

Income Tax/PILs Workform for 2019 Filers

Version 1.10

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Assigned EB Number	EB-2019-0019
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Date	
Last COS Re-based Year	2015

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

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

Instructions

Purpose

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

Tab **S Summary** is a summary of the amounts to be transferred to the 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 **T4**)
- capital cost allowance (Schedule 8 - **B8** and **T8**)
- 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 **H0** to **H13** relate to the Historical Year.

Tabs **B0** to **B13** relate to the Bridge Year.

Tabs **T0** to **T13** relate to the Test Year.

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.



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[1. Info](#)

[S. Summary](#)

[A. Data Input Sheet](#)

[B. Tax Rates & Exemptions](#)

Historical Year

[H0 - PILs, Tax Provision Historical Year](#)

[H1 - Adj. Taxable Income Historical Year](#)

[H4 - Schedule 4 Loss Carry Forward Historical Year](#)

[H8 - Schedule 8 Historical](#)

[H13 - Schedule 13 Tax Reserves Historical](#)

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](#)

[B13 - Schedule 13 Tax Reserves Bridge Year](#)

Test Year

[T0 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](#)

Income Tax/PILs Workform for 2019 Filers

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)	T0	245,471
Test Year - Grossed-up PILs	T0	333,974
Effective Federal Tax Rate	T0	15.0%
Effective Ontario Tax Rate	T0	11.5%
<u>Calculation of Adjustments required to arrive at Taxable Income</u>		
Regulatory Income (before income taxes)	T1	4,305,854
Taxable Income	T1	926,305
Difference	calculated	-3,379,548 as above

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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:

	Item	Utility Confirmation (Y/N)	Notes
1	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	
2	The capital additions and deductions in the UCC/CCA Schedule 8 agree with the rate base section for historical, bridge and test years	Y	
3	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 must segregate non-distribution tax amounts on Schedule 8.	N/A	2018 corporate tax return not yet filed as of cost of service submission date, Schedule 8 2018 draft values input into this model.
4	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 schedules for the same years filed in the application.	Y	
5	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	
7	CCA is maximized even if there are tax loss carry-forwards.	Y	
8	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.	Y	

Income Tax/PILs Workform for 2019 Filers

Rate Base
Return on Ratebase

Deemed ShortTerm Debt %
Deemed Long Term Debt %
Deemed Equity %

Short Term Interest Rate

Long Term Interest

Return on Equity (Regulatory Income)

Return on Rate Base

		Test Year	Bridge Year
S	\$	119,873,438	\$ 114,788,517
T	\$	4,794,938	$W = S * T$
U	\$	67,129,125	$X = S * U$
V	\$	47,949,375	$Y = S * V$
Z	\$	135,217	$AC = W * Z$
AA	\$	3,322,892	$AD = X * AA$
AB	\$	4,305,854	$AE = Y * AB$ T1
	\$	7,763,963	$AF = AC + AD + AE$

Questions that must be answered

- Does the applicant have any Investment Tax Credits (ITC)?
- Does the applicant have any SRED Expenditures?
- Does the applicant have any Capital Gains or Losses for tax purposes?
- Does the applicant have any Capital Leases?
- Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?
- Since 1999, has the applicant acquired another regulated applicant's assets?
- Did the applicant pay dividends?
If Yes, please describe what was the tax treatment in the manager's summary.
- Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?

Historical Year	Bridge Year	Test Year
No	No	No
No	No	No
Yes	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No



Income Tax/PILs Workform for 2019 Filers

Tax Rates

Federal & Provincial As of June 29, 2018

Federal income tax

General corporate rate

Federal tax abatement

Adjusted federal rate

Rate reduction

Federal Income Tax

Ontario income tax

Combined federal and Ontario

Federal & Ontario Small Business

Federal small business threshold

Ontario Small Business Threshold

Federal small business rate

Ontario small business rate

	Effective January 1, 2014	Effective January 1, 2015	Effective January 1, 2016	Effective January 1, 2017	Effective January 1, 2018	Effective January 1, 2019
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario income tax	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Combined federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Federal small business threshold	500,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	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.



