



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

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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 H1 to H13.
  2) input the balances for the subsequent two (2) years (the Bridge Year and the Test Year). Inputs should include:

   non-deututble expenses (Schedule 1 81 and T1)
   capital additions (Schedule 8 88 and T8)
   cumulative eligible expenditures (Schedule 10 810 and T10)
   non-deututble reserves (Schedule 13 813 and T13)

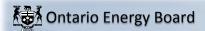
- 3) make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab To is easonable.

Other Notes
Tabs H1 to 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  $\frac{A}{A}$ .

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



1. Info

S. Summary

A. Data Input Sheet

**B. Tax Rates & Exemptions** 

Historical Year H0 - 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> B10 - Schedule 10 CEC Bridge Year

B13 - Schedule 13 Tax Reserves Bridge Year

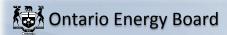
Test Year To PILs, Tax Provision Test Year

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



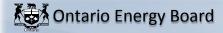
No inputs required on this worksheet.



Rate Base		S	\$ 1,391,572		
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	Т	\$ 55,663	W = S * T	
Deemed Long Term Debt %	56.00%	U	\$ 779,280	X = S * U	
Deemed Equity %	40.00%	V	\$ 556,629	Y = S * V	
Short Term Interest Rate	1.65%	Z	\$ 918	AC = W * Z	
Long Term Interest	4.54%	AA	\$ 35,379	AD = X * AA	
Return on Equity (Regulatory Income)	9.19%	AB	\$ 51,154	AE = Y * AB	<u>T1</u>
Return on Rate Base			\$ 87,452	AF = AC + AD + A	4 <i>E</i>

Questions that must be answered	Historical	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	No	No	No
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)?	Yes	Yes	Yes
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.	No	No	No

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%

#### <u>Notes</u>

- 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

\$ 220,951 **A** 

4.50% 10.50%

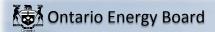
С

15.00% **M = K + L** 

33,143 E = A \* D

G \$ - H = F + G

\$ 33,143 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	148,485		148,485
Additions:		-,		*
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	72,466		72,466
Amortization of intangible assets	106	12,100		0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111			0
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	113			0
	116			0
Deferred and prepaid expenses  Scientific research expenditures deducted on financial statements	118			0
'				0
Capitalized interest	119			
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121			0
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deductible penalties	293			0
Ton deduction portuined	294			0
	295			0
ARO Accretion expense	200			0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				
Prior Year Investment Tax Credits received				0

				0
				0
				0
				0
				C
				0
				0
T . 1 A 1 100		70.400		70.400
Total Additions		72,466	0	72,466
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403			0
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405			0
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions: (Please explain in detail the nature of the item)	000			
Carol doddolorio. (1 loddo oxpidiri ili dotali dio rididio oli dio lioni)				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
	393			0
	394			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		0	0	0
Net Income for Tax Purposes		220,951	0	220,951
Charitable donations from Schedule 2	311			<u> </u>
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			<u> </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	332			ſ
calculation in Manager's summary)				
imited partnership losses of preceding taxation years from Schedule 4	335			C
FAVARI E INCOME		000.051		200 5=
TAXABLE INCOME		220,951	0	220,951



#### **Schedule 7-1 Loss Carry Forward - Historical**

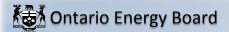
### **Corporation Loss Continuity and Application**

Non-Capital Loss Carry Forward Deduction	Total	Non- Distribution Portion	Utility Balance
Actual Historical	150,180		150,180

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

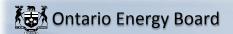
<u>B4</u>

<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	1,280,986		1,280,986
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election			0
2	Distribution System - pre 1988			0
8	General Office/Stores Equip			0
10	Computer Hardware/ Vehicles			0
10.1	Certain Automobiles			0
12	Computer Software			0
13 <sub>1</sub>	Lease # 1			0
13 2	Lease #2			0
13 <sub>3</sub>	Lease # 3			0
13 4	Lease # 4			0
	Franchise			0
17	New Electrical Generating Equipment Acg'd after Feb 27/00 Other Than Bldgs			0
42	Fibre Optic Cable			0
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04			0
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005			0
50	Data Network Infrastructure Equipment - post Mar 2007			0
52	Computer Hardware and system software			0
95	CWIP			0
				0
				0
				0
				0
_				0
				0
			-	0
				0
				0
				0
	SUB-TOTAL - UCC	1,280,986	0	1,280,986



### Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				0
Additions				
Cost of Eligible Capital Property Acquired during Test Year	0			
Other Adjustments	0			
Subtotal	0	x 3/4 =	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
		=	0	0
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtota	I		_	0
<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			
Subtota	0	x 3/4 =		0
Cumulative Eligible Capital Balance				0
Current Year Deduction		0	x 7% =	0
Cumulative Eligible Capital - Closing Balance				0



# Income Tax/PILs Workform for 2

#### **Schedule 13 Tax Reserves - Historical**

### **Continuity of Reserves**

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
			_
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting pu	urposes		
Reserve for doubtful accounts ss. 20(1)(I)			0
Reserve for goods and services not delivered			0
ss. 20(1)(m)			
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	0	0	0
Financial Statement Reserves (not deductible	for Tax Purposes)		
General Reserve for Inventory Obsolescence			0
(non-specific)			· ·
General reserve for bad debts			0
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			0
Bonuses Accrued and Not Paid Within 180			0
Days of Year-End ss. 78(4)			·
Unpaid Amounts to Related Person and Not			0
Paid Within 3 Taxation Years ss. 78(1)			,
Other			0
			0
			0
Total	0	0	0



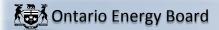
#### **PILS Tax Provision - Bridge Year**

Reference **Regulatory Taxable Income** B1 **Combined Tax Rate and PILs** Effective Ontario Tax Rate 4.50% В С Federal tax rate (Maximum 15%) 10.50% Combined tax rate 15.00% **D = B + C** calculated \$ **Total Income Taxes Investment Tax Credits** Miscellaneous Tax Credits **Total Tax Credits** Corporate PILs/Income Tax Provision for Bridge Year I = H + E

Wires Only

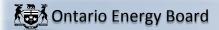
#### Note:

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



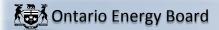
### Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	Α		142,158
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		52,986
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	<u>B13</u>	0
Reserves from financial statements- balance at end of year	126	<u>B13</u>	0
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		



### Adjusted Taxable Income - Bridge Year

Interest Expensed on Capital Leases Realized Income from Deferred Credit	290		
Realized Income from Deferred Credit			
Accounts			
Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Total Additions			52,986
Deductions:			32,300
Gain on disposal of assets per financial			
statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	B8	52,069
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from		D40	
Schedule 10	405	<u>B10</u>	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>	0
Reserves from financial statements - balance	414	B12	
at beginning of year	414	<u>B13</u>	0
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the nature of the item)			



### Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on	202		
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	52,069
			, , , , , , , ,
Net Income for Tax Purposes		calculated	143,075
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>	-143,075
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	ı
TAXABLE INCOME		calculated	0



### **Corporation Loss Continuity and Application**

#### Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	150,180
Application of Loss Carry Forward to reduce taxable income in Bridge Year		0
Other Adjustments Add (+) Deduct (-)	<u>B1</u>	0
Balance available for use in Test Year	calculated	150,180
Amount to be used in Bridge Year	<u>B1</u>	143,075
Balance available for use post Bridge Year	calculated	7,105

 Net Capital Loss Carry Forward Deduction
 Total

 Actual Historical
 H4
 0

 Application of Loss Carry Forward to reduce taxable income in Bridge Year
 0

 Other Adjustments Add (+) Deduct (-)
 2

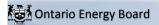
 Balance available for use in Test Year
 calculated
 0

