

Utility Name Innpower Corporation

Assigned EB Number EB=2016-0085

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Date May 4,2017

Last COS Re-based Year 2013

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

Version

1.0

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-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

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

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 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 B0 - PILs, Tax Provision Bridge Year

B1 - Adj. Taxable Income Bridge Year

B4 - Schedule 4 Loss Carry Forward Bridge Year

B8 - Schedule 8 CCA Bridge Year B10 - Schedule 10 CEC Bridge Year

B13 - Schedule 13 Tax Reserves Bridge Year

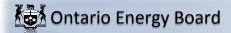
Test Year To PILs, Tax Provision Test Year

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

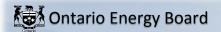


No inputs required on this worksheet.

#### 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	-1,498,023
Test Year - Payments in Lieu of Taxes (PILs)	<u>T0</u>	107,979
Test Year - Grossed-up PILs	<u>T0</u>	146,910
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>	1,905,491
Taxable Income	<u>T1</u>	407,467
Difference	calculated	-1,498,023 as above



	S	\$	54,256,575		
4.00%	Т	\$	2,170,263	W = S * T	
56.00%	U	\$	30,383,682	X = S * U	
40.00%	V	\$	21,702,630	Y = S * V	
1.76%	Z	\$	38,197	AC = W * Z	
3.57%	AA	\$	1,084,697	AD = X * AA	
8.78%	AB	\$	1,905,491	AE = Y * AB	<u>T1</u>
		\$	3,028,385	AF = AC + AD + AE	
	56.00% 40.00% 1.76% 3.57%	4.00% T 56.00% U 40.00% V 1.76% Z 3.57% AA	4.00% T \$ 56.00% U \$ 40.00% V \$  1.76% Z \$ 3.57% AA \$ 8.78% AB \$	4.00% T \$ 2,170,263 56.00% U \$ 30,383,682 40.00% V \$ 21,702,630 1.76% Z \$ 38,197 3.57% AA \$ 1,084,697 8.78% AB \$ 1,905,491	4.00% T \$ 2,170,263 W=S*T 56.00% U \$ 30,383,682 X=S*U 40.00% V \$ 21,702,630 Y=S*V    1.76% Z \$ 38,197 AC=W*Z 3.57% AA \$ 1,084,697 AD=X*AA AE=Y*AB

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?	Yes	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	Yes	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	No	No
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					
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.

# InnPower Corporation 2016 STATEMENT OF INCOME AND RETAINED EARNINGS

Account Description	Total
3000-Sales of Electricity	
4006-Residential Energy Sales	(16,522,151)
4010-Commercial Energy Sales	0
4015-Industrial Energy Sales	0
4020-Energy Sales to Large Users	0
4025-Street Lighting Energy Sales	(63,889)
4030-Sentinel Energy Sales	(9,720)
4035-General Energy Sales	(9,990,045)
4040-Other Energy Sales to Public Authorities	0
4045-Energy Sales to Railroads and Railways	0
4050-Revenue Adjustment	24,433
4055-Energy Sales for Resale	(2,241,919)
4060-Interdepartmental Energy Sales	0
4062-WMS	(1,543,549)
4076-Billed - Smart Meter Entity Charge	(153,651)
4066-NS	(1,422,116)
4068-CS	(1,095,736)
4075-LV Charges	(522,774)
3000-Sales of Electricity Total	(33,541,119)
3050-Revenues From Services - Distirbution	
4080-Distribution Services Revenue	(9,288,712)
4080-2-SSS Revenue	0
4082-RS Rev	(13,533)
4084-Serv Tx Requests	(166)
4090-Electric Services Incidental to Energy Sales	0
3050-Revenues From Services - Distirbution Total	(9,302,411)
3100-Other Operating Revenues	
4205-Interdepartmental Rents	0
4210-Rent from Electric Property	(162,034)
4215-Other Utility Operating Income	0
4220-Other Electric Revenues	0
4225-Late Payment Charges	(109,071)
4230-Sales of Water and Water Power	0
4235-Miscellaneous Service Revenues	(192,331)
4240-Provision for Rate Refunds	0
4245-Deferred Revenue - Contributions	(421,162)
3100-Other Operating Revenues Total	(884,597)

