

Version 1.10



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.

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 Data Input Sheet of the Revenue Requirement Workform.

Tab S1 Integrity Checks must be completed after the completion of the PILS calculation in this workbook.

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 Bridge Year and the Test Year.
 Inputs should include:

 non-deductible expenses (Schedule 1 B1 and T1)
 loss carryforward (Schedule 4 B4 and T a)
 capital cost allowering (Schedule 6 B8 and T a)
 non-deductible reserves (Schedule 13 B1 and T1)
 non-deductible reserves (Schedule 13 B1 and T13)

- make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab T0 is reasonable.

The amounts on tabs H0 to H13 should agree to the tax return filed with the Canada Revenue Agency. Any CRA audit adjustments or corrections should also be reflected.

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

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

H13 - Schedule 13 Tax Reserves Historical

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

B1 - Adj. Taxable Income Bridge Year

B4 - Schedule 4 Loss Carry Forward Bridge Year

B8 - Schedule 8 CCA Bridge Year

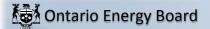
B13 - Schedule 13 Tax Reserves Bridge Year

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
T13 Schedule 13 Reserve Test Year



No inputs required on this worksheet.

Inputs on Service Revenue Requirement Worksheet

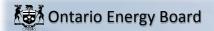
The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

Item	Working Paper Reference			
Adjustments required to arrive at taxable income	as below	-3,379,548		
Test Year - Payments in Lieu of Taxes (PILs)	<u>T0</u>	245,471		
Test Year - Grossed-up PILs	<u>T0</u>	333,974		
Effective Federal Tax Rate	<u>T0</u>	15.0%		
Effective 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>	4,305,854		
Taxable Income	<u>T1</u>	926,305		
Difference	calculated	-3,379,548 as above		

Integrity Checks

The applicant must ensure the following integrity checks have been completed and confirm this is the case in the table below, or provide an explanation if this is not the case:

		Utility Confirmation	
	Item	(Y/N)	Notes
	The depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the		
	application	Y	
	The capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate base section for historical, bridge and test years	Y	
	Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31 historical year UCC that agrees with the		
	opening (January 1) bridge year UCC. If the amounts do not agree, then the applicant must provide a reconciliation with explanations. Distributors		2018 corporate tax return not yet filed as of cost of service submission date,
	must segregate non- distribution tax amounts on Schedule 8.	N/A	Schedule 8 2018 draft values input into this model.
	The CCA deductions in the application's PILs tax model for historical, bridge and test years (as applicable) agree with the numbers in the UCC		
4	schedules for the same years filed in the application	Υ	
	Loss carry-forwards, if any, from the tax returns (Schedule 4) agree with those disclosed in the application	N/A	
6	A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized	N/A	
	CCA is maximized even if there are tax loss carry-forwards	Υ	
	Accounting OPEB and pension amounts added back on Schedule 1 to reconcile accounting income to net income for tax purposes, must agree with		
	the OM&A analysis for compensation. The amounts deducted must be reasonable when compared with the notes in the audited financial statements,		
	FSCO reports, and the actuarial valuations.	Y	
9	The income tax rate used to calculate the tax expense must be consistent with the utility's actual tax facts and evidence filed in the application.	Υ	



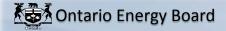
				Test Year	Bridge Year	
Rate Base		S	\$	119,873,438	\$ 114,788,517	
Return on Ratebase						
Deemed ShortTerm Debt %	4.00%	Т	\$	4,794,938	W = S * T	
Deemed Long Term Debt %	56.00%	U	\$	67,129,125	X = S * U	
Deemed Equity %	40.00%	V	\$	47,949,375	Y = S * V	
			_			
Short Term Interest Rate	2.82%	Z	\$	135,217	AC = W * Z	
Long Term Interest	4.95%	AA	\$	3,322,892	AD = X * AA	
Return on Equity (Regulatory Income)	8.98%	AB	\$	4,305,854	<i>AE</i> = Y * <i>AB</i>	<u>T1</u>
Return on Rate Base			\$	7,763,963	AF = AC + AD + AE	

C	duestions that must be answered	Historical Year	Bridge Year	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?	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.	No	No	No