Income Tax/PILs Workform for 2019 Filers

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%
15.00%

B
C

[H1](#)

Wires Only

\$ 2,140,151 A

26.50% D = B+C

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

\$ 567,140 E = A * D

\$ - F

\$ - G

\$ - H = F + G

Corporate PILs/Income Tax Provision for Historical Year

\$ 567,140 I = E - H



Income Tax/PILs Workform for 2019 Filers

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			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			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			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

				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		8,726,859	8,445	8,718,414
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	7,248,414	422,147	6,826,267
Terminal loss from Schedule 8	404			0
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414	4,133,183		4,133,183
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions: (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
	393			0
	394			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		11,381,597	422,147	10,959,450
Net Income for Tax Purposes		1,726,449	-413,702	2,140,151
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		1,726,449	-413,702	2,140,151



Ontario Energy Board

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Schedule 7-1 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

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

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

[B4](#)

[B4](#)

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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	\$ 22,403,327.00		\$ 22,403,327.00	B8
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election			\$ -	B8
2	Distribution System - pre 1988			\$ -	B8
8	General Office/Stores Equip	\$ 450,077.00		\$ 450,077.00	B8
10	Computer Hardware/ Vehicles	\$ 1,522,572.00		\$ 1,522,572.00	B8
10.1	Certain Automobiles			\$ -	B8
12	Computer Software	\$ 120,438.00		\$ 120,438.00	B8
13₁	Lease # 1			\$ -	B8
13₂	Lease #2			\$ -	B8
13₃	Lease # 3			\$ -	B8
13₄	Lease # 4			\$ -	B8
14	Franchise			\$ -	B8
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			\$ -	B8
42	Fibre Optic Cable			\$ -	B8
43.1	Certain Energy-Efficient Electrical Generating Equipment			\$ -	B8
43.2	Certain Clean Energy Generation Equipment			\$ -	B8
45	Computers & Systems Software acq'd post Mar 22/04	\$ 504.00		\$ 504.00	B8
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	\$ 11,403.00		\$ 11,403.00	B8
47	Distribution System - post February 2005	\$ 61,082,377.00		\$ 61,082,377.00	B8
50	Data Network Infrastructure Equipment - post Mar 2007	\$ 115,361.00		\$ 115,361.00	B8
52	Computer Hardware and system software			\$ -	B8
95	CWIP			\$ -	B8
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017) ¹	\$ 5,608,524.00	\$ 5,608,524.00	\$ -	B8
14.1	Eligible Capital Property (acq'd post Jan 1, 2017) ¹			\$ -	B8
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
	SUB-TOTAL - UCC	91,314,583	5,608,524	85,706,059	0

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.



Income Tax/PILs Workform for 2019 Filers

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	B13
Tax Reserves Not Deducted for accounting purposes				
Reserve for doubtful accounts ss. 20(1)(l)			0	B13
Reserve for goods and services not delivered ss. 20(1)(m)			0	B13
Reserve for unpaid amounts ss. 20(1)(n)			0	B13
Debt & Share Issue Expenses ss. 20(1)(e)			0	B13
Other tax reserves			0	B13
			0	
			0	
			0	
			0	
Total	0	0	0	
Financial Statement Reserves (not deductible for Tax Purposes)				
General Reserve for Inventory Obsolescence (non-specific)			0	B13
General reserve for bad debts			0	B13
Accrued Employee Future Benefits:			0	B13
- Medical and Life Insurance			0	B13
- Short & Long-term Disability			0	B13
- Accumulated Sick Leave			0	B13
- Termination Cost			0	B13
- Other Post-Employment Benefits			0	B13
Provision for Environmental Costs			0	B13
Restructuring Costs			0	B13
Accrued Contingent Litigation Costs			0	B13
Accrued Self-Insurance Costs			0	B13
Other Contingent Liabilities			0	B13
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0	B13
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0	B13
Other			0	B13
Pension and OPEB	4,636,206		4,636,206	
			0	
Total	4,636,206	0	4,636,206	



Income Tax/PILs Workform for 2019 Filers

PILS Tax Provision - Bridge Year

Regulatory Taxable Income

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

Wires Only

Reference

[B1](#)\$ 1,149,359 **A**26.50% **D = B + C**\$ 304,580 **E = A * D**\$ - **F**\$ - **G**\$ - **H = F + G**\$ 304,580 **I = E - H**

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.



Income Tax/PILs Workform for 2019 Filers

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	0
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		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		



Income Tax/PILs Workform for 2019 Filers

Adjusted Taxable Income - Bridge Year

Other Additions			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit 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:			
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		
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	0
Reserves from financial statements - balance at beginning of year	414	B13	4,636,206
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)			



Income Tax/PILs Workform for 2019 Filers

Adjusted Taxable Income - Bridge Year

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)			
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 or 113, from Schedule 3 (item 82)	320		
Non-capital losses of preceding taxation years from Schedule 4	331	B4	0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	B4	0
Limited partnership losses of preceding taxation years from Schedule 4	335		
TAXABLE INCOME		calculated	1,149,359



Ontario Energy Board

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Corporation Loss Continuity and Application

Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	H4	0
Amount to be used in Bridge Year	B1	0
Loss Carry Forward Generated in Bridge Year (if any)	B1	0
Other Adjustments		
Balance available for use post Bridge Year	calculated	0

