

ATTACHMENT T

2004 SIMPIL RRR FILING - ORIGINAL

	A	B	C	D	E
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"				Version 2004.1
2	REGULATORY INFORMATION (REGINFO)				RRR # 2.1.8
3	Utility Name: London Hydro Inc.				
4	Reporting period: 2004				
5					
6	Days in reporting period:	366	days		
7	Total days in the calendar year:	366	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N	Y	
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N	N	
16					
17	Is the utility a non-profit corporation?		Y/N	N	
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N	N	
20	shared among the corporate group?	LCT	Y/N	N	
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2004	
25					
26	MARR NO TAX CALCULATIONS				
27	SHEET #7 FINAL RUD MODEL DATA				Regulatory
28	(FROM 1999 FINANCIAL STATEMENTS)				Income
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			174,041,606	
32					
33	Common Equity Ratio (CER)			45.00%	
34					
35	1-CER			55.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.00%	
40					
41	Market Adjusted Revenue Requirement			14,438,492	
42					
43	1999 return from RUD Sheet #7			5,928,118	5,928,118
44					
45	Total Incremental revenue			8,510,374	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			2,836,791	2,836,791
48	Amount allowed in 2002			2,836,791	2,836,791
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210			0	0
50	unless authorized by the Minister and the Board)				0
51					0
52					0
53	Total Regulatory Income				11,601,700
54					
55	Equity			78,318,723	
56					
57	Return at target ROE			7,737,890	
58					
59	Debt			95,722,883	
60					
61	Deemed interest amount in 100% of MARR			6,700,602	
62					
63	Phase-in of interest - Year 1 (2001)			4,067,611	
64	$((D43+D47)/D41)*D61$				
65	Phase-in of interest - Year 2 (2002)			5,384,106	
66	$((D43+D47+D48)/D41)*D61$				
67	Phase-in of interest - Year 3 (2003) and forward			5,384,106	
68	$((D43+D47+D48)/D41)*D61$ (due to Bill 210)				
69					
70					
71					

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	"Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
7	Utility Name: London Hydro Inc.											
8	Reporting period: 2004											Column
9	Days in reporting period:	366	days									Brought
10	Total days in the calendar year:	366	days									From
11												TAXREC
12												
13	II) CORPORATE INCOME TAXES											
14												
15	Regulatory Net Income REGINFO E53	1	11,601,700						5,109,300		16,711,000	
16												
17	BOOK TO TAX ADJUSTMENTS											
18												
19	Additions:											
20	Depreciation & Amortization	2	10,687,477						1,890,523		12,578,000	
21	Employee Benefit Plans - Accrued, Not Paid	3							0		0	
22	Tax reserves - beginning of year	4	1,720,831						-1,720,831		0	
23	Reserves from financial statements - end of year	4	0						0		0	
24	Regulatory Adjustments - increase in income	5	359,294						-359,294		0	
25	Other Additions (See Tab entitled "TAXREC")											
26	"Material" Items from "TAXREC" worksheet	6							0		0	
27	Other Additions (not "Material") "TAXREC"	6							105,905		105,905	
28	"Material" Items from "TAXREC 2" worksheet	6							2,752,800		2,752,800	
29	Other Additions (not "Material") "TAXREC 2"	6							0		0	
30												
31	Deductions: Input positive numbers											
32	Capital Cost Allowance and CEC	7	7,980,951						4,333,338		12,314,289	
33	Employee Benefit Plans - Paid Amounts	8							0		0	
34	Items Capitalized for Regulatory Purposes	9	0						0		0	
35	Regulatory Adjustments - deduction for tax purposes in Item 5	10	0						0		0	
36	Interest Expense Deemed/ Incurred	11	5,384,106						-911,106		4,473,000	
37	Tax reserves - end of year	4	1,806,831						-1,806,831		0	
38	Reserves from financial statements - beginning of year	4	0						0		0	
39	Contributions to deferred income plans	3							0		0	
40	Contributions to pension plans	3							0		0	
41	Interest capitalized for accounting but deducted for tax	11							0		0	
