



Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Version 1.20

Utility Name Burlington Hydro Inc.

Assigned EB Number EB-2020-0007

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Date October 31, 2020

Last COS Re-based Year 2014



Ontario Energy Board

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Bridge Year

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Test Year

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Income Tax/PILs Workform for 2021 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	-3,346,740
Test Year - Payments in Lieu of Taxes (PILs)	T0	336,024
Test Year - Grossed-up PILs	T0	457,175
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	5,063,498
Taxable Income	T1	1,716,757
Difference	calculated	-3,346,740 as above

Income Tax/PILs Workform for 2021 Filers

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 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.	Y	
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 CCA Schedule 8 for the same years filed in the application	Y	
5	Loss carry-forwards, if any, from prior year tax returns' Schedule 4 agree with those disclosed in the application	Y	
6	A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized	N	LCF estimated in the bridge year are applied in the test year.
7	CCA is maximized even if there are tax loss carry-forwards	Y	
8	Other post-employment benefits and pension expenses that are added back on Schedule 1 to reconcile accounting income to net income for tax purposes agree with the OM&A analysis for compensation. The amounts deducted are reasonable when compared with the notes to the audited financial statements, Financial Services Commission of Ontario reports, and actuarial valuations.	Y	
9	The income tax rate used to calculate the tax expense is consistent with the utility's actual tax facts and evidence filed in the application	Y	

Income Tax/PILs Workform for 2021 Filers

		Test Year	Bridge Year
Rate Base	S	\$ 148,576,805	\$ 152,457,057
Return on Ratebase			
Deemed ShortTerm Debt %	4.00%	T \$ 5,943,072	$W = S * T$
Deemed Long Term Debt %	56.00%	U \$ 83,203,011	$X = S * U$
Deemed Equity %	40.00%	V \$ 59,430,722	$Y = S * V$
Short Term Interest Rate	2.75%	Z \$ 163,434	$AC = W * Z$
Long Term Interest	3.38%	AA \$ 2,813,519	$AD = X * AA$
Return on Equity (Regulatory Income)	8.52%	AB \$ 5,063,498	$AE = Y * AB$ T1
Return on Rate Base		\$ 8,040,451	$AF = AC + AD + AE$

Questions that must be answered

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

Income Tax/PILs Workform for 2021 Filers

Tax Rates

Federal & Provincial As of MMM XX, 2019

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 Limit
Ontario Small Business Limit

Federal Small Business Rate

Ontario Small Business Rate

	Effective January 1, 2015	Effective January 1, 2016	Effective January 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021
General Corporate Rate	38.00%	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%	-10.00%
Adjusted Federal Rate	28.00%	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%	-13.00%
Federal Income Tax	15.00%	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%	11.50%
Combined Federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Federal Small Business Limit	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Limit	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Federal Small Business Rate	11.00%	10.50%	10.50%	10.00%	9.00%	9.00%	9.00%
Ontario Small Business Rate	4.50%	4.50%	4.50%	3.50%	3.50%	3.20%	3.20%

Notes

- The Ontario Energy Board's proxy for taxable capital is rate base.
- Regarding the small business deduction, if applicable,
 - If taxable capital exceeds \$15 million, the small business rate will not be applicable.
 - If taxable capital is below \$10 million, the small business rate would be applicable.
 - If taxable capital is between \$10 million and \$15 million, the appropriate small business rate will be calculated.



Income Tax/PILs Workform for 2021 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%

