1)(m) reserve			
Lease Inducement Book Amortization credit to income Financing fees for tax ITA 20(1)(e) and (e.1) Total Deductions NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 Total Deductions calculated 77,842,95 Calculated 17,747,85 Taxable dividends received under section 112 or 320 331 T4 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4	Principal portion of lease payments			
Total Deductions Calculated 77,842,95 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335	Lease Inducement Book Amortization credit to			
Total Deductions Calculated 77,842,95 NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335	Financing fees for tax ITA 20(1)(e) and (e.1)			
NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335 336	•			
NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335 336				
NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335 336				
NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335 336				
NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335 336				
NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335 336				
NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335 336				
NET INCOME FOR TAX PURPOSES Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335 336				
Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 311 T4 320 331 T4 332 (Please show calculation) 335	Total Deductions		calculated	77,842,956
Charitable donations Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 311 T4 320 331 T4 332 (Please show calculation) 335	NET INCOME FOR TAX PURPOSES		calculated	17,747,858
Taxable dividends received under section 112 or 113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 332 (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4				
113 Non-capital losses of preceding taxation years from Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 320 T4 331 T4	Charitable donations	311		
Schedule 7-1 Net-capital losses of preceding taxation years (Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4		320		
(Please show calculation) Limited partnership losses of preceding taxation years from Schedule 4 335	Schedule 7-1	331	<u>T4</u>	0
years from Schedule 4		332		
REGULATORY TAXABLE INCOME calculated 17,747,85		335		
REGULATORY TAXABLE INCOME calculated 17,747,85				
	REGULATORY TAXABLE INCOME		calculated	17,747,858



Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Working Paper Reference	Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	<u>B4</u>	0		0
				0
Other Adjustments Add (+) Deduct (-)	<u>T1</u>	0		0
Balance available for use in Test Year	calculated	0	0	0
Amount to be used in Test Year	<u>T1</u>	0		0
Balance available for use post Test Year	calculated	0	0	0

Net Capital Loss Carry Forward Deduction		Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	<u>B4</u>	0		0
				0
Other Adjustments Add (+) Deduct (-)				0
Balance available for use in Test Year	calculated	0	0	0
Amount to be used in Test Year				0
Balance available for use post Test Year	calculated	0	0	0



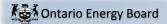
Schedule 8 CCA - Test Year

Class	Class Description	Working Paper Reference	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA	ı	UCC End of Test Year
1	Distribution System - post 1987	<u>B8</u>	\$ 157,475,881			\$ 157,475,881	\$ -	\$ 157,475,881	4%	\$ 6,299,035	\$	151,176,846
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	B8	\$ 26,841,355	7,064,568		\$ 33,905,923	\$ 3,532,284	\$ 30,373,639	6%	\$ 1,822,418	\$	32,083,504
2	Distribution System - pre 1988	<u>B8</u>	\$ 46,603,349			\$ 46,603,349	\$ -	\$ 46,603,349	6%	\$ 2,796,201	\$	43,807,148
8	General Office/Stores Equip	B8	\$ 14,544,371	4,684,276		\$ 19,228,647	\$ 2,342,138	\$ 16,886,509	20%	\$ 3,377,302	\$	15,851,346
10	Computer Hardware/ Vehicles	<u>B8</u>	\$ 4,154,364	1,572,486		\$ 5,726,850	\$ 786,243	\$ 4,940,607	30%	\$ 1,482,182	\$	4,244,668
10.1	Certain Automobiles	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$	-
12	Computer Software	B8	\$ 2,162,639	11,398,852		\$ 13,561,491	\$ 5,699,426	\$ 7,862,065	100%	\$ 7,862,065	\$	5,699,426
13 1	Lease # 1	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
13 2	Lease #2	B8	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
13 3	Lease # 3	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
13 4	Lease # 4	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
14	Franchise	B8	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than BI	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	8%	\$ -	\$	-
42	Fibre Optic Cable	B8	\$ 196,151			\$ 196,151	\$ -	\$ 196,151	12%	\$ 23,538	\$	172,612
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$	
43.2	Certain Clean Energy Generation Equipment	B8	\$ -			\$ -	\$ -	\$ -	50%	\$ -	S	
45	Computers & Systems Software acq'd post Mar 22/04	B8	\$ 1,315			\$ 1,315	\$ -	\$ 1,315	45%	\$ 592	\$	724
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$	-
47	Distribution System - post February 2005	B8	\$ 494,205,803	82,851,650		\$ 577,057,453	\$ 41,425,825	\$ 535,631,628	8%	\$ 42,850,530	\$	534,206,923
50	Data Network Infrastructure Equipment - post Mar 2007	B8	\$ 1,397,115	919,028		\$ 2,316,143	\$ 459,514	\$ 1,856,629	55%	\$ 1,021,146	\$	1,294,997
52	Computer Hardware and system software	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	100%	\$ -	\$	-
95	CWIP	B8	\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	-
3	Building - pre 1988		\$ 7,485,389			\$ 7,485,389	\$ -	\$ 7,485,389	5%	\$ 374,269	\$	7,111,119
			\$ -			\$ -	\$ -	\$ -	10%	\$ -	\$	-
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	-
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	-
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	-
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$, -
		_	\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$, -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	-
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$, -
	TOTAL		\$ 755,067,731	\$ 108,490,860	\$ -	\$ 863,558,591	\$ 54,245,430	\$ 809,313,161		\$ 67,909,279	<u>T1</u> \$	795,649,312