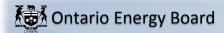
Account Description	Total
3150-Other Income & Deductions	
4305-Regulatory Debits	0
4310-Regulatory Credits	(165,124)
4315-Revenues from Electric Plant Leased to Others	0
4320-Expenses of Electric Plant Leased to Others	0
4325-Revenues from Merchandise, Jobbing, Etc.	0
4330-Costs and Expenses of Merchandising, Jobbing, Etc	0
4335-Profits and Losses from Financial Instrument Hedges	0
4340-Profits and Losses from Financial Instrument Investments	0
4345-Gains from Disposition of Future Use Utility Plant	0
4350-Losses from Disposition of Future Use Utility Plant	0
4355-Gain on Disposition of Utility and Other Property	8,791
4360-Loss on Disposition of Utility and Other Property	0
4365-Gains from Disposition of Allowances for Emission	0
4370-Losses from Disposition of Allowances for Emission	0
4375-Revenues from Non-Utility Operations	(1,354,978)
4380-Expenses of Non-Utility Operations	1,250,847
4385-Expenses of Non-Utility Operations	0
4390-Miscellaneous Non-Operating Income	(57,992)
4395-Rate-Payer Benefit Including Interest	0
4398-Foreign Exchange Gains and Losses, Including Amortization	0
3150-Other Income & Deductions Total	(318,457)
3200-Investment Income	
4405-Interest and Dividend Income	(29,388)
4415-Equity in Earnings of Subsidiary Companies	0
3200-Investment Income Total	(29,388)
3350-Power Supply Expenses	
4705-Power Purchased	21,665,898
4708-WMS	1,225,612
4710-Cost of Power Adjustments	(2,226,365)
4712-0	(2,220,303)
4714-NW	1,422,116
4707-Global Adjustment 4716-NCN	7,822,368 1,688,399
4/ IU-INCIN	1,008,399
4720 Other Evpenses	^
4720-Other Expenses	152.054
4751-Smart Meter Entity Expenses	0 153,651
4751-Smart Meter Entity Expenses 4730-Rural Rate Assistance Expense	0
4751-Smart Meter Entity Expenses	0 153,651 0 522,774 32,274,452

Account Description	Total			
3500-Distribution Expenses - Operation				
5005-Operation Supervision and Engineering	202,730			
5010-Load Dispatching	15,632			
5012-Station Buildings and Fixtures Expense	56,786			
5014-Transformer Station Equipment - Operation Labour	0			
5015-Transformer Station Equipment - Operation Supplies and Expenses	0			
5016-Distribution Station Equipment - Operation Labour	8,018			
5017-Distribution Station Equipment - Operation Supplies and Expenses	1,860			
5020-Overhead Distribution Lines and Feeders - Operation Labour	131,123			
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	2,871			
5030-Overhead Subtransmission Feeders - Operation	728			
5035-Overhead Distribution Transformers - Operation	166			
5040-Underground Distribution Lines and Feeders - Operation Labour	13,716			
5045-Underground Distribution Lines and Feeders - Operation Supplies and Expenses	97,857			
5050-Underground Subtransmission Feeders - Operation	0			
5055-Underground Distribution Transformers - Operation	0			
5060-Street Lighting and Signal System Expense	0			
5065-Meter Expense	239,835			
5070-Customer Premises - Operation Labour	44,838			
5075-Customer Premises - Materials and Expenses	96,647			
5085-Miscellaneous Distribution Expense	428,989			
5090-Underground Distribution Lines and Feeders - Rental Paid	0			
5095-Overhead Distribution Lines and Feeders - Rental Paid	10,295			
5096-Other Rent	0			
3500-Distribution Expenses - Operation Total	1,352,091			

Account Description	Total
3550-Distribution Expenses - Maintenance	
5105-Maintenance Supervision and Engineering	244
5110-Maintenance of Structures	(
5112-Maintenance of Transformer Station Equipment	
5114-Mtaint Dist Stn Equip	45,915
5120-Maintenance of Poles, Towers and Fixtures	6,056
5125-Maintenance of Overhead Conductors and Devices	33,073
5130-Maintenance of Overhead Services	77,054
5135-Overhead Distribution Lines and Feeders - Right of Way	383,563
5145-Maintenance of Underground Conduit	(
5150-Maintenance of Underground Conductors and Devices	27,374
5155-Maintenance of Underground Services	119,306
5160-Maintenance of Line Transformers	15,44 <sup>-</sup>
5165-Maintenance of Street Lighting and Signal Systems	(
5170-Sentinel Lights - Labour	(
5172-Sentinel Lights - Materials and Expenses	(
5175-Maintenance of Meters	23,210
5178-Customer Installations Expenses - Leased Property	(
5195-Maintenance of Other Installations on Customer Premises	(
3550-Distribution Expenses - Maintenance Total	731,242
3650-Billing and Collecting	
5305-Supervision	101,884
5310-Meter Reading Expense	12,017
5315-Customer Billing	358,604
5320-Collecting	356,417
5325-Collecting - Cash Over and Short	(
5330-Collection Charges	(
5335-Bad Debt Expense	85,973
5340-Miscellaneous Customer Accounts Expenses	136,178
3650-Billing and Collecting Total	1,051,073
3700-Community Relations	
5405-Supervision	
5410-Community Relations - Sundry	10,189
5415-Energy Conservation	10,10
5420-Community Safety Program 5425-Miscellaneous Customer Service and Informational Expenses	4,510
3700-Community Relations Total	
3700-00mmumity iverations Total	14,699