No

No

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



Tax Rates Federal & Provincial As of June 29, 2018	Effective January 1, 2014	Effective January 1, 2015	Effective January 1, 2016	Effective January 1, 2017	Effective January 1, 2018	Effective January 1, 2019
Federal income tax General corporate rate Federal tax abatement Adjusted federal rate	38.00% -10.00% 28.00%	38.00% -10.00% 28.00%	38.00% -10.00% 28.00%	38.00% -10.00% 28.00%	38.00% -10.00% 28.00%	38.00% -10.00% 28.00%
Rate reduction Federal Income Tax	-13.00% 15.00%	-13.00% 15.00%	-13.00% 15.00%	-13.00% 15.00%	-13.00% 15.00%	-13.00% 15.00%
Ontario income tax Combined federal and Ontario	11.50% 26.50%	11.50% 26.50%	11.50% 26.50%	11.50% 26.50%	11.50% 26.50%	11.50% 26.50%
Federal & Ontario Small Business Federal small business threshold Ontario Small Business Threshold	500,000 500,000	500,000 500,000	500,000 500,000	500,000 500,000	500,000 500,000	500,000 500,000
Federal small business rate	11.00%	11.00%	11.00%	10.50%	10.00%	9.00%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%	3.50%	3.50%

Notes

- 1. The Ontario Energy Board's proxy for taxable capital is rate base.
- 2. Regarding the small business deduction, if applicable,
 - a. If taxable capital exceeds \$15 million, the small business rate will not be applicable.
 - b. If taxable capital is below \$10 million, the small business rate would be applicable.
 - c. If taxable capital is between \$10 million and \$15 million, the appropriate small business 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%) 11.50% **B** 15.00% **C**

Wires Only

\$ 2,140,151 **A**

26.50% **D = B+C**

\$ 567,140 E = A * D \$ - F \$ G \$ - H = F + G

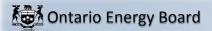
\$ 567,140 I = E - H

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

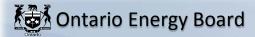
Corporate PILs/Income Tax Provision for Historical Year



Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	(A + 101 + 102)	4,381,187		4,381,187
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	3,250,612		3,250,612
Amortization of intangible assets	106	736,165		736,165
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	22,190		22,190
Charitable donations	112	36,385	8,445	27,940
Taxable Capital Gains	113	-	·	0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	28,669		28,669
Non-deductible automobile expenses	122	20,000		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	4,636,206		4,636,206
Soft costs on construction and renovation of buildings	127	1,000,200		0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208	16,632		16,632
Development expenses claimed in current year	212	10,002		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
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
				0

Potal Additions		0.700.050	0.445	0.740.4
Total Additions		8,726,859	8,445	8,718,4
Deductions:				
Gain on disposal of assets per financial statements	401			
Dividends not taxable under section 83	401			
Capital cost allowance from Schedule 8	402	7,248,414	400 447	6 926 2
· ·		7,240,414	422,147	6,826,2
Terminal loss from Schedule 8	404			
Allowable business investment loss	406			
Deferred and prepaid expenses	409			
Scientific research expenses claimed in year	411			
Tax reserves claimed in current year	413			
Reserves from financial statements - balance at beginning of year	414	4,133,183		4,133,1
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)				
, , , , , , , , , , , , , , , , , , ,				
Interest capitalized for accounting deducted for tax	390			
Capital Lease Payments	391			
Non-taxable imputed interest income on deferral and variance accounts	392			
The transfer impared interest income on determinant and variance decounts	393			
	394			
ARO Payments - Deductible for Tax when Paid	304			
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)				
Total Deductions		11,381,597	422,147	10,959,4
·		, ,	,	, , .
Net Income for Tax Purposes	+	1,726,449	-413,702	2,140,1
to mount in turn uipooo	<u>, </u>	1,120,770	-10,102	-,170,1
Charitable densitions from Cabadula 2	044			
Charitable donations from Schedule 2	311			
Faxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			
Landard State Control of Control	331			
Non-capital losses of preceding taxation years from Schedule 4 Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and	332			
Net-capital losses of preceding taxation years from Schedule 4 (<i>Please include explanation and</i> calculation in Manager's summary)				
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and	332 335			



Schedule 7-1 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

Net Capital Loss Carry Forward Deduction

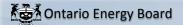
Actual Historical

Non-Capital Loss Carry Forward Deduction	Total	Distribution Portion	Utility Balance	
Actual Historical	C		0	<u>B4</u>
				<u>-</u>
		Non-		
	Total	Distribution	Utility Balance	