 Amount to be used in Bridge Year
 alculated
 0

 Balance available for use post Bridge Year
 calculated
 0

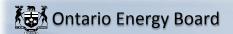
<u>T4</u>

T4



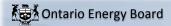
#### Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	Before 1/2 Yr djustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge	Year CCA	l	JCC End of Bridge Year
	Distribution System - post 1987	<u>H8</u>	\$ 1,280,986	\$ 41,499	\$ -	\$ 1,322,485	\$ 20,750	\$ 1,301,736	4%	\$	52,069		\$ 1,270,416
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>H8</u>				\$ -	\$ -	\$ -	6%	\$			\$ -
2	Distribution System - pre 1988	H8				\$	\$ -	\$ -	6%	\$			\$ -
8	General Office/Stores Equip	H8				\$	\$ -	\$ -	20%	\$			5 -
10	Computer Hardware/ Vehicles	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$			\$ -
10.1	Certain Automobiles	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$			\$ -
12	Computer Software	H8				\$	\$ -	\$ -	100%	\$			\$ -
13 1	Lease # 1	H8				\$	\$ -	\$ -		\$			5 -
13 2	Lease #2	<u>H8</u>				\$ -	\$ -	\$ -		\$			\$ -
13 3	Lease # 3	<u>H8</u>				\$ -	\$ -	\$ -		\$			\$ -
13 4	Lease # 4	H8				\$	\$ -	\$ -		\$			<b>5</b> -
14	Franchise	H8				\$	\$ -	\$ -		\$			5 -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	<u>H8</u>				\$ -	\$ -	\$ -	8%	\$			\$ -
	Fibre Optic Cable	<u>H8</u>				\$ -	\$ -	\$ -	12%	\$			\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	H8				\$	\$ -	\$ -	30%	\$			<b>5</b> -
43.2	Certain Clean Energy Generation Equipment	<u>H8</u>				\$ -	\$ -	\$ -	50%	\$			5 -
45	Computers & Systems Software acq'd post Mar 22/04	<u>H8</u>				\$ -	\$ -	\$ -	45%	\$			\$ -
	Data Network Infrastructure Equipment (acg'd post Mar 22/04)	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$	-		\$ -
	Distribution System - post February 2005	<u>H8</u>				\$ -	\$ -	\$ -	8%	\$	-		\$ -
	Data Network Infrastructure Equipment - post Mar 2007	<u>H8</u>				\$ -	\$ -	\$ -	55%	\$	-		\$ -
	Computer Hardware and system software	<u>H8</u>				\$ -	\$ -	\$ -	100%	\$	-		\$ -
95	CWIP	<u>H8</u>				\$ -	\$ -	\$ -		\$	-		\$ -
						\$ -	\$ -	\$ -	5%	\$	-		\$ -
						\$ -	\$ -	\$ -	10%	\$	-		\$ -
						\$ -	\$ -	\$ -		\$	-		\$ -
						\$	\$ -	\$ -		\$	-		\$ -
						\$ -	\$ -	\$ -		\$	-		\$ -
						\$ -	\$ -	\$ -		\$	-		\$ -
						\$	\$ -	\$ -		\$	-		\$ -
						\$ -	\$ -	\$ -		\$	-		\$ -
						\$	\$ -	\$ -		\$	-		\$ -
						\$	\$ -	\$ -		\$	-		\$ -
	TOTAL		\$ 1,280,986	\$ 41,499	\$ -	\$ 1,322,485	\$ 20,750	\$ 1,301,736		\$	52,069	<u>B1</u>	\$ 1,270,416



### Schedule 10 CEC - Bridge Year

		Re	eference			
Cumulative Eligible Capital			<u>H10</u>	0		
Additions						
Cost of Eligible Capital Property Acquired during Test Year	0					
Other Adjustments	0					
Subtotal	0	x 3/4 =	0			
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0			
		=	0	0		
Amount transferred on amalgamation or wind-up of subsidiary	0			0		
Subto	otal			0		
<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					
Subte	otal 0	x 3/4 =		0		
Cumulative Eligible Capital Balance				0		
Current Year Deduction		0	x 7% =	0		
Cumulative Eligible Capital - Closing Balance				0		