42	Other Deductions (See Tab entitled "TAXREC")											
43	"Material" Items from "TAXREC" worksheet	12							0		0	
44	Other Deductions (not "Material") "TAXREC"	12							19,013		19,013	
45	Material Items from "TAXREC 2" worksheet	12							6,498,000		6,498,000	
46	Other Deductions (not "Material") "TAXREC 2"	12							0		0	
47												
48	TAXABLE INCOME/ (LOSS)		9,197,414						15,910,817	Before loss C/F	8,843,403	
49												
50	BLENDING INCOME TAX RATE											
51	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%						-2.5000%		36.12%	
52												
53	REGULATORY INCOME TAX		3,552,041						-357,804	Actual	3,194,237	
54												
55												
56	Miscellaneous Tax Credits	14							111,098	Actual	111,098	
57												
58	Total Regulatory Income Tax		3,552,041						-468,902	Actual	3,083,139	
59												
60												
61	III) CAPITAL TAXES											
62												
63	Ontario											
64	Base	15	174,041,606						49,027,394		223,069,000	
65	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000						0		5,000,000	
66	Taxable Capital		169,041,606						49,027,394		218,069,000	
67												
68	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%						0.0000%		0.3000%	
69												
70	Ontario Capital Tax		507,125						147,082		654,207	
71												
72	Federal Large Corporations Tax											
73	Base	18	174,041,606						28,284,394		202,326,000	
74	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000						40,000,000		50,000,000	
75	Taxable Capital		164,041,606						68,284,394		192,326,000	
76												
77	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%						-0.0250%		0.2000%	
78												
79	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		369,094						-64,442		304,652	
80	Less: Federal Surtax 1.12% x Taxable Income	21	103,011						-3,965		99,046	
81												
82	Net LCT		266,083						-68,407		205,606	
83												

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1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
84	III) INCLUSION IN RATES											
85												
86	Income Tax Rate used for gross-up (exclude surtax)		37.50%									
87												
88	Income Tax (proxy tax is grossed-up)	22	5,683,266							Actual 2004	3,083,139	
89	LCT (proxy tax is grossed-up)	23	425,732							Actual 2004	205,606	
90	Ontario Capital Tax (no gross-up since it is deductible)	24	507,125							Actual 2004	654,207	
91												
92												
93	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	6,616,123							Actual 2004	3,942,952	
94	RAM DECISION											
95												
96												
97	IV) FUTURE TRUE-UPS											
98	IV a) Calculation of the True-up Variance								DR/(CR)			
99	In Additions:											
100	Employee Benefit Plans - Accrued, Not Paid	3							0			
101	Tax reserves deducted in prior year	4							-1,720,831			
102	Reserves from financial statements-end of year	4							0			
103	Regulatory Adjustments	5							-359,294			
104	Other additions "Material" Items TAXREC	6							0			
105	Other additions "Material" Items TAXREC 2	6							2,752,800			
106	In Deductions - positive numbers											
107	Employee Benefit Plans - Paid Amounts	8							0			
108	Items Capitalized for Regulatory Purposes	9							0			
109	Regulatory Adjustments	10							0			
110	Interest Adjustment for tax purposes (See Below - cell I204)	11							0			
111	Tax reserves claimed in current year	4							-1,806,831			
112	Reserves from F/S beginning of year	4							0			
113	Contributions to deferred income plans	3							0			
114	Contributions to pension plans	3							0			
115	Other deductions "Material" Items TAXREC	12							0			
116	Other deductions "Material" Item TAXREC 2	12							6,498,000			
117												
118	Total TRUE-UPS before tax effect	26							=	-4,018,494		
119												
120	Income Tax Rate (excluding surtax) from 2004 Utility's tax return								x	35.00%		
121												
122	Income Tax Effect on True-up adjustments								=	-1,406,473		