Non-

Portion

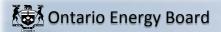
<u>B4</u>



Schedule 8 - Historical Year

Class	Class Description	CC End of Year rical per tax returns	Less: Non-Distribution Portion	UCC Regulated Historical Yea	Wor r Pa _l Refer
1	Distribution System - post 1987	\$ 22,403,327.00		\$ 22,403,327.00	B B B
Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election			-	<u>E</u>
2	Distribution System - pre 1988			-	
8	General Office/Stores Equip	\$ 450,077.00		\$ 450,077.00	1
10	Computer Hardware/ Vehicles	\$ 1,522,572.00		\$ 1,522,572.00	
10.1	Certain Automobiles			-	
12	Computer Software	\$ 120,438.00		\$ 120,438.00	
13 ₁	Lease # 1			\$ -	
13 ₂	Lease #2			\$ -	
13 ₃	Lease # 3			\$ -	1
13 4	Lease # 4			\$ -	1
14	Franchise			\$ -	
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			\$ -	
42	Fibre Optic Cable			\$ -	
43.1	Certain Energy-Efficient Electrical Generating Equipment			\$ -	
43.2	Certain Clean Energy Generation Equipment			\$ -	
45	Computers & Systems Software acq'd post Mar 22/04	\$ 504.00		\$ 504.00	
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	\$ 11,403.00		\$ 11,403.00	
47	Distribution System - post February 2005	\$ 61,082,377.00		\$ 61,082,377.00	1
50	Data Network Infrastructure Equipment - post Mar 2007	\$ 115,361.00		\$ 115,361.00	
52	Computer Hardware and system software			\$ -	
95	CWIP			\$ -	1
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017) ¹	\$ 5,608,524.00	\$ 5,608,524.00	\$ -	1
14.1	Eligible Capital Property (acq'd post Jan 1, 2017) ¹			\$ -	
				\$ -	
				-	
				-	
				-	
				-	
				-	
				-	
)
•	SUB-TOTAL - UCC	91,314,583	5,608,524	85,706,059	9

¹ New CCA class 14.1 effective January 1, 2017. The class includes property that was eligible capital property immediately before January 1, 2017. For tax years that end prior to 2027, transitional rules apply to class 14.1 that were acquired before January 1, 2017.



B13 B13

B13 B13 B13

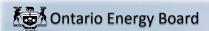
B13 B13

B13 B13

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as	Non-Distribution Eliminations	Utility Only
·	per tax returns		
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting	nurnococ		U
	purposes		0
Reserve for doubtful accounts ss. 20(1)(l) Reserve for goods and services not delivered			0
ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
CHIOT LEX TOCOLVEC			0
			0
			0
			0
			0
			0
Total	0	0	0
Financial Statement Reserves (not deductible	le for Tax Purposes)	•	
General Reserve for Inventory Obsolescence			0
(non-specific)			Ü
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)			U
Unpaid Amounts to Related Person and Not			0
Paid Within 3 Taxation Years ss. 78(1)			
Other			0
Pension and OPEB	4,636,206		4,636,206
			0
Total	4,636,206	0	4,636,206



PILS Tax Provision - Bridge Year

Regulatory Taxable Income

Tax Rate Small Taxes Effective Tax Rate Business Payable Rate (If Applicable) Ontario (Max 11.5%) 11.5% 11.5% \$132,176 11.5% В С Federal (Max 15%) \$ 172,404 15.0% 15.0% 15.0%

Combined effective tax rate (Max 26.5%)

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits
Total Tax Credits

Corporate PILs/Income Tax Provision for Bridge Year

Note:

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

Wires Only

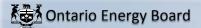
Reference R1

\$ 1,149,359 **A**

26.50% **D = B + C**

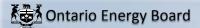
\$ 304,580 E = A * D \$ - F \$ - G \$ - H = F + G

\$ 304,580 I = E - H



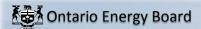
Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	(A + 101 + 102)		4,313,739
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		3,437,114
Amortization of intangible assets	106		758,090
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		27,940
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		25,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	
Reserves from financial statements- balance at end of year	126	B13	5,321,749
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		16,632
Development expenses claimed in current year	212		10,032
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	226		
Share issue expense			
'	235		
Write down of capital property Amounts received in respect of qualifying	236		
environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		