Account Description	Total
3800-Administrative and General Expenses	-
5605-Executive Salaries and Expenses	303,508
5610-Management Salaries and Expenses	265,825
5615-General Administrative Salaries and Expenses	888,683
5620-Office Supplies and Expenses	193,505
5625-Administrative Expense Transferred-Credit	0
5630-Outside Services Employed	129,454
5635-Property Insurance	50,003
5640-Injuries and Damages	60,823
5645-Employee Pensions and Benefits	21,079
5650-Franchise Requirements	0
5655-Regulatory Expenses	182,342
5660-General Advertising Expenses	0
5665-Miscellaneous Expenses	115,087
5670-Rent	712
5675-Maintenance of General Plant	319,264
5680-Electrical Safety Authority Fees	9,424
5685-Independent Market Operator Fees and Penalties	0
5695-OM&A Contra Account	0
3800-Administrative and General Expenses Total	2,539,709
3850-Amortization Expense	
5705-Amortization Expense - Property, Plant and Equipment	2,301,783
5710-Amortization of Limited Term Electric Plant	2,001,100
5715-Amortization of Intangibles and Other Electric Plant	0
5720-Amortization of Electric Plant Acquisition Adjustments	0
5725-Miscellaneous Amortization	0
5730-Amortization of Unrecovered Plant and Regulatory Study Costs	0
5735-Amortization of Deferred Development Costs	0
5740-Amortization of Deferred Charges	0
3850-Amortization Expense Total	2,301,783

Account Description	Total
3900-Interest Expense	•
6005-Interest on Long Term Debt	1,212,283
6010-Amortization of Debt Discount and Expense	0
6015-Amortization of Premium on Debt-Credit	0
6020-Amortization of Loss on Reacquired Debt	0
6025-Amortization of Gain on Reacquired Debt-Credit	0
6030-Interest on Debt to Associated Companies	0
6035-Other Interest Expense	44,768
6040-Allowance for Borrowed Funds Used During Construction-Credit	0
6042-Allowance for Other Funds Used During Construction	0
6045-Interest Expense on Capital Lease Obligations	0
3900-Interest Expense Total	1,257,050
3950-Taxes Other Than Income Taxes	
6105-Taxes Other Than Income Taxes	85,197
3950-Taxes Other Than Income Taxes Total	85,197
4000-Income Taxes	
6110-Income Taxes	0
6115-Provision for Future Income Taxes	0
4000-Income Taxes Total	0
4100-Extraordinary & Other Items	
6205-Donations	23,241
6210-Life Insurance	0
6215-Penalties	0
6225-Other Deductions	0
4100-Extraordinary & Other Items Total	23,241
Net Income - (Gain)/Loss	(2,445,434)