123												
124	Less: Miscellaneous Tax Credits	14								111,098		
125												
126	Total Income Tax on True-ups									-1,517,571		
127												
128	Income Tax Rate used for gross-up (exclude surtax)									35.00%		
129												
130	TRUE-UP VARIANCE ADJUSTMENT									(2,334,724)		
131												
132	IV b) Calculation of the Deferral Account Variance caused by changes in legislation											
133												
134	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)								=	9,197,414		
135												
136	REVISED CORPORATE INCOME TAX RATE								x	36.12%		
137												
138	REVISED REGULATORY INCOME TAX								=	3,322,106		
139												
140	Less: Revised Miscellaneous Tax Credits								-	111,098		
141												
142	Total Revised Regulatory Income Tax								=	3,211,008		
143												
144	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)								-	3,552,041		
145												
146	Regulatory Income Tax Variance								=	(341,033)		
147												
148	Ontario Capital Tax											
149	Base								=	174,041,606		
150	Less: Exemption from tab Tax Rates, Table 2, cell C39								-	5,000,000		
151	Revised deemed taxable capital								=	169,041,606		
152												
153	Rate - Tab Tax Rates cell C54								x	0.3000%		
154												
155	Revised Ontario Capital Tax								=	507,125		
156	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)								-	507,125		
157	Regulatory Ontario Capital Tax Variance								=	0		
158												
159	Federal LCT											
160	Base									174,041,606		
161	Less: Exemption from tab Tax Rates, Table 2, cell C40								-	50,000,000		
162	Revised Federal LCT								=	124,041,606		
163												

	A	B	C	D	E	F	G	H	I	J	K	L
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	ITEM	Initial						M of F	M of F	M of F	
2	DEFERRAL/VARIANCE ACCOUNTS		Estimate						Filing	Filing	Filing	
3	TAX CALCULATIONS (TAXCALC)								Variance	Variance		
4	"Wires-only" business - see Tab TAXREC)								K-C	Explanation	(June)	
5	RRR # 2.1.8										Version 2004.1	
6			\$						\$		\$	
164	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51								0.2000%			
165												
166	Gross Amount								248,083			
167	Less: Federal surtax							-	103,011			
168	Revised Net LCT							=	145,072			
169												
170	Less: Federal LCT reported in the initial estimate column (Cell C82)							-	266,083			
171	Regulatory Federal LCT Variance							=	(121,010)			
172												
173	Actual Income Tax Rate used for gross-up (exclude surtax)								35.00%			
174												
175	Income Tax (grossed-up)							+	(524,667)			
176	LCT (grossed-up)							+	(186,170)			
177	Ontario Capital Tax							+	0			
178												
179	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT							=	(710,837)			
180												
181	TRUE-UP VARIANCE (from cell I130)							+	(2,334,724)			
182												
183	Total Deferral Account Entry (Positive Entry = Debit)							=	(3,045,561)			
184	(Deferral Account Variance + True-up Variance)											
185												
186												
187												
188	(V) INTEREST PORTION OF TRUE-UP											
189	Variance Caused By Phase-in of Deemed Debt											
190												
191	Total deemed interest (REGINFO)								6,700,602			
192	Interest phased-in (Cell C36)								5,384,106			
193												
194	Variance due to phase-in of debt component of MARR in rates								1,316,496			
195	according to the Board's decision											
196												
197	Other Interest Variances (i.e. Borrowing Levels											
198	Above Deemed Debt per Rate Handbook)											
199	Interest deducted on MoF filing (Cell K36+K41)								4,473,000			
200	Total deemed interest (REGINFO CELL D61)								6,700,602			
201												
202	Variance caused by excess debt								0			
203												
204	Interest Adjustment for Tax Purposes (carry forward to Cell I110)								0			
205												
206	Total Interest Variance								1,316,496			
207												