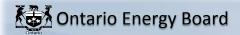
Adjusted Taxable Income - Bridge Year

Other Additions			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit	291		
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			9,586,525
Deductions:		1	
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	B8	8,114,700
Terminal loss from Schedule 8	404	<u>D0</u>	0,114,700
Allowable business investment loss	406		
	409	-	
Deferred and prepaid expenses		+	
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	<u>B13</u>	0
Reserves from financial statements - balance at beginning of year	414	<u>B13</u>	4,636,206
Contributions to deferred income plans	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)			
		1	



Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted			
for tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on	200		
deferral and variance accounts	392		
	393		
	204		
	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	12,750,906
			, ,
Net Income for Tax Purposes		calculated	1,149,359
Charitable donations from Schedule 2	311		,
Taxable dividends deductible under section 112	220		
or 113, from Schedule 3 (item 82)	320		
Non-capital losses of preceding taxation years	331	B4	0
from Schedule 4	331	<u>D4</u>	U
Net-capital losses of preceding taxation years			
from Schedule 4 (Please include explanation	332	<u>B4</u>	0
and calculation in Manager's summary) Limited partnership losses of preceding taxation			
vears from Schedule 4	335		
years from Scriedule 4		ı	
TAXABLE INCOME		calculated	1,149,359
		00.00.000	1,1-0,000



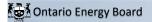
Corporation Loss Continuity and Application

Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	C
Amount to be used in Bridge Year	<u>B1</u>	C
Loss Carry Forward Generated in Bridge Year (if any)	<u>B1</u>	C
Other Adjustments		
Balance available for use post Bridge Year	calculated	(