#### 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%

В

С

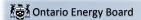
\$ 468,060 **A** 

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

\$ 124,036 E = A \* D

\$ - H = F + G

\$ 124,036 I = H + E



#### Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
ncome before PILs/Taxes	A	1,495,085		1,495,0
Additions: Interest and penalties on taxes	103			
Amortization of tangible assets	104	1,730,946		1,730,9
Amortization of intangible assets  Recapture of capital cost allowance from Schedule 8	106 107			
Gain on sale of eligible capital property from Schedule 10	107			
Income or loss for tax purposes- joint ventures or partnerships	109			
Loss in equity of subsidiaries and affiliates  Loss on disposal of assets	110 111			
Charitable donations	112	550		5
Taxable Capital Gains	113	0		
Political Donations Deferred and prepaid expenses	114 116			
Scientific research expenditures deducted on financial statements	118			
Capitalized interest	119			
Non-deductible club dues and fees  Non-deductible meals and entertainment expense	120 121	8,058		8,0
Non-deductible automobile expenses	122	0,030		0,0
Non-deductible life insurance premiums	123			
Non-deductible company pension plans Tax reserves deducted in prior year	124 125			
Reserves from financial statements- balance at end of year	126	163,498		163,
Soft costs on construction and renovation of buildings	127			
Book loss on joint ventures or partnerships  Capital items expensed	205 206			
Debt issue expense	208			
Development expenses claimed in current year	212			
Financing fees deducted in books	216			
Gain on settlement of debt  Non-deductible advertising	220 226			
Non-deductible interest	227			
Non-deductible legal and accounting fees	228			
Recapture of SR&ED expenditures Share issue expense	231 235			
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 Non-deductible penalties	292 293			
Not reductible perialities	294			
	295			
RO Accretion expense				
apital Contributions Received (ITA 12(1)(x)) ease Inducements Received (ITA 12(1)(x))		2,278,734		2,278,
leferred Revenue (ITA 12(1)(a))				
rior Year Investment Tax Credits received				
Regulatory Reserve taken out of income last year		1,632,190		1,632,
nventory Adjustment		29,996		29,
mortization Expenses Total Additions	-	51,831 <b>5,895,803</b>	0	51, <b>5,895</b> ,
oldi Audiliolis		3,093,003	<u> </u>	3,033,
eductions:				
Gain on disposal of assets per financial statements	401 402	440,397		440,
Dividends not taxable under section 83  Capital cost allowance from Schedule 8	402	3,283,593		3,283,
Terminal loss from Schedule 8		0,200,000		0,-00,
	404			
Cumulative eligible capital deduction from Schedule 10	405	17,679		17,
Allowable business investment loss	405 406	17,679		17,
Allowable business investment loss Deferred and prepaid expenses	405	17,679		17,
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year	405 406 409 411 413			
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year Reserves from financial statements - balance at beginning of year	405 406 409 411	17,679 75,073		
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans	405 406 409 411 413 414 416			
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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	405 406 409 411 413			
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership	405 406 409 411 413 414 416 305			
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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)	405 406 409 411 413 414 416 305			
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax Capital Lesse Payments	405 406 409 411 413 414 416 305 306			
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax	405 406 409 411 413 414 416 305 306 390 391 392			
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax Capital Lesse Payments	405 406 409 411 413 414 416 305 306 390 391 392 393			
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year Reserves trom financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership Eguity in income from subsidiary or affiliates Other deductions: (Please explain in detail the nature of the item) Interest capitalized for accounting deducted for tax Capital Lease Payments	405 406 409 411 413 414 416 305 306 390 391 392			
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint ventrue or partnership Equity in income from subsidiary or affiliates Other deductions: (Please explain in detail the nature of the item) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received	405 406 409 411 413 414 416 305 306 390 391 392 393			75,
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year Reserves from financial statements - balance at beginning of year Contributions to deferred income plans Book income of joint venture or partnership Eguity in income from subsidiary or affiliates Other deductions: (Please explain in detail the nature of the item) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds	405 406 409 411 413 414 416 305 306 390 391 392 393	75,073		75,
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  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	405 406 409 411 413 414 416 305 306 390 391 392 393	75,073		75.
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current year Reserves trom 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) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  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	405 406 409 411 413 414 416 305 306 390 391 392 393	75,073		75,
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Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Capital Contributions Received Deferred Revenue - ITA 20(1)(m) reserve Principal portion of lease payments Lease Inducement to cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve	405 406 409 411 413 414 416 305 306 390 391 392 393	75,073		75,
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  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	405 406 409 411 413 414 416 305 306 390 391 392 393	75,073		75,
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Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  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)	405 406 409 411 413 414 416 305 306 390 391 392 393	75.073 75.073 2,278,734		2,278,
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Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  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)	405 406 409 411 413 414 416 305 306 390 391 392 393	75.073 75.073 2,278,734	0	2,278) 2,278) 662 165
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Pay 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)	405 406 409 411 413 414 416 305 306 390 391 392 393	75,073 2,278,734 2,278,734 662,228 165,124 6,922,828		2,278, 2,278, 662, 165,
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Capital Contributions Received ITA 13(7.4) Election - Pay 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)	405 406 409 411 413 414 416 305 306 390 391 392 393	75,073 75,073 2,278,734 2,278,734 662,228 165,124	0	2,278, 2,278, 662, 165,
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Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  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 Amontization credit to income Financing fees for tax ITA 20(1)(e) and (e.1)  crease in Regulatory Assets dn GAAP deferred credits  otal Deductions  et Income for Tax Purposes  haritable donations from Schedule 2 axable dividends deductible under section 112 or 113, from Schedule 3 (item 82) on-capital losses of preceding taxation years from Schedule 4	405 406 409 411 413 414 416 305 306 390 391 392 392 392 393 394	75,073 2,278,734 2,278,734 662,228 165,124 6,922,828		2,278, 2,278, 662, 165,
Allowable business investment loss Deferred and prepaid expenses Scientific research expenses claimed in year Tax reserves claimed in current 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) Interest capitalized for accounting deducted for tax Capital Lease Payments Non-taxable imputed interest income on deferral and variance accounts  ARO Payments - Deductible for Tax when Paid ITA 13(7.4) Election - Capital Contributions Received 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)  crease in Regulatory Assets dn GAAP deferred credits  et Income for Tax Purposes  haritable donations from Schedule 2 bable dividends deductible under section 112 or 113, from Schedule 3 (item 82) on-capital losses of preceding taxation years from Schedule 4 Please include explanation and	405 406 409 411 413 414 416 305 306 390 391 392 393 394	75,073 2,278,734 2,278,734 662,228 165,124 6,922,828		2,278, 2,278, 662, 165,
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#### **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