B

15.00%

C

Wires Only

H1

-\$ 1,524,915 A

26.50% D = B+C

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

-\$ 404,102 E = A * D

\$ 7,821 F

-\$ 135,865 G

-\$ 128,044 H = F + G

Corporate PILs/Income Tax Provision for Historical Year

\$ - I = E - H



Income Tax/PILs Workform for 2021 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)	6,237,202		6,237,202
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	6,316,605		6,316,605
Amortization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Income inclusion under subparagraph 13(38)(d)(iii) from Schedule 10	108			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	82,540		82,540
Charitable donations and gifts from Schedule 2	112	25,100		25,100
Taxable capital gains from Schedule 6	113			0
Political contributions	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118	282,931		282,931
Capitalized interest	119			0
Non-deductible club dues and fees	120	1,700		1,700
Non-deductible meals and entertainment expense	121	18,136		18,136
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 the end of the year	126	4,659,718		4,659,718
Soft costs on construction and renovation of buildings	127			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other additions				
Interest Expensed on Capital Leases	295			0
Realized Income from Deferred Credit Accounts	295			0
Pensions	295			0
Non-deductible penalties	295			0
	295			0
Inducement under ITA 12(1)(x)	295	20,064		20,064
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))		6,214,032		6,214,032
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))		9,948,532		9,948,532
Prior Year Investment Tax Credits received				0
Movement in Sch 13s reversed as part of OCI		496,500		496,500
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		28,065,858	0	28,065,858



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Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Deductions:				
Gain on disposal of assets per financial statements	401			0
Non-taxable dividends under section 83	402			0
Capital cost allowance from Schedule 8	403	10,259,615		10,259,615
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	222,744		222,744
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414	5,100,343		5,100,343
Contributions to deferred income plans	416	197,131		197,131
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions				
Interest capitalized for accounting deducted for tax	395			0
Capital Lease Payments	395			0
Non-taxable imputed interest income on deferral and variance accounts	395			0
Non-taxable/deductible other comprehensive income items	395	364,934		364,934
	395			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received		6,214,032		6,214,032
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve		9,948,532		9,948,532
Principal portion of lease payments		197,224		197,224
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
Tax recovery incl. in net movements in reg. balance on P&L		1,336,746		1,336,746
Overhead capitalized for accounting		393,791		393,791
Amortization of deferred capital contributions		477,936		477,936
Net movement in regulatory balances		646,151		646,151
SR&ED cost capitalized for accounting		231,883		231,883
Reverse SR&ED credits booked in NI		97,754		97,754
Remove PPE item net movement in regulatory balances		139,159		139,159
Total Deductions		35,827,975	0	35,827,975
Net Income for Tax Purposes				
		-1,524,915	0	-1,524,915
Charitable donations from Schedule 2	311	0		0
Taxable dividends received under section 112 or 113	320			0
Non-capital losses of previous tax years from Schedule 4	331			0
Net capital losses of previous tax years from Schedule 4	332			0
Limited partnership losses of previous tax years from Schedule 4	335			0
TAXABLE INCOME		-1,524,915	0	-1,524,915



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Schedule 4 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

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

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual Historical	85,869	0	85,869

[B4](#)

[B4](#)

Income Tax/PILs Workform for 2021 Filers

Schedule 8 - Historical Year

[illegible]



Income Tax/PILs Workform for 2021

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 purposes			
Reserve for doubtful accounts ss. 20(1)(l)			0
Reserve for undelivered goods and services not rendered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & share issue expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
Total	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)			
General reserve for inventory obsolescence (non-specific)			0
General reserve for bad debts	170,000		170,000
Accrued Employee Future Benefits:	4,489,718		4,489,718
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accumulated 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 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	4,659,718	0	4,659,718

[B13](#)