#### Schedule 13 Tax Reserves - Bridge Year

#### **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
		1	1	ı			1	1			1
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>	0		0				0	<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	T13	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	<u>T13</u>	0	
		0		0				0		0	
Total		0	0	0	<u>B1</u>	0	0	0	<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				0	<u>T13</u>	0	
General reserve for bad debts	<u>H13</u>	0		0				0	<u>T13</u>	0	
Accrued Employee Future Benefits:	<u>H13</u>	0		0				0	<u>T13</u>	0	
- Medical and Life Insurance	H13	0		0				0	<u>T13</u>	0	
-Short & Long-term Disability	<u>H13</u>	0		0				0	T13	0	
-Accmulated Sick Leave	<u>H13</u>	0		0				0	T13	0	
- Termination Cost	H13	0		0				0	T13	0	
- Other Post-Employment Benefits	H13	0		0				0	T13	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		C				0	T13	0	
Accrued Self-Insurance Costs	H13	0		0				0	T13	0	
Other Contingent Liabilities	H13	0		0				0	T13	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		0	0	0	<u>B1</u>	0	0	0	<u>B1</u>	0	(



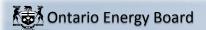
#### **PILs Tax Provision - Test Year**

Regulatory Taxable Income			<u>T1</u>	\$ 3,805 <b>A</b>
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%) Federal tax rate (Maximum 15%) Combined tax rate (Maximum 26.5%)	4.50% 10.50%	B C	15.00% <b>D = B + C</b>
Total Income Taxes  Investment Tax Credits  Miscellaneous Tax Credits  Total Tax Credits				\$ 571 E = A * D  F G S H = F + G
Corporate PILs/Income Tax Provis				\$ 571 I = H + E S. Su
Corporate PILs/Income Tax Provisio  Income Tax (grossed-up)	n Gross Up 1	85.00%	J	\$ 101 K = J * I \$ 671 L = K + I <u>S. Su</u>

**Wires Only** 

#### Note:

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



#### **Taxable Income - Test Year**

Recapture of capital cost allowance from

Gain on sale of eligible capital property from

Loss in equity of subsidiaries and affiliates

Scientific research expenditures deducted on

Income or loss for tax purposes- joint ventures or

Schedule 8

Schedule 10

partnerships

Loss on disposal of assets

Deferred and prepaid expenses

Non-deductible club dues and fees

Non-deductible meals and entertainment

Non-deductible automobile expenses

Non-deductible life insurance premiums

Non-deductible company pension plans

Reserves from financial statements- balance at

Soft costs on construction and renovation of

Book loss on joint ventures or partnerships

Development expenses claimed in current year

Non-deductible legal and accounting fees

Tax reserves beginning of year

Financing fees deducted in books

Recapture of SR&ED expenditures

Write down of capital property

Gain on settlement of debt

Non-deductible advertising

Non-deductible interest

Share issue expense

Capital items expensed

Debt issue expense

Charitable donations

Political Donations

financial statements
Capitalized interest

expense

end of year

buildings

Taxable Capital Gains

Taxable income - Test Teal		Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		<u>A.</u>	51,154
	T2 S1 line #		
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104		
Amortization of intangible assets	106		49,787

107

108

109

110

111

112

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123

124

125

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127

205

206

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226

227

228 231

235

T13

T13

0

-			
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)	200		
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		
	295		
	296		
	297		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Total A LPC			40.707
Total Additions			49,787
Deductions:			
Gain on disposal of assets per financial	401		
statements Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	402	T8	E0 017
Terminal loss from Schedule 8	404	10	50,817
Cumulative eligible capital deduction from	404		
Schedule 10 CEC	405	<u>T10</u>	0
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year	413	T13	0
Reserves from financial statements - balance at	414	T13	0
beginning of year  Contributions to deferred income plans		<del>                                     </del>	
	416	1	
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		
Suprise Education Aymonia	001		

Non-taxable imputed interest income on deferral	392		
and variance accounts	393		
	394		
	395		
	396		
	397		
ADO D	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	50,817
NET INCOME FOR TAX PURPOSES		calculated	50,125
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>	46,320
Net-capital losses of preceding taxation years (Please show calculation)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
J-22.2 30.100000 .			
REGULATORY TAXABLE INCOME		calculated	3,805