<u>T4</u>

<u>T4</u>



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		JCC End of Bridge Year	Worki Pape Refere
1	Distribution System - post 1987	<u>H8</u>	\$ 22,403,327.00			\$ 22,403,327	\$ -	\$ 22,403,327	4%	\$ 896,133	\$	21,507,194	T8
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	<u>H8</u>				\$ -	\$ -	\$ -	6%	\$ -	\$	-	T8
2	Distribution System - pre 1988	<u>H8</u>				\$ -	\$ -	\$ -	6%	\$ -	\$	-	<u>T8</u>
8	General Office/Stores Equip	<u>H8</u>	\$ 450,077.00			\$ 450,077	\$ -	\$ 450,077	20%	\$ 90,015	\$	360,062	<u>T8</u>
10	Computer Hardware/ Vehicles	<u>H8</u>	\$ 1,522,572.00			\$ 1,522,572	\$ -	\$ 1,522,572	30%	\$ 456,772	\$	1,065,800	T8 T8 T8
10.1	Certain Automobiles	<u>H8</u>				\$ -	\$	\$ -	30%	\$ -	\$	-	T8 T8 T8
12	Computer Software	<u>H8</u>	\$ 120,438.00			\$ 120,438	\$ -	\$ 120,438	100%	\$ 120,438	\$	-	T8
13 1	Lease # 1	<u>H8</u>				\$ -	\$ -	\$ -		\$ -	\$	-	<u>T8</u>
13 2	Lease #2	<u>H8</u>				\$ -	\$ -	\$ -		\$ -	\$	-	T8
13 3	Lease # 3	<u>H8</u>				\$ -	\$ -	\$ -		\$ -	\$	-	<u>T8</u>
13 4	Lease # 4	<u>H8</u>				\$ -	\$ -	\$ -		\$ -	\$	-	T8 T8 T8
14	Franchise	<u>H8</u>				\$ -	\$ -	\$ -		\$ -	\$	-	T8
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	<u>H8</u>				\$ -	\$ -	\$ -	8%	\$ -	\$	-	T8 T8
42	Fibre Optic Cable	<u>H8</u>				\$ -	\$ -	\$ -	12%	\$ -	\$	-	T8
43.1	Certain Energy-Efficient Electrical Generating Equipment	<u>H8</u>				\$ -	\$ -	\$ -	30%	\$ -	\$	-	T8
43.2	Certain Clean Energy Generation Equipment	<u>H8</u>				\$ -	\$ -	\$ -	50%	\$ -	\$	-	T8
45	Computers & Systems Software acq'd post Mar 22/04	H8	\$ 504.00			\$ 504	\$ -	\$ 504	45%	\$ 227	\$	277	TE
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H8	\$ 11,403.00			\$ 11,403	\$ -	\$ 11,403	30%	\$ 3,421	\$	7,982	T8 T8 T8 T8 T8 T8
47	Distribution System - post February 2005	<u>H8</u>	\$ 61,082,377.00	\$ 3,900,246		\$ 64,982,623	\$ 1,950,123	\$ 63,032,500	8%	\$ 5,042,600	\$	59,940,023	TE
50	Data Network Infrastructure Equipment - post Mar 2007	<u>H8</u>	\$ 115,361.00			\$ 115,361	\$ -	\$ 115,361	55%	\$ 63,449	\$	51,912	T8
52	Computer Hardware and system software	H8				\$ -	\$ -	\$ -	100%	\$ -	\$	-	T8 T8
95	CWIP	H8				\$ -	\$ -	\$ -	0%	\$ -	\$	-	TE
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017) ¹	H8	\$ -			\$ -	\$ -	\$ -	7%	\$ -	\$	-	Т8
14.1	Eligible Capital Property (acg'd post Jan 1, 2017) ¹	H8				\$ -	\$ -	\$ -	5%	\$ -	\$	-	Т8
						\$ -	\$ -	\$ -		\$ -	\$	-	1
8	General Office/Stores Equip - Enhanced CCA			\$ 105,842		\$ 105,842	-\$ 52,921	\$ 158,763	20%	\$ 31,753	\$	74,090	.1
10	Computer Hardware/ Vehicles - Enhanced CCA			\$ 700,972		\$ 700,972	-\$ 350,486	\$ 1,051,458	30%	\$ 315,437	\$	385,535	,1
12	Computer Software - Enhanced CCA			\$ 104,622		\$ 104,622	\$ -	\$ 104,622	100%	\$ 104,622	\$	-	1
47	Distribution System - post February 2005 - Enhanced CCA			\$ 7,224,226		\$ 7,224,226	-\$ 3,612,113	\$ 10,836,339	8%	\$ 866,907	\$	6,357,319	,1
50	Data Network Infrastructure Equipment - post Mar 2007 - Enhanced CCA			\$ 149,002		\$ 149,002	-\$ 74,501	\$ 223,502	55%	\$ 122,926	\$	26,075	.1
						\$ -	\$ -	\$ -		\$ -	\$		1
						\$ -	\$ -	\$ -		\$ -	\$	-	1
	TOTAL		\$ 85,706,059	\$ 12,184,910	\$ -	\$ 97,890,969	-\$ 2,139,898	\$ 100,030,867		\$ 8,114,700	B1 \$	89,776,269	1

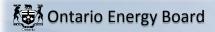
^{1.} New CCA class 14.1 effective January 1, 2017. The class includes property that was eligible capital property immediately before January 1, 2017. For tax years that end prior to 2027, transitional rules apply to class 14.1 that were acquired before January 1, 2017



Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

						Bridge Year					
Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Additions	Disposals	Balance for Bridge Year		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(I)	<u>H13</u>	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	<u>T13</u>	0	
Debt & Share Issue Expenses ss. 20(1)(e)	H13	0		0				0	<u>T13</u>	0	
Other tax reserves	H13	0		0				0	<u>T13</u>	0	
		0		0				0		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)	H13	0		0				0	T13	0	
General reserve for inventory Obsolescence (non-specific) General reserve for bad debts	H13	0		0				0	T13	0	
Accrued Employee Future Benefits:	H13	0		0				0	T13	0	
- Medical and Life Insurance	H13	0		0				0	T13	0	
		0		0				0	T13	0	
-Short & Long-term Disability	H13	0		0				0	T13	0	
-Accmulated Sick Leave	H13	0		0				0		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	<u>T13</u>	0	
Restructuring Costs	H13	0		0				0	<u>T13</u>	0	
Accrued Contingent Litigation Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Accrued Self-Insurance Costs	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other Contingent Liabilities	<u>H13</u>	0		0				0	<u>T13</u>	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	<u>H13</u>	0		0				0	<u>T13</u>	0	
Other	H13	0		0				0	T13	0	
Pension and OPEB	H13	4,636,206		4,636,206		1,184,596	499,053	5,321,749		685,543	
		0		0				0		0	
Total		4,636,206	0	4,636,206	<u>B1</u>	1,184,596	499,053	5,321,749	<u>B1</u>	685,543	0