Income Tax/PILs Workform for 2021 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%	-\$ 32,747	11.5%	B
Federal (Max 15%)	15.0%	15.0%	-\$ 42,713	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](#)-\$ 284,753 **A**26.50% **D = B + C**\$ - **E = A * D**\$ - **F**-\$ 86,504 **G**-\$ 86,504 **H = F + G**\$ 86,504 **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 2021 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	(A + 101 + 102)		3,724,513
Additions:			
Interest and penalties on taxes	103		0
Amortization of tangible assets	104		6,462,454
Amortization of intangible assets	106		0
Recapture of capital cost allowance from Schedule 8	107	B8	0
Income inclusion under subparagraph 13(38)(d)(iii)	108		0
Income or loss for tax purposes- joint ventures or partnerships	109		0
Loss in equity of subsidiaries and affiliates	110		0
Loss on disposal of assets	111		0
Charitable donations and gifts from Schedule 2	112		34,603
Taxable capital gains	113		0
Political contributions	114		0
Deferred and prepaid expenses	116		0
Scientific research expenditures deducted on financial statements	118		291,161
Capitalized interest	119		0
Non-deductible club dues and fees	120		1,700
Non-deductible meals and entertainment expense	121		18,136
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	B13	0
Reserves from financial statements- balance at end of year	126	B13	4,765,000
Soft costs on construction and renovation of buildings	127		0
Capital items expensed	206		0
Debt issue expense	208		0
Development expenses claimed in current year	212		0
Financing fees deducted in books	216		0
Gain on settlement of debt	220		0
Non-deductible advertising	226		0
Non-deductible interest	227		0
Non-deductible legal and accounting fees	228		0
Recapture of SR&ED expenditures	231		0
Share issue expense	235		0
Write down of capital property	236		0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		0
Other Additions			
Interest Expended on Capital Leases	295		
Realized Income from Deferred Credit Accounts	295		
Pensions	295		
Non-deductible penalties	295		
	295		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(xi))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Prior Year Credits (12(1)(xi))			12,334
Additional accounting depreciation (ICM)			42,800
Total Additions			11,628,188



Income Tax/PILs Workform for 2021 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
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	B8	9,807,219
Terminal loss from Schedule 8	404	B8	0
Allowable business investment loss	406		0
Deferred and prepaid expenses	409		0
Scientific research expenses claimed in year	411		280,970
Tax reserves claimed in current year	413	B13	0
Reserves from financial statements - balance at beginning of year	414	B13	4,659,718
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			
Interest capitalized for accounting deducted for tax	395		
Capital Lease Payments	395		113,638
Non-taxable imputed interest income on deferral and variance accounts	395		
	395		
	395		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Capitalized OH deducted for tax			517,572
SR&ED capitalized for accounting			258,337
Amortization of deferred capital contributions ("n/a"- included in accounting depreciation add back above)			
Total Deductions		calculated	15,637,454
Net Income for Tax Purposes		calculated	-284,753
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of previous tax years from Schedule 4	331	B4	0
Net capital losses of previous tax years from Schedule 4	332	B4	0
Limited partnership losses of previous tax years from Schedule 4	335		
TAXABLE INCOME		calculated	-284,753



Ontario Energy Board

Income Tax/PIIs Workform for 2021 Filers

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	284,753
Other Adjustments		
Balance available for use post Bridge Year	calculated	284,753

[T4](#)

Net Capital Loss Carry Forward Deduction		Total
Actual Historical	H4	85,869
Amount to be used in Bridge Year		0
Loss Carry Forward Generated in Bridge Year (if any)	B1	0
Other Adjustments		0
Balance available for use post Bridge Year	calculated	85,869

[T4](#)