NonDistribution Portion

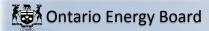
Actual Historical

NonDistribution Portion

0

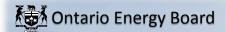
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**B4** 



#### Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non- Distribution Portion	UCC Regulated Historical Year	Working Paper Reference
1	Distribution System - post 1987	23,360,063		23,360,063	
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election			0	B8 B8 B8 B8 B8 B8 B8
2	Distribution System - pre 1988			0	<u>B8</u>
8	General Office/Stores Equip	1,520,965		1,520,965	<u>B8</u>
10	Computer Hardware/ Vehicles	219,709		219,709	<u>B8</u>
10.1	Certain Automobiles			0	<u>B8</u>
12	Computer Software			0	<u>B8</u>
13 <sub>1</sub>	Lease # 1			0	<u>B8</u>
13 <sub>2</sub>	Lease #2			0	<u>B8</u>
13 <sub>3</sub>	Lease # 3			0	<u>B8</u>
13 4	Lease # 4			0	7
14	Franchise			0	<u>B8</u>
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0	B8 B8 B8 B8 B8 B8 B8 B8 B8 B8
42	Fibre Optic Cable			0	B8
43.1	Certain Energy-Efficient Electrical Generating Equipment			0	<u>B8</u>
43.2	Certain Clean Energy Generation Equipment			0	<u>B8</u>
45	Computers & Systems Software acq'd post Mar 22/04	512		512	<u>B8</u>
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0	<u>B8</u>
47	Distribution System - post February 2005	22,229,345		22,229,345	<u>B8</u>
50	Data Network Infrastructure Equipment - post Mar 2007	381,298		381,298	<u>B8</u>
52	Computer Hardware and system software			0	<u>B8</u>
95	CWIP	797,726		797,726	<u>B8</u>
				0	
				0	
				0	
				0	
				0	<u> </u>
				0	1
				0	1
				0	1
				0	1
				0	1
I	SUB-TOTAL - UCC	48,509,618	0	48,509,618	I



### Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				252,550
Additions Cost of Eligible Capital Property Acquired during Test Year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	0
Amount transferred on amalgamation or wind-up of subsidiary	0	=		0
Subtota	I		_	252,550
<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				252,550
Current Year Deduction		252,550	x 7% =	17,678
Cumulative Eligible Capital - Closing Balance				234,871 <u>E</u>

<u>B13</u> <u>B13</u>

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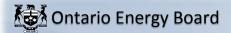
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#### Schedule 13 Tax Reserves - Historical

#### **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	rposes		_
Reserve for doubtful accounts ss. 20(1)(I)			0
Reserve for goods and services not delivered ss.			0
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
Other tax reserves			0
			0
			0
			0
			0
			0
Total	0	0	0
F:			
Financial Statement Reserves (not deductible	for Tax Purposes)		
General Reserve for Inventory Obsolescence (non-specific)			0
General reserve for bad debts			0
Accrued Employee Future Benefits:			0
- Medical and Life Insurance	163,498		163,498
-Short & Long-term Disability	103,490		103,490
-Accmulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
			0
Restructuring Costs Accrued Contingent Litigation Costs			0
Accrued Contingent Litigation Costs  Accrued Self-Insurance Costs			0
			0
Other Contingent Liabilities Bonuses Accrued and Not Paid Within 180 Days			0
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	163,498	0	163,498



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

Regulatory Taxable Income			Reference \$ 324,491 <b>A</b>
Combined Tax Rate and PILs	Effective Ontario Tax Rate Federal tax rate (Maximum 15%) Combined tax rate	11.50% 15.00%	B C 26.50% D = B + C
Total Income Taxes  Investment Tax Credits  Miscellaneous Tax Credits			calculated \$ 85,990 E = A * D  \$ - F G

**Wires Only** 

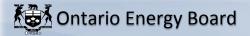
85,990 I = H + E

Corporate PILs/Income Tax Provision for Bridge Year

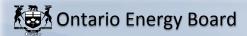
#### Note:

**Total Tax Credits** 

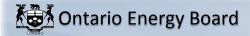
1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