[T4](#)

Net Capital Loss Carry Forward Deduction		Total
Actual Historical	H4	0
Amount to be used in Bridge Year		
Loss Carry Forward Generated in Bridge Year (if any)	B1	
Other Adjustments		
Balance available for use post Bridge Year	calculated	0

[T4](#)



Income Tax/PILs Workform for 2019 Filers

Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year	Working Paper Reference
1	Distribution System - post 1987	H8	\$ 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	H8				\$ -	\$ -	\$ -	6%	\$ -	\$ -	T8
2	Distribution System - pre 1988	H8				\$ -	\$ -	\$ -	6%	\$ -	\$ -	T8
8	General Office/Stores Equip	H8	\$ 450,077.00			\$ 450,077	\$ -	\$ 450,077	20%	\$ 90,015	\$ 360,062	T8
10	Computer Hardware/ Vehicles	H8	\$ 1,522,572.00			\$ 1,522,572	\$ -	\$ 1,522,572	30%	\$ 456,772	\$ 1,065,800	T8
10.1	Certain Automobiles	H8				\$ -	\$ -	\$ -	30%	\$ -	\$ -	T8
12	Computer Software	H8	\$ 120,438.00			\$ 120,438	\$ -	\$ 120,438	100%	\$ 120,438	\$ -	T8
13.1	Lease # 1	H8				\$ -	\$ -	\$ -		\$ -	\$ -	T8
13.2	Lease #2	H8				\$ -	\$ -	\$ -		\$ -	\$ -	T8
13.3	Lease # 3	H8				\$ -	\$ -	\$ -		\$ -	\$ -	T8
13.4	Lease # 4	H8				\$ -	\$ -	\$ -		\$ -	\$ -	T8
14	Franchise	H8				\$ -	\$ -	\$ -		\$ -	\$ -	T8
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	H8				\$ -	\$ -	\$ -	8%	\$ -	\$ -	T8
42	Fibre Optic Cable	H8				\$ -	\$ -	\$ -	12%	\$ -	\$ -	T8
43.1	Certain Energy-Efficient Electrical Generating Equipment	H8				\$ -	\$ -	\$ -	30%	\$ -	\$ -	T8
43.2	Certain Clean Energy Generation Equipment	H8				\$ -	\$ -	\$ -	50%	\$ -	\$ -	T8
45	Computers & Systems Software acq'd post Mar 22/04	H8	\$ 504.00			\$ 504	\$ -	\$ 504	45%	\$ 227	\$ 277	T8
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
47	Distribution System - post February 2005	H8	\$ 61,082,377.00	\$ 3,900,246		\$ 64,982,623	\$ 1,950,123	\$ 63,032,500	8%	\$ 5,042,600	\$ 59,940,023	T8
50	Data Network Infrastructure Equipment - post Mar 2007	H8	\$ 115,361.00			\$ 115,361	\$ -	\$ 115,361	55%	\$ 63,449	\$ 51,912	T8
52	Computer Hardware and system software	H8				\$ -	\$ -	\$ -	100%	\$ -	\$ -	T8
95	CWIP	H8				\$ -	\$ -	\$ -	0%	\$ -	\$ -	T8
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017) ¹	H8	\$ -			\$ -	\$ -	\$ -	7%	\$ -	\$ -	T8
14.1	Eligible Capital Property (acq'd post Jan 1, 2017) ¹	H8				\$ -	\$ -	\$ -	5%	\$ -	\$ -	T8
8	General Office/Stores Equip - Enhanced CCA			\$ 105,842		\$ 105,842	\$ 52,921	\$ 158,763	20%	\$ 31,753	\$ 74,090	
10	Computer Hardware/ Vehicles - Enhanced CCA			\$ 700,972		\$ 700,972	\$ 350,486	\$ 1,051,458	30%	\$ 315,437	\$ 385,535	
12	Computer Software - Enhanced CCA			\$ 104,622		\$ 104,622	\$ -	\$ 104,622	100%	\$ 104,622	\$ -	
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	
50	Data Network Infrastructure Equipment - post Mar 2007 - Enhanced CCA			\$ 149,002		\$ 149,002	\$ 74,501	\$ 223,502	55%	\$ 122,926	\$ 26,075	
						\$ -	\$ -	\$ -		\$ -	\$ -	
						\$ -	\$ -	\$ -		\$ -	\$ -	
						\$ -	\$ -	\$ -		\$ -	\$ -	
	TOTAL		\$ 85,706,059	\$ 12,184,910	\$ -	\$ 97,890,969	\$ 2,139,898	\$ 100,030,867		\$ 8,114,700	\$ 89,776,269	B1