Income Tax/PILs Workform for 2021 Filers

Schedule 8 CCA - Bridge Year

(1) Class	Class Description	Working Paper Reference	(2) Undepreciated capital cost (UCC) at the beginning of the bridge year	(3) Cost of acquisitions during the year (new property must be available for use, except CWP)	(4) Cost of acquisitions from column 3 that are accelerated (investment incentive property (AIIIP))	(5) Adjustments and transfers (enter amounts that will reduce the UCC as negatives)	(6) Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition	(7) Amount from column 5 that is repaid during the year for a property, subsequent to its disposition	(8) Proceeds of dispositions	(9) UCC (column 2 plus column 3 plus or minus column 5, minus column 8)	(10) Proceeds of disposition available to reduce the UCC of AIIIP (column 5 plus column 6 minus column 3 plus column 4 minus column 7) (if negative, enter "0")	(11) Net capital cost additions of AIIIP acquired during the year (column 10 minus column 10) (if negative, enter "0")	Relevant factor	(12) UCC adjustment for AIIIP acquired during the year (column 11 multiplied by the relevant factor)	(13) UCC adjustment for non-AIIIP acquired during the year (B-5 multiplied by the result of column 3 minus column 6 plus column 7 minus column 8) (if negative, enter "0")	(14) CCA Rate %	(15) Recapture of CCA	(16) Terminal Loss	(17) CCA (for declining balance method, the result of column 3 plus column 12 minus column 13, multiplied by column 14)	(18) UCC at the end of the bridge year (column 9 minus column 17)	Working Paper Reference
1	Buildings, Distribution System (acc'd post 1987)	H8	\$ 53,569,263						\$ -	\$ 53,569,263	\$ -	\$ -	0.50	\$ -	\$ -	4%		\$ -	\$ 51,826,492	TR	
1b	Non-Residential Buildings (Reg. 1100(1)a.1 election)	H8	\$ 1,957,188	\$ 317,745	\$ 317,745				\$ -	\$ 2,274,933	\$ -	\$ 317,745	0.50	\$ 158,873	\$ -	6%		\$ 146,028	\$ 2,128,905	TR	
2	Distribution System (acc'd pre 1988)	H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6%		\$ -	\$ -	TR	
3	Buildings (acc'd pre 1988)	H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5%		\$ -	\$ -	TR	
6	Certain Buildings; Fences	H8	\$ -						\$ -	\$ -	\$ -	\$ -	0.50	\$ -	\$ -	10%		\$ -	\$ -	TR	
8	General Office Equipment, Furniture, Fixtures	H8	\$ 1,836,113	\$ 61,551	\$ 61,551				\$ -	\$ 1,897,664	\$ -	\$ 61,551	0.50	\$ 30,776	\$ -	20%		\$ 385,688	\$ 1,511,976	TR	
10	Motor Vehicles, Fleet	H8	\$ 771,674	\$ 360,837	\$ 360,837				\$ -	\$ 1,132,511	\$ -	\$ 360,837	0.50	\$ 180,419	\$ -	30%		\$ 393,879	\$ 738,632	TR	
10.1	Certain Automobiles	H8	\$ -						\$ -	\$ -	\$ -	\$ -	0.50	\$ -	\$ -	30%		\$ -	\$ -	TR	
12	Computer Application Software (Non-Systems)	H8	\$ -	\$ 1,678,623	\$ 1,678,623				\$ -	\$ 1,678,623	\$ -	\$ 1,678,623	0.00	\$ -	\$ -	100%		\$ 1,678,623	\$ -	TR	
13	Lease # 1	H8	\$ -						\$ -	\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA		\$ -	\$ -	TR	
13	Lease # 2	H8	\$ -						\$ -	\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA		\$ -	\$ -	TR	
13	Lease # 3	H8	\$ -						\$ -	\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA		\$ -	\$ -	TR	
13	Lease # 4	H8	\$ -						\$ -	\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA		\$ -	\$ -	TR	
14	Limited Period Patents, Franchises, Concessions or Licences	H8	\$ -						\$ -	\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA		\$ -	\$ -	TR	
14.1	Eligible Capital Property (acc'd pre Jan. 1, 2017)	H8	\$ 1,908,973						\$ -	\$ 1,908,973	\$ -	\$ -	0.50	\$ -	\$ -			\$ 133,628	\$ 1,775,345	TR	
14.1	Eligible Capital Property (acc'd post Jan. 1, 2017)	H8	\$ 2,566,090						\$ -	\$ 2,566,090	\$ -	\$ -	0.50	\$ -	\$ -	5%		\$ 128,305	\$ 2,437,786	TR	
17	Elec. Generation Equip. (Non-Bldgm. acc'd post Feb 27/2000), Roads, Lots, Storage	H8	\$ -						\$ -	\$ -	\$ -	\$ -	0.50	\$ -	\$ -	12%		\$ -	\$ -	TR	
42	Fibre Optic Cable	H8	\$ -						\$ -	\$ -	\$ -	\$ -	0.50	\$ -	\$ -	8%		\$ -	\$ -	TR	
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	H8	\$ -						\$ -	\$ -	\$ -	\$ -	2.30	\$ -	\$ -	30%		\$ -	\$ -	TR	
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	H8	\$ -						\$ -	\$ -	\$ -	\$ -	1.00	\$ -	\$ -	50%		\$ -	\$ -	TR	
45	Computers & System Software (acc'd post Mar 22/04 and pre Mar 19/07)	H8	\$ 85						\$ -	\$ 85	\$ -	\$ -	\$ -	\$ -	\$ -	45%		\$ 38	\$ 47	TR	
46	Data Network Infrastructure Equipment (acc'd post Mar 22/04)	H8	\$ -						\$ -	\$ -	\$ -	\$ -	0.50	\$ -	\$ -	30%		\$ -	\$ -	TR	
47	Distribution System (acc'd post Feb 22/05)	H8	\$ 48,887,801	\$ 6,469,475	\$ 6,469,475				\$ -	\$ 55,357,276	\$ -	\$ 6,469,475	0.50	\$ 3,234,738	\$ -	8%		\$ 4,687,361	\$ 50,669,915	TR	
50	General Purpose Computer Hardware & Software (acc'd post Mar 19/07)	H8	\$ 93,423	\$ 72,140	\$ 72,140				\$ -	\$ 165,563	\$ -	\$ 72,140	0.50	\$ 36,070	\$ -	55%		\$ 110,898	\$ 54,665	TR	
95	CWP	H8	\$ -						\$ -	\$ -	\$ -	\$ -	0.00	\$ -	\$ -	0%		\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	TR	
		H8	\$ -						\$ -	\$ -	\$ -										