Schedule 10 CEC - Test Year

Cumulative Eligible Capital				<u>B10</u>	10,430,939
Additions		20 522			
Cost of Eligible Capital Property Acquired during Test Year		89,596			
Other Adjustments		0			
	Subtotal	89,596	x 3/4 =	67,197	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	е	0	x 1/2 =	0	
			=	67,197	67,197
Amount transferred on amalgamation or wind-up of subsidiary		0			0
	Subtotal			-	10,498,136
<u>Deductions</u>					
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year		0			
Other Adjustments		0			
	Subtotal	0	x 3/4 =	-	0
Cumulative Eligible Capital Balance					10,498,136
Current Year Deduction (Carry Forward to Tab "Test Year Taxable In	come")		10,498,136	x 7% =	734,870
Cumulative Eligible Capital - Closing Balance					9,763,267



Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

_						Test Year A	1					
Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	inate Amounts Not Adjusted Utility ant for Bridge Year Balance		Additions	Disposals	Balance for Test Year	Change During the Year		Disallowed Expenses	
Capital Gains Reserves ss.40(1)	B13	0		0				1 0			1	
Tax Reserves Not Deducted for accounting purposes	<u> </u>	0	l .	U						1	1	
Reserve for doubtful accounts ss. 20(1)(I)	B13	3,227,504	l	3,227,504		0	0	3,227,504	T			
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0,227,004		0,221,004				0,227,004		0		
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0		0		
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0		0		
Other tax reserves	B13	0		0				0		0		
Other tax reserves	<u> </u>	0		0				0		0		
		0		0				0		0		
Total		3,227,504	0	3,227,504	<u>T1</u>	0	0	3,227,504	<u>T1</u>	0	0	
Financial Statement Reserves (not deductible for Tax Purposes)												
General Reserve for Inventory Obsolescence (non-specific)	<u>B13</u>	0		0				0		0		
General reserve for bad debts	<u>B13</u>	3,828,062		3,828,062				3,828,062		0		
Accrued Employee Future Benefits:	<u>B13</u>	0		0				0		0		
- Medical and Life Insurance	<u>B13</u>	0		0				0		0		
-Short & Long-term Disability	<u>B13</u>	0		0				0		0		
-Accmulated Sick Leave	<u>B13</u>	0		0				0		0		
- Termination Cost	<u>B13</u>	0		0				0		0		
- Other Post-Employment Benefits	<u>B13</u>	0		0				0		0		
Provision for Environmental Costs	<u>B13</u>	0		0				0		0		
Restructuring Costs	<u>B13</u>	0		0				0		0		
Accrued Contingent Litigation Costs	B13	0		0				0		0		
Accrued Self-Insurance Costs	B13	0		0				0		0		
Other Contingent Liabilities	<u>B13</u>	1,543,242		1,543,242				1,543,242		0		
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	<u>B13</u>	0		0				0		0		
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	<u>B13</u>	0		0				0		0		
Other	<u>B13</u>	0		0				0		0		
		0		0				0		0		
		0		0				0		0		
Total		5,371,304	0	5,371,304	<u>T1</u>	0	0	5,371,304	<u>T1</u>	0	0	