#### 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>	46,320		46,320
				0
Other Adjustments Add (+) Deduct (-)	<u>T1</u>	0		0
Balance available for use in Test Year	calculated	46,320	0	46,320
Amount to be used in Test Year	<u>T1</u>	46,320		46,320
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



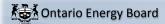
Schedule 8 CCA - Test Year

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		End of Test Year
1	Distribution System - post 1987	B8	\$ 1,270,416			\$ 1,270,416	\$ -	\$ 1,270,416	4%	\$ 50,81	7	\$ 1,219,599
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	6%	\$ -		\$ -
2	Distribution System - pre 1988	B8	\$ -			\$ -	\$ -	\$ -	6%	\$ -		\$ -
8	General Office/Stores Equip	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	20%	\$ -		\$ -
10	Computer Hardware/ Vehicles	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
10.1	Certain Automobiles	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
12	Computer Software	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	100%	\$ -		\$ -
13 1	Lease # 1	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
	Lease #2	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
13 3	Lease # 3	<u>B8</u>	\$			\$ -	\$ -	\$ -		\$ -		\$ -
13 4	Lease # 4	<u>B8</u>	\$			\$ -	\$ -	\$ -		\$ -		\$ -
	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>	\$			\$ -	\$ -	\$ -	12%	\$ -		\$ -
	Certain Energy-Efficient Electrical Generating Equipment	<u>B8</u>	\$			\$ -	\$ -	\$ -	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>	\$			\$ -	\$ -	\$ -	45%	\$ -		\$ -
	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>B8</u>	\$			\$ -	\$ -	\$ -	30%	\$ -		\$ -
47	Distribution System - post February 2005	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	8%	\$ -		\$ -
50	Data Network Infrastructure Equipment - post Mar 2007	<u>B8</u>	\$			\$ -	\$ -	\$ -	55%	\$ -		\$ -
52	Computer Hardware and system software	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	100%	\$ -		\$ -
95	CWIP	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	5%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	10%	\$ -		\$ -
			\$			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
	TOTAL		\$ 1,270,416	\$ -	\$ -	\$ 1,270,416	\$ -	\$ 1,270,416		\$ 50,81	7 <u>T1</u>	\$ 1,219,599



#### Schedule 10 CEC - Test Year

Cumulative Eligible Capital				<u>B10</u>	C	)			
Additions  Cost of Eligible Capital Property Acquired during Test Year		0							
Other Adjustments		0							
	Subtotal	0	x 3/4 =	0					
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	)	0	x 1/2 =	0					
			=	0	C	)			
Amount transferred on amalgamation or wind-up of subsidiary		0			C	)			
	Subtotal				(	)			
<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 =		C	<u> </u>			
Cumulative Eligible Capital Balance					C	<u>)</u>			
Current Year Deduction (Carry Forward to Tab "Test Year Taxable Inc	come")		0	3/4 = 0					
Cumulative Eligible Capital - Closing Balance					(	<u>)</u>			



#### Schedule 13 Tax Reserves - Test Year

#### **Continuity of Reserves**

						Test Year A					
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)	<u>B13</u>	0		0				0		0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(I)	<u>B13</u>	0		0		0	0	0		0	
Reserve for goods and services not delivered ss. 20(1)(m)	<u>B13</u>	0		0				0		0	
Reserve for unpaid amounts ss. 20(1)(n)	<u>B13</u>	0		0				0		0	
Debt & Share Issue Expenses ss. 20(1)(e)	<u>B13</u>	0		0				0		0	
Other tax reserves	<u>B13</u>	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		0	0	0 ]	<u>T1</u>	0	0	0	<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>	0		0				0		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	B13	0		0				0		0	
- Other Post-Employment Benefits	<u>B13</u>	0		0				0		0	
Provision for Environmental Costs	B13	0		0				0		0	
Restructuring Costs	<u>B13</u>	0		0				0		0	
Accrued Contingent Litigation Costs	<u>B13</u>	0		0				0		0	
Accrued Self-Insurance Costs	<u>B13</u>	0		0				0		0	
Other Contingent Liabilities	<u>B13</u>	0		0				0		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		0	0	0 ]	<u>T1</u>	0	0	0	<u>T1</u>	0	0