Income Tax/PILs Workform for 2021 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	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	170,000		170,000	30,000		200,000	T13	30,000	
Accrued Employee Future Benefits:	H13	4,489,718		4,489,718	75,282		4,565,000	T13	75,282	
- 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	
		0		0			0		0	
		0		0			0		0	
Total		4,659,718	0	4,659,718	B1	105,282	4,765,000	B1	105,282	0



Income Tax/PILs Workform for 2021 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%	\$ 197,427	11.5%	B
Federal (Max 15%)	15.0%	15.0%	\$ 257,514	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 \$ 1,716,757 **A**

26.50% **D = B + C**

\$ 454,941 **E = A * D**

\$ 52,337 **F**

\$ 66,580 **G**

\$ 118,917 **H = F + G**

\$ 336,024 **I = E - H**

[S. Summary](#)

73.50% **J = 1-D** \$ 121,151 **K = I/J-I**

\$ 457,175 **L = K + I**

[S. Summary](#)



Income Tax/PILs Workform for 2021 Filers

Taxable Income - Test Year

	Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes	A.	5,063,498
	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	0
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104	6,840,979
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106	0
Recapture of capital cost allowance from Schedule 8	107	T8 0
Income inclusion under subparagraph 13(38)(d)(iii) from Schedule 10	108	0
Loss in equity of subsidiaries and affiliates	110	0
Loss on disposal of assets	111	98,000
Charitable donations	112	47,000
Taxable Capital Gains	113	0
Political Donations	114	0
Deferred and prepaid expenses	116	0
Scientific research expenditures deducted on financial statements	118	291,161
Capitalized interest	119	0
Non-deductible club dues and fees	120	1,700
Non-deductible meals and entertainment expense	121	18,136
Non-deductible automobile expenses	122	0
Non-deductible life insurance premiums	123	0
Non-deductible company pension plans	124	0
Tax reserves beginning of year	125	T13 0
Reserves from financial statements- balance at end of year	126	T13 4,835,000
Soft costs on construction and renovation of buildings	127	0
Book loss on joint ventures or partnerships	205	0
Capital items expensed	206	0
Debt issue expense	208	0
Development expenses claimed in current year	212	0
Financing fees deducted in books	216	0
Gain on settlement of debt	220	0
Non-deductible advertising	226	0
Non-deductible interest	227	0
Non-deductible legal and accounting fees	228	0
Recapture of SR&ED expenditures	231	0
Share issue expense	235	0
Write down of capital property	236	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0
Other Additions		
Interest Expensed on Capital Leases	295	
Realized Income from Deferred Credit Accounts	295	
Pensions	295	
Non-deductible penalties	295	
	295	
	295	
	295	
	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		
Prior Year Credits (12(1)(x))		14,058
Additional accounting depreciation (ICM)		42,800
Total Additions		12,188,834