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
6	Section A: Identification:					
7	Utility Name: London Hydro Inc.					
8	Reporting period: 2004					
9	Taxation Year's start date: January 1,2004					
10	Taxation Year's end date: December 31,2004					
11	Number of days in taxation year:		366	days		
12						
13	Please enter the Materiality Level :		195,797	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N	Y			
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N	N			
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+				0
32	Distribution Revenue	+	40,015,000			40,015,000
33	Other Income	+	4,399,000			4,399,000
34	Miscellaneous income	+	3,895,000			3,895,000
35	Recovery of regulatory amounts	+	6,498,000			6,498,000
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-				0
40	Administration	-	17,033,000			17,033,000
41	Customer billing and collecting	-				0
42	Operations and maintenance	-	8,485,000			8,485,000
43	Amortization	-	12,578,000			12,578,000
44	Ontario Capital Tax	-				0
45		-				0
46		-				0
47		-				0
48		-				0
49						
50	Net Income Before Interest & Income Taxes EBIT	=	16,711,000		0	16,711,000
51	Less: Interest expense for accounting purposes	-	4,473,000			4,473,000
52	Provision for payments in lieu of income taxes	-	4,130,000			4,130,000
53	Net Income (loss)	=	8,108,000		0	8,108,000
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	<i>From T2 Schedule 1</i>					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	4,130,000		0	4,130,000
60	Federal large corporation tax	+				0
61	Depreciation & Amortization	+	12,578,000		0	12,578,000
62	Employee benefit plans-accrued, not paid	+			0	0
63	Tax reserves - beginning of year	+	0		0	0
64	Reserves from financial statements- end of year	+	0		0	0
65	Regulatory adjustments	+	0			0
66	Material addition items from TAXREC 2	+	2,752,800		0	2,752,800
67	Other addition items (not Material) from TAXREC 2	+	0		0	0
68						
69	Subtotal		19,460,800		0	19,460,800
70						
71	<i>Other Additions: (Please explain the nature of the additions)</i>					
72	Recapture of CCA	+				0
73	Non-deductible meals and entertainment expense	+	25,600			25,600
74	Capital items expensed	+				0
75	Interest and penalties on taxes	+	1,700			1,700
76	Non-deductible club dues and fees	+	4,605			4,605
77	Non-deductible company pension plans	+	74,000			74,000
78		+				0
79	Total Other Additions	=	105,905		0	105,905
80						
81	Total Additions	=	19,566,705		0	19,566,705
82						
83	Recap Material Additions:					
84			0		0	0
85			0		0	0
86			0		0	0
87			0		0	0
88			0		0	0
89			0		0	0
90			0		0	0
91	Total Other additions >materiality level		0		0	0
92	Other deductions (less than materiality level)		105,905		0	105,905
93	Total Other Additions		105,905		0	105,905
94						

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1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
95	BOOK TO TAX DEDUCTIONS:					
96	Capital cost allowance	-	12,314,289		12,314,289	
97	Cumulative eligible capital deduction	-			0	
98	Employee benefit plans-paid amounts	-			0	
99	Items capitalized for regulatory purposes	-			0	
100	Regulatory adjustments :		0		0	
101	CCA	-			0	
102	other deductions	-	0		0	
103	Tax reserves - end of year	-	0	0	0	
104	Reserves from financial statements- beginning of year	-	0	0	0	
105	Contributions to deferred income plans	-			0	
106	Contributions to pension plans	-			0	
107	Interest capitalized for accounting deducted for tax	-			0	
108	Material deduction items from TAXREC 2	-	6,498,000	0	6,498,000	
109	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
110						
111	Subtotal	=	18,812,289	0	18,812,289	
112	Other deductions (Please explain the nature of the deductions)					
113	Charitable donations - tax basis	-			0	
114	Gain on disposal of assets	-	19,013		19,013	
115		-			0	
116		-			0	
117		-			0	
118	Total Other Deductions	=	19,013	0	19,013	
119						
120	Total Deductions	=	18,831,302	0	18,831,302	
121						
122	Recap Material Deductions:					
123			0	0	0	
124			0	0	0	
125			0	0	0	
126			0	0	0	
127			0	0	0	
128	Total Other Deductions exceed materiality level		0	0	0	
129	Other Deductions less than materiality level		19,013	0	19,013	
130	Total Other Deductions		19,013	0	19,013	
131						