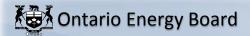
	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	Α		1,990,794
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		2,030,409
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain 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		8,219
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	0
Reserves from financial statements- balance at end of year	126	<u>B13</u>	181,476
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 vear	212		
Financing fees deducted in books	216		
able Gairo anes Bitle gent of debt	220		



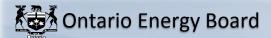
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying		
environment trust per paragraphs 12(1)(z.1)	237	
and 12(1)(z.2)		
Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit	291	
Accounts		
Pensions	292	
Non-deductible penalties	293	
	294	
	234	
	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		
The real investment rax ereals reserved		
Inventory Adjustment		
A		
Amortization Expensed		



otal Additions			2,220,10
eductions:		•	
Gain on disposal of assets per financial	401		
statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	<u>B8</u>	3,541,34
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10	405	<u>B10</u>	16,44
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	
Reserves from financial statements - balance at beginning of year	414	<u>B13</u>	163,49
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)	000		
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)			
5 (7(-7			



I			
Other Deductions			165,124
Total Deductions		calculated	3,886,407
Not be a market Tour During a co		a alaulata d	204 404
Net Income for Tax Purposes		calculated	324,491
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	324,491



### **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

 Net Capital Loss Carry Forward Deduction
 Total

 Actual Historical
 H4

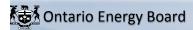
 Application of Loss Carry Forward to reduce taxable income in Bridge Year
 Other Adjustments Add (+) Deduct (-)

 Balance available for use in Test Year
 calculated

 Amount to be used in Bridge Year
 Balance available for use post Bridge Year

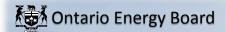
<u>T4</u>

**T4** 



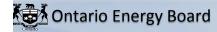
#### Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	Histor	Regulated rical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridg	ge Year CCA	UC	CC End of Bridge Year
1	Distribution System - post 1987	<u>H8</u>	\$ 23	3,360,063			\$ 23,360,063	\$ -	\$ 23,360,063	4%	\$	934,403	\$	22,425,660
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>H8</u>					\$ -	\$ -	\$ -	6%	\$	-	\$	-
2	Distribution System - pre 1988	<u>H8</u>					\$ -	\$ -	\$ -	6%	\$	-	\$	
8	General Office/Stores Equip	<u>H8</u>	\$ 1	1,520,965	\$ 32,616		\$ 1,553,581	\$ 16,308	\$ 1,537,273	20%	\$	307,455	\$	1,246,127
10	Computer Hardware/ Vehicles	<u>H8</u>	\$	219,709	\$ 110,663	-\$ 5,559	\$ 324,813	\$ 52,552	\$ 272,261	30%	\$	81,678	\$	243,135
10.1	Certain Automobiles	<u>H8</u>					\$ -	\$ -	\$ -	30%	\$	-	\$	-
12	Computer Software	<u>H8</u>			\$ 118,165		\$ 118,165	\$ 59,083	\$ 59,083	100%	\$	59,083	\$	59,083
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>					\$ -	\$ -	\$ -	12%	\$	-	\$	-
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>	\$	512			\$ 512	\$ -	\$ 512	45%	\$	230	\$	282
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	<u>H8</u>					\$ -	\$ -	\$ -	30%	\$	-	\$	-
47	Distribution System - post February 2005	<u>H8</u>	\$ 22	2,229,345	\$ 4,286,714	-\$ 25,871	\$ 26,490,188	\$ 2,130,422	\$ 24,359,767	8%	\$	1,948,781	\$	24,541,407
50	Data Network Infrastructure Equipment - post Mar 2007	<u>H8</u>	\$	381,298			\$ 381,298	\$ -	\$ 381,298	55%	\$	209,714	\$	171,584
52	Computer Hardware and system software	<u>H8</u>					\$ -	\$ -	\$ -	100%	\$	-	\$	-
95	CWIP	<u>H8</u>	\$	797,726			\$ 797,726	\$ -	\$ 797,726		\$	-	\$	797,726
							\$ -	\$ -	\$ -	5%	\$	-	\$	-
							\$ -	\$ -	\$ -	10%	\$	-	\$	-
							\$ -	\$ -	\$ -		\$	-	\$	-
							\$ -	\$ -	\$ -		\$	-	\$	
							\$ -	\$ -	\$ -		\$	-	\$	
							\$ -	\$ -	\$ -		\$	-	\$	-
							\$ -	\$ -	\$ -		\$	-	\$	-
							\$ -	\$ -	\$ -		\$	-	\$	-
							\$ -	\$ -	\$ -		\$	-	\$	-
							\$ -	\$ -	\$ -		\$	-	\$	-
	TOTAL		\$ 4	48,509,618	\$ 4,548,159	-\$ 31,430	\$ 53,026,347	\$ 2,258,365	\$ 50,767,983		\$	3,541,344	<u>B1</u> \$	49,485,003