PILs Tax Provision - Test Year

Wires Only

T1 \$ 926,305 **A**

Regulatory Taxable Income	
---------------------------	--

Ontario (Max 11.5%) Federal (Max 15%)

Tax Rate	Small Business Rate	Taxe	s Payable	Effective Tax	Rate
	(If Applicable)		•		
11.5%	11.5%	\$	106,525	11.5%	В
15.0%	15.0%	\$	138.946	15.0%	С

Combined effective tax rate (Max 26.5%)

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Test Year

Corporate PILs/Income Tax Provision Gross Up 1

26.50%	\mathbf{r}	_ D		\sim
20.50%	$\mathbf{\nu}$	= 0	•	·

245.471	E = A * D	

\$ -	F
\$ -	G
\$ -	H = F + G

S. Summary

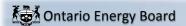
73.50% J = 1-D \$ 88,503 K = I/J-I

\$ 333,974 L = K + I S. Summary

Income Tax (grossed-up)

Note:

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



Taxable Income - Test Year

		Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		<u>A.</u>	4,305,854
	T2 S1 line #		
Additions:	12 01 11110 #		
Interest and penalties on taxes	103		
Amortization of tangible assets	104		3,735,666
2-4 ADJUSTED ACCOUNTING DATA P489 Amortization of intangible assets	400		
2-4 ADJUSTED ACCOUNTING DATA P490	106		761,97
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 Loss on disposal of assets	110		
Charitable donations	111 112		27,940
Taxable Capital Gains	113		21,940
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		25,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans Tax reserves beginning of year	124	T10	(
Reserves from financial statements- balance at	125	<u>T13</u>	
end of year Soft costs on construction and renovation of	126	<u>T13</u>	5,612,50
buildings Book loss on joint ventures or partnerships	127 205		
Capital items expensed	206		
Debt issue expense	208		16,632
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 Non-deductible legal and accounting fees	227 228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and	237		
12(1)(z.2) Other Additions: (please explain in detail the			
nature of the item)	200		
Interest Expensed on Capital Leases Realized Income from Deferred Credit Accounts	290 291		
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			
THO TOUR HIVESUNGILL TON CIEURS IECEIVED			

Total Additions			40 470 722
Deductions:			10,179,723
Gain on disposal of assets per financial	404	+	
statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	<u>T8</u>	8,237,522
Terminal loss from Schedule 8	404		
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		_
Tax reserves end of year	413	<u>T13</u>	0
Reserves from financial statements - balance at beginning of year	414	<u>T13</u>	5,321,749
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	000		
nature of the item)			
Interest capitalized for accounting deducted for	390		
tax		+	
Capital Lease Payments Non-taxable imputed interest income on deferral	391	_	
and variance accounts	392		
1	393		
1	394	+	
1		_	
1	395		
1	396		
1	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 Dadustiana		coloulated	42 EE0 274
Total Deductions		calculated	13,559,271
NET INCOME FOR TAX PURPOSES		coloulated	026 205
NET INCOME FOR TAX PURPOSES		calculated	926,305
Charitable donations	311	+	
Taxable dividends received under section 112 or		+	
113	320		
Non-capital losses of preceding taxation years from	331	T4	0
Schedule 7-1	JJ 1	14	U
Net-capital losses of preceding taxation years	332	T4	0
(Please show calculation) Limited partnership losses of preceding taxation		+	
years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	926,305
· · · · ·			

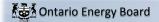


Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Working Paper Reference	Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year Carried Forward	<u>B4</u>	0		0
Amount to be used in Test Year and Price Cap Years	<u>T1</u>	0		0
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
Amount to be used in Test Year	calculated	0		0
Loss Carry Forward Generated in Test Year (if any)	<u>T1</u>	0		0
Other Adjustments				0
Balance available for use in Future Years	calculated	0		0