132	TAXABLE INCOME	=	8,843,403	0	8,843,403	
133	DEDUCT:					
134	Non-capital loss applied positive number	-			0	
135	Net capital loss applied positive number	-			0	
136					0	
137	NET TAXABLE INCOME	=	8,843,403	0	8,843,403	
138						
139	FROM ACTUAL TAX RETURNS					
140	Net Federal Income Tax (Must agree with tax return)	+	1,956,161		1,956,161	
141	Net Ontario Income Tax (Must agree with tax return)	+	1,238,076		1,238,076	
142	Subtotal	=	3,194,237	0	3,194,237	
143	Less: Miscellaneous tax credits (Must agree with tax returns)	-	111,098		111,098	
144	Total Income Tax	=	3,083,139	0	3,083,139	
145						
146	FROM ACTUAL TAX RETURNS					
147	Net Federal Income Tax Rate (Must agree with tax return)		22.12%		22.12%	
148	Net Ontario Income Tax Rate (Must agree with tax return)		14.00%		14.00%	
149	Blended Income Tax Rate		36.12%		36.12%	
150						
151	Section D: Detailed calculation of Ontario Capital Tax					
152						
153	ONTARIO CAPITAL TAX					
154	(From Ontario CT23)					
155	PAID-UP CAPITAL					
156						
157	Paid-up capital stock	+	96,116,000		96,116,000	
158	Retained earnings (if deficit, deduct)	+/-	21,433,000		21,433,000	
159	Capital and other surplus excluding	+			0	
160	appraisal surplus	+			0	
161	Loans and advances	+	70,000,000		70,000,000	
162	Bank loans	+			0	
163	Bankers acceptances	+			0	
164	Bonds and debentures payable	+			0	
165	Mortgages payable	+			0	
166	Lien notes payable	+			0	
167	Deferred credits	+	11,173,000		11,173,000	
168	Contingent, investment, inventory and similar reserves	+			0	
169	Other reserves not allowed as deductions	+	24,347,000		24,347,000	
170	Share of partnership(s), joint venture(s) paid-up capital	+			0	
171	Sub-total	=	223,069,000	0	223,069,000	
172	Subtract:					
173	Amounts deducted for income tax purposes in excess of amounts booked	-			0	
174	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
175	Total (Net) Paid-up Capital	=	223,069,000	0	223,069,000	
176						
177	ELIGIBLE INVESTMENTS					
178						
179	Bonds, lien notes, interest coupons	+			0	
180	Mortgages due from other corporations	+			0	
181	Shares in other corporations	+			0	
182	Loans and advances to unrelated corporations	+			0	
183	Eligible loans and advances to related corporations	+			0	
184	Share of partnership(s) or joint venture(s) eligible investments	+			0	
185						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
186	Total Eligible Investments	=	0	0	0	
187						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
188						
189	TOTAL ASSETS					
190						
191	Total assets per balance sheet	+	251,250,000		251,250,000	
192	Mortgages or other liabilities deducted from assets	+			0	
193	Share of partnership(s)/joint venture(s) total assets	+			0	
194	Subtract: Investment in partnership(s)/joint venture(s)	-			0	
195						
196	Total assets as adjusted	=	251,250,000	0	251,250,000	
197						
198	Add: (if deducted from assets)					
199	Contingent, investment, inventory and similar reserves	+			0	
200	Other reserves not allowed as deductions	+			0	
201	Subtract:				0	
202	Amounts deducted for income tax purposes in excess of amounts booked	-			0	
203	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
204	Subtract: Appraisal surplus if booked	-			0	
205	Add or subtract: Other adjustments	+/-			0	
206						
207	Total Assets	=	251,250,000	0	251,250,000	
208						
209						
210	Investment Allowance		0	0	0	
211						
212	Taxable Capital					
213						
214	Net paid-up capital	+	223,069,000	0	223,069,000	
215	Subtract: Investment Allowance	-	0	0	0	
216						
217	Taxable Capital	=	223,069,000	0	223,069,000	
218						
219	Capital Tax Calculation					
220	Deduction from taxable capital up to maximum of \$5,000,000		5,000,000	0	5,000,000	
221	(Input in tab Tax Rates)					
222	Net Taxable Capital		218,069,000	0	218,069,000	
223						
224	Rate		0.3000%	0.3000%	0.3000%	
225						
226	Days in taxation year		366	366	366	
227	Divide days by 366		1.00	1.00	1.00	
228						
229	Ontario Capital Tax (Must agree with CT23 return)		654,207	0	654,207	
230						
231	Section E: Detailed calculation of Large Corporation Tax					
232						
233	LARGE CORPORATION TAX					
234	(From Federal Schedule 33)					
235	CAPITAL					
236	ADD:					