### Schedule 10 CEC - Bridge Year

		Reference	e	
Cumulative Eligible Capital		<u>H10</u>	234,871	
Additions				
Additions  Cost of Eligible Capital Property Acquired during Test Year				
Other Adjustments	0			
Subtotal	0 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/		) <del>_</del>	
		(	<u>0</u>	
Amount transferred on amalgamation or wind-up of subsidiary	0		0	
Subtotal			234,871	
Dadustiana				
<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			234,871	
Current Year Deduction	234,8	371 x 7% =	= 16,441	<u>B1</u>
Cumulative Eligible Capital - Closing Balance			218,430	<u>T10</u>



#### 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)	H13	1 0		0				١	T13	0	
Tax Reserves Not Deducted for accounting purposes	1110							· ·	110	0	
Reserve for doubtful accounts ss. 20(1)(I)	H13	0		0				0	T13	0	
Reserve for goods and services not delivered ss. 20(1)(m)	H13	0						0	T13	0	
Reserve for unpaid amounts ss. 20(1)(n)	H13	0						0	T13	0	
Debt & Share Issue Expenses ss. 20(1)(ii)	H13	0		0				0	T13	0	
Other tax reserves	H13	0		0				0	T13	0	
Other tax reserves	піз	0		0				0	113	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	<u>H13</u>	163,498		163,498		17,978		181,476	<u>T13</u>	17,978	
-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	T13	0	
- Other Post-Employment Benefits	<u>H13</u>	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		0				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)	H13	0		0				0	T13	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		163,498	0	163,498	<u>B1</u>	17,978	0	181,476	<u>B1</u>	17,978	0



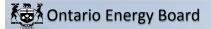
#### **PILs Tax Provision - Test Year**

				• • • •
Regulatory Taxable Income			<u>T1</u>	\$ 407,467 <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%)	11.50% E 15.00% C		26.50% <b>D</b> = <b>B</b> + <b>C</b>
Total Income Taxes Investment Tax Credits Miscellaneous Tax Credits Total Tax Credits				\$ 107,979 E = A * D  F G S H = F + G
Corporate PILs/Income Tax Provision	on for Test Year			\$ 107,979 I = H + E <u>S. Summary</u>
Corporate PILs/Income Tax Provision	Gross Up <sup>1</sup>	73.50% <b>J</b>		\$ 38,931 K = J * I
Income Tax (grossed-up)				\$ 146,910 L = K + I S. Summary

**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**

Taxable Intollic Test Teal		_
	Working	Test Year
	Paper Reference	Taxable Income
Net Income Before Taxes	<u>A.</u>	1,905,491

	1	Reference	Income
Net Income Before Taxes		<u>A.</u>	1,905,491
	T2 S1 line #		
Additions:	12 01 11110 #		
Interest and penalties on taxes	103		
Amortization of tangible assets	104		2,351,18
2-4 ADJUSTED ACCOUNTING DATA P489 Amortization of intangible assets	101		2,001,10
2-4 ADJUSTED ACCOUNTING DATA P490	106		
Recapture of capital cost allowance from	107		
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 Scientific research expenditures deducted on	116		
financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment	121		
expense			
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124	T40	
Tax reserves beginning of year  Reserves from financial statements- balance at	125	<u>T13</u>	
end of year	126	<u>T13</u>	181,47
Soft costs on construction and renovation of	127		
buildings			
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year Financing fees deducted in books	212 216		
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: (please explain in detail the nature of the item)			
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			

		1 1	
Inventory Adjustment			
Total Additions			2,532,664
Deductions:  Gain on disposal of assets per financial			
statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8 Terminal loss from Schedule 8	403 404	<u>T8</u>	3,833,921
Cumulative eligible capital deduction from	405	T10	15,290
Schedule 10 CEC Allowable business investment loss	406	110	15,290
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year  Reserves from financial statements - balance at	413	<u>T13</u>	0
beginning of year	414	<u>T13</u>	181,476
Contributions to deferred income plans	416		
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			
tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
	394		
	395		
	396		
	397		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to			
cost of Leaseholds Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to			
income Financing fees for tax ITA 20(1)(e) and (e.1)			
1 3 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			
Total Deductions		calculated	4,030,687
NET INCOME FOR TAX PURPOSES		calculated	407,467
Charitable donations Taxable dividends received under section 112 or	311		
113	320		
Non-capital losses of preceding taxation years from Schedule 7-1	331	<u>T4</u>	0
Net-capital losses of preceding taxation years	332		
(Please show calculation) Limited partnership losses of preceding taxation			
years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	407,467
REGULATURT TAXABLE INCUME		calculated	407,407