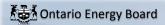
Net Capital Loss Carry Forward Deduction		Total	Non- Distribution Portion	Utility Balance
Actual/Estimated Bridge Year Carried Forward	<u>B4</u>	0		0
Amount to be used in Test Year and Price Cap Years				0
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
Amount to be used in Test Year	<u>T1</u>	0		0
Loss Carry Forward Generated in Test Year (if any)				0
Other Adjustments				0
Balance available for use in Future Years		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	U	CC End of Test Year
1	Distribution System - post 1987	<u>B8</u>	\$ 21,507,194			\$ 21,507,194	\$ -	\$ 21,507,194	4%	\$ 860,288	\$	20,646,906
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>	\$ 360,062			\$ 360,062	\$ -	\$ 360,062	20%	\$ 72,012	\$	288,049
10	Computer Hardware/ Vehicles	<u>B8</u>	\$ 1,065,800			\$ 1,065,800	\$ -	\$ 1,065,800	30%	\$ 319,740	\$	746,060
10.1	Certain Automobiles	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$	-
12	Computer Software	<u>B8</u>	\$ -			\$ -	\$ -	\$ -	100%	\$ -	\$	-
13 1	Lease # 1	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
13 2	Lease #2	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
13 3	Lease # 3	B8	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
13 4	Lease # 4	<u>B8</u>	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
14	Franchise	B8	\$ -			\$ -	\$ -	\$ -		\$ -	\$	-
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than BI	B8	\$ -			\$ -	\$ -	\$ -	8%	\$ -	\$	-
42	Fibre Optic Cable	B8	\$ -			\$ -	\$ -	\$ -	12%	\$ -	\$	-
43.1	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	B8	\$ 277			\$ 277	\$ -	\$ 277	45%	\$ 125	\$	152
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	\$ 7,982			\$ 7,982	\$ -	\$ 7,982	30%	\$ 2,395	\$	5,587
47	Distribution System - post February 2005	<u>B8</u>	\$ 59,940,023			\$ 59,940,023	\$ -	\$ 59,940,023	8%	\$ 4,795,202	\$	55,144,821
50	Data Network Infrastructure Equipment - post Mar 2007	B8	\$ 51,912			\$ 51,912	\$ -	\$ 51,912	55%	\$ 28,552	\$	23,361
52	Computer Hardware and system software	B8	\$ -			\$ -	\$ -	\$ -	100%	\$ -	\$	-
95	CWIP	B8	\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	-
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)1	B8	\$ -			\$ -	\$ -	\$ -	7%	\$ -	\$	-
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)1	B8	\$ -			\$ -	\$ -	\$ -	5%	\$ -	\$	-
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	-
8	General Office/Stores Equip - Enhanced CCA		\$ 74,090	104,899		\$ 178,989	-\$ 52,450	\$ 231,438	20%	\$ 46,288	\$	132,701
10	Computer Hardware/ Vehicles - Enhanced CCA		\$ 385,535	740,557		\$ 1,126,092	-\$ 370,278	\$ 1,496,370	30%	\$ 448,911	\$	677,181
	Computer Software - Enhanced CCA		\$ -	72,651		\$ 72,651	\$ -	\$ 72,651	100%	\$ 72,651	\$	-
47	Distribution System - post February 2005 - Enhanced CCA	_	\$ 6,357,319	7,340,231		\$ 13,697,550	-\$ 3,670,116	\$ 17,367,666	8%	\$ 1,389,413	\$	12,308,137
50	Data Network Infrastructure Equipment - post Mar 2007 - Enhanced CCA		\$ 26,075	227,400		\$ 253,475	-\$ 113,700	\$ 367,175	55%	\$ 201,946	\$	51,529
		_	\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	-
			\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$	-
	TOTAL		\$ 89,776,269	\$ 8,485,738	\$ -	\$ 98,262,007	-\$ 4,206,544	\$ 102,468,551		\$ 8,237,522	<u>T1</u> \$	90,024,485

^{1.} New CCA class 14.1 effective January 1, 2017. The class includes property that was eligible capital property immediately before January 1, 2017. For tax years that end prior to 2027, transitional rules apply to class 14.1 that were acquired before January 1, 2017



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	B13	0		0				0		0	
-Short & Long-term Disability	B13	0		0				0		0	
-Accmulated Sick Leave	B13	0		0				0		0	
- Termination Cost	B13	0		0				0		0	
- Other Post-Employment Benefits	B13	0		0				0		0	
Provision for Environmental Costs	B13	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	1
Other	B13	0		0				0		0)
Pension and OPEB		5,321,749		5,321,749		802,047	511,288	5,612,508		290,759	
		0		0				0		0	
Total		5,321,749	0	5,321,749	<u>T1</u>	802,047	511,288	5,612,508	<u>T1</u>	290,759	0