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

Income Tax/PILs Workform for 2019 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
					Additions	Disposals			
Capital Gains Reserves ss.40(1)	H13	0		0			0	T13	0
Tax Reserves Not Deducted for accounting purposes									
Reserve for doubtful accounts ss. 20(1)(l)	H13	0		0			0	T13	0
Reserve for goods and services not delivered ss. 20(1)(m)	H13	0		0			0	T13	0
Reserve for unpaid amounts ss. 20(1)(n)	H13	0		0			0	T13	0
Debt & Share Issue Expenses ss. 20(1)(e)	H13	0		0			0	T13	0
Other tax reserves	H13	0		0			0	T13	0
		0		0			0		0
		0		0			0		0
Total		0	0	0	B1	0	0	B1	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 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
- Short & Long-term Disability	H13	0		0			0	T13	0
- Accumulated Sick Leave	H13	0		0			0	T13	0
- Termination Cost	H13	0		0			0	T13	0
- Other Post-Employment Benefits	H13	0		0			0	T13	0
Provision for Environmental Costs	H13	0		0			0	T13	0
Restructuring Costs	H13	0		0			0	T13	0
Accrued Contingent Litigation Costs	H13	0		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)	H13	0		0			0	T13	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	B1	1,184,596	499,053	B1	685,543



Income Tax/PILs Workform for 2019 Filers

PILs Tax Provision - Test Year

Regulatory Taxable Income

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	11.5%	\$ 106,525	11.5%	B
Federal (Max 15%)	15.0%	15.0%	\$ 138,946	15.0%	C

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

Income Tax (grossed-up)

Note:

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

Wires Only

[T1](#) \$ 926,305 **A**

26.50% **D = B + C**

\$ 245,471 **E = A * D**

\$ - **F**

\$ - **G**

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

\$ 245,471 **I = E - H**

[S. Summary](#)

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

\$ 333,974 **L = K + I**

[S. Summary](#)

Taxable Income - Test Year[illegible]

Total Additions			10,179,723
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	T8	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	T13	0
Reserves from financial statements - balance at beginning of year	414	T13	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 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		
1	393		
1	394		
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 Deductions		calculated	13,559,271
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 Schedule 7-1	331	T4	0
Net-capital losses of preceding taxation years (Please show calculation)	332	T4	0
Limited partnership losses of preceding taxation years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	926,305

T10



Income Tax/PILs Workform for 2019 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

	Working Paper Reference	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction				
Actual/Estimated Bridge Year Carried Forward	<u>B4</u>	0		0
Amount to be used in Test Year and Price Cap Years	<u>I1</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>I1</u>	0		0
Other Adjustments				0
Balance available for use in Future Years	calculated	0		0

		Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction				
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>I1</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

Income Tax/PILs Workform for 2019 Filers

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	B8	\$ 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	B8	\$ -			\$ -	\$ -	\$ -	6%	\$ -	\$ -
2	Distribution System - pre 1988	B8	\$ -			\$ -	\$ -	\$ -	6%	\$ -	\$ -
8	General Office/Stores Equip	B8	\$ 360,062			\$ 360,062	\$ -	\$ 360,062	20%	\$ 72,012	\$ 288,049
10	Computer Hardware/ Vehicles	B8	\$ 1,065,800			\$ 1,065,800	\$ -	\$ 1,065,800	30%	\$ 319,740	\$ 746,060
10.1	Certain Automobiles	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$ -
12	Computer Software	B8	\$ -			\$ -	\$ -	\$ -	100%	\$ -	\$ -
13.1	Lease # 1	B8	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
13.2	Lease #2	B8	\$ -			\$ -	\$ -	\$ -		\$ -	\$ -
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	\$ 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	B8	\$ 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
12	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	\$ 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

Income Tax/PILs Workform for 2019 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	Change During the Year	Disallowed Expenses
					Additions	Disposals			
Capital Gains Reserves ss.40(1)	B13	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes									
Reserve for doubtful accounts ss. 20(1)(l)	B13	0		0	0	0	0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0			0	0	
Other tax reserves	B13	0		0			0	0	
		0		0			0	0	
		0		0			0	0	
Total		0	0	0	T1	0	0	T1	0
Financial Statement Reserves (not deductible for Tax Purposes)									
General Reserve for Inventory Obsolescence (non-specific)	B13	0		0			0	0	
General reserve for bad debts	B13	0		0			0	0	
Accrued Employee Future Benefits:	B13	0		0			0	0	
- Medical and Life Insurance	B13	0		0			0	0	
- Short & Long-term Disability	B13	0		0			0	0	
- Accumulated 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)	B13	0		0			0	0	
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	T1	802,047	5,612,508	T1	290,759