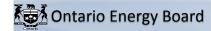


### Schedule 7-1 Loss Carry Forward - Test Year

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

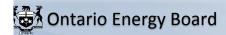
Non-Capital Loss Carry Forward Deduction	Working Paper Reference	Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	<u>B4</u>	0		0
				0
Other Adjustments Add (+) Deduct (-)	<u>T1</u>	0		0
Balance available for use in Test Year	calculated	0	0	0
Amount to be used in Test Year	<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>	\$ 22,425,660			\$ 22,425,660	\$ -	\$ 22,425,660	4%	\$ 897,026		\$ 21,528,634
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	6%	\$ -		\$ -
2	Distribution System - pre 1988	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	6%	\$ -		\$ -
8	General Office/Stores Equip	<u>B8</u>	\$ 1,246,127	129,910		\$ 1,376,037	\$ 64,955	\$ 1,311,082	20%	\$ 262,216		\$ 1,113,820
10	Computer Hardware/ Vehicles	<u>B8</u>	\$ 243,135	670,500		\$ 913,635	\$ 335,250	\$ 578,385	30%	\$ 173,515		\$ 740,119
10.1	Certain Automobiles	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
12	Computer Software	<u>B8</u>	\$ 59,083	339,325		\$ 398,408	\$ 169,663	\$ 228,745	100%	\$ 228,745		\$ 169,663
13 1	Lease # 1	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
13 2	Lease #2	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
13 3	Lease # 3	B8	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
13 4	Lease # 4	B8	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
14	Franchise	B8	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than B	B8	\$ -			\$ -	\$ -	\$ -	8%	\$ -		\$ -
42	Fibre Optic Cable	B8	\$ -			\$ -	\$ -	\$ -	12%	\$ -		\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
43.2	Certain Clean Energy Generation Equipment	B8	\$ -			\$ -	\$ -	\$ -	50%	\$ -		\$ -
45	Computers & Systems Software acq'd post Mar 22/04	B8	\$ 282			\$ 282	\$ -	\$ 282	45%	\$ 127		\$ 155
46	Data Network Infrastructure Equipment (acg'd post Mar 22/04)	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
47	Distribution System - post February 2005	B8	\$ 24,541,407	5,549,213	-184,030	\$ 29,906,590	\$ 2,682,592	\$ 27,223,999	8%	\$ 2,177,920		\$ 27,728,670
50	Data Network Infrastructure Equipment - post Mar 2007	B8	\$ 171,584		·	\$ 171,584	\$ -	\$ 171,584	55%	\$ 94,371		\$ 77,213
52	Computer Hardware and system software	B8	\$ -			\$ -	\$ -	\$ -	100%	\$ -		\$ -
95	CWIP	B8	\$ 797,726			\$ 797,726	\$ -	\$ 797,726	0%	\$ -		\$ 797,726
			\$ -			\$ -	\$ -	\$ -	5%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	10%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
	TOTAL		\$ 49,485,003	\$ 6,688,948	-\$ 184,030	\$ 55,989,921	\$ 3,252,459	\$ 52,737,462		\$ 3,833,921	T1	\$ 52,156,000



#### Schedule 10 CEC - Test Year

Cumulative Eligible Capital				<u>B10</u>	218,430
Additions Cost of Elizible Capital Property Assuring disting Test Vess		0			
Cost of Eligible Capital Property Acquired during Test Year		0			
Other Adjustments		0			
	Subtotal	0	x 3/4 =	0	
	ne	0	x 1/2 =	0	
transier of an ECF to the Corporation after Friday, December 20, 2002			=	0	0
Amount transferred on amalgamation or wind-up of subsidiary		0			0
	Subtotal			<u> </u>	218,430
<u>Deductions</u>					
		0			
Other Adjustments		0			
	Subtotal	0	x 3/4 =	_	0
Cumulative Eligible Capital Balance					218,430
Current Year Deduction (Carry Forward to Tab "Test Year Taxable I	ncome")		218,430	x 7% =	15,290
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  Amount transferred on amalgamation or wind-up of subsidiary  Subtotal 0 21  Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year  Other Adjustments 0 x 3/4 =  Cumulative Eligible Capital Balance 21  Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income") 218,430 x 7% = 1				203,140	



#### **Schedule 13 Tax Reserves - Test Year**

#### **Continuity of Reserves**

Continuity of Reserves						Test Year Ad	ljustments	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
								1		<u></u>
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>	181,476		181,476				181,476		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	B13	0		0				0		0
Other Contingent Liabilities	B13	0		0				0		0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	B13	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		181,476	0	181,476	<u>T1</u>	0	0	181,476	<u>T1</u>	0