237	Reserves that have not been deducted in computing income for the year under Part I	+	8,322,000		8,322,000	
238	Capital stock	+	96,116,000		96,116,000	
239	Retained earnings	+	21,433,000		21,433,000	
240	Contributed surplus	+			0	
241	Any other surpluses	+			0	
242	Deferred unrealized foreign exchange gains	+			0	
243	All loans and advances to the corporation	+			0	
244	All indebtedness- bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations	+			0	
245	Any dividends declared but not paid	+			0	
246	All other indebtedness outstanding for more than 365 days	+	79,667,000		79,667,000	
247						
248	Subtotal	=	205,538,000	0	205,538,000	
249						
250	DEDUCT:					
251	Deferred tax debit balance	-	3,212,000		3,212,000	
252	Any deficit deducted in computing shareholders' equity	-			0	
253	Any patronage dividends 135(1) deducted in computing income under Part I included in amounts above	-			0	
254	Deferred unrealized foreign exchange losses	-			0	
255						
256	Subtotal	=	3,212,000	0	3,212,000	
257						
258	Capital for the year		202,326,000	0	202,326,000	
259						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4	RRR # 2.1.8		Return			
5					Version 2004.1	
260	INVESTMENT ALLOWANCE					
261						
262	Shares in another corporation	+			0	
263	Loan or advance to another corporation	+			0	
264	Bond, debenture, note, mortgage, or	+			0	
265	similar obligation of another corporation	+			0	
266	Long term debt of financial institution	+			0	
267	Dividend receivable from another corporation	+			0	
268	Debts of corporate partnerships that were not exempt from tax under Part I.3	+			0	
269	Interest in a partnership	+			0	
270						
271	Investment Allowance	=	0	0	0	
272						
273						
274	TAXABLE CAPITAL					
275						
276	Capital for the year	=	202,326,000	0	202,326,000	
277						
278	Deduct: Investment allowance	-	0	0	0	
279						
280	Taxable Capital for taxation year	=	202,326,000	0	202,326,000	
281						
282	Deduct: Capital Deduction - maximum of \$50,000,000	-	50,000,000	0	50,000,000	
283	(Input in tab 'Tax Rates')					
284	Taxable Capital	=	152,326,000	0	152,326,000	
285						
286	Rate 0.225% in 2002 and 2003; 0.200% in 2004		0.20000%	0.20000%	0.20000%	
287						
288	Days in year		366	366	366	
289	Divide days by 366		1.0000	1.0000	1.0000	
290						
291	Gross Part I.3 Tax LCT (Must agree with tax return)	=	304,652	0	304,652	
292						
293	Federal Surtax Rate		1.1200%	1.1200%	1.1200%	
294						
295	Less: Federal Surtax = Actual Surtax from tax return	-	99,046		99,046	
296						
297	Net Part I.3 Tax - LCT Payable (Must agree with tax return)	=	205,606	0	205,606	
298	(If surtax is greater than Gross LCT, then zero)					
299						
300	Section F: Income and Capital Taxes					
301						
302	RECAP FROM ABOVE:					
303	Total Income Taxes	+	3,083,139	0	3,083,139	
304	Ontario Capital Tax	+	654,207	0	654,207	
305	Federal Large Corporations Tax	+	205,606	0	205,606	
306						
307	Total income and capital taxes	=	3,942,952	0	3,942,952	
308						

	A	B	C	D	E	F
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	RRR # 2.1.8				Version 2004.1	
6						
7	Utility Name: London Hydro Inc.					
8	Reporting period: 2004					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other				0	
19	Other				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other				0	
31	Other				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Other				0	
48	Other				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Other				0	
60	Other				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RRR # 2.1.8		Return			
6					Version 2004.1	
7						
8	Utility Name: London Hydro Inc.					
9	Reporting period: 2004					
10	Number of days in taxation year:		366			
11	Materiality Level:		195,797			
12						
13	Section C: Reconciliation of accounting income to taxable income					
14	Add:					
15	Recapture of capital cost allowance	+			0	
16	Gain on sale of eligible capital property	+			0	
17	Income or loss for tax purposes- joint ventures or partnerships	+			0	
18	Loss in equity of subsidiaries and affiliates	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations	+			0	
21	Taxable capital gains	+			0	
22	Depreciation in inventory -end of year	+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Non-deductible club