Income Tax/PILs Workform for 2021 Filers

Taxable Income - Test Year

		Working Paper Reference	Test Year Taxable Income
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	T8	9,242,233
Terminal loss from Schedule 8	404	T8	0
Allowable business investment loss	406		0
Deferred and prepaid expenses	409		0
Scientific research expenses claimed in year	411		280,970
Tax reserves end of year	413	T13	0
Reserves from financial statements - balance at beginning of year	414	T13	4,765,000
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			
Interest capitalized for accounting deducted for tax	395		
Capital Lease Payments	395		73,855
Non-taxable imputed interest income on deferral and variance accounts	395		
	395		
Capitalized OH deducted for tax	395		583,427
SR&ED capitalized for accounting	395		258,337
Amortization of deferred capital contributions (**n/a** - included in accounting depreciation add back above)	395		
	395		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	15,203,822
NET INCOME FOR TAX PURPOSES		calculated	2,048,510
Charitable donations	311		47,000
Taxable dividends received under section 112 or 113	320		
Non-capital losses of previous tax years from Schedule 4	331	T4	284,753
Net capital losses of previous tax years from Schedule 4	332	T4	0
Limited partnership losses of previous tax years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	1,716,757



Ontario Energy Board

Income Tax/PILs Workform for 2021 Filers

Schedule 4 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>	284,753		284,753
Amount to be used in Test Year and Price Cap Years	<u>T1</u>	284,753		284,753
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	284,753		284,753
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

		Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction				
Actual/Estimated Bridge Year Carried Forward	<u>B4</u>	85,869		85,869
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		85,869		85,869

Income Tax/PILs Workform for 2021 Filers

Schedule 8 CCA - Test Year

[illegible]

Income Tax/PILs Workfo

Schedule 8 CCA - Test Year

(1) Class	Class Description	(15) Recapture of CCA	(16) Terminal Loss	(17) CCA (for declining balance method, the result of column 9 plus column 12 minus column 13, multiplied by column 14)	(18) UCC at the end of the test year (column 9 minus column 17)
1	Buildings, Distribution System (acq'd post 1987)			\$ 2,057,060	\$ 49,369,433
1b	Non-Residential Buildings [Reg. 1190(1)(a.1) election]			\$ 172,284	\$ 2,451,620
2	Distribution System (acq'd pre 1988)			\$ -	\$ -
3	Buildings (acq'd pre 1988)			\$ -	\$ -
6	Certain Buildings; Fences			\$ -	\$ -
8	General Office Equipment, Furniture, Fixtures			\$ 317,845	\$ 1,245,631
10	Motor Vehicles, Fleet			\$ 457,840	\$ 805,793
10.1	Certain Automobiles			\$ -	\$ -
12	Computer Application Software (Non-Systems)			\$ 595,500	\$ -
13 ₁	Lease # 1				\$ -
13 ₂	Lease # 2				\$ -
13 ₃	Lease # 3				\$ -
13 ₄	Lease # 4				\$ -
14	Limited Period Patents, Franchises, Concessions or Licences				\$ -
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)			\$ 124,274	\$ 1,651,070
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)			\$ 121,889	\$ 2,315,896
17	Elec. Generation Equip. (Non-Bldng, acq'd post Feb 27/00); Roads, Lots, Storage			\$ -	\$ -
42	Fibre Optic Cable			\$ -	\$ -
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment			\$ -	\$ -
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment			\$ -	\$ -
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)			\$ 21	\$ 26
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			\$ -	\$ -
47	Distribution System (acq'd post Feb 22/05)			\$ 5,324,204	\$ 55,934,131
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)			\$ 71,316	\$ 33,349
95	CWIP			\$ -	\$ -
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -
TOTALS		\$ -	\$ -	\$ 9,242,233	\$ 113,806,950

Income Tax/PILs Workform for 2021 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Test 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	
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	200,000		200,000			200,000	0	
Accrued Employee Future Benefits:	B13	4,565,000		4,565,000	70,000		4,635,000	70,000	
- 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	
		0		0			0	0	
		0		0			0	0	
Total		4,765,000	0	4,765,000	T1	70,000	4,835,000	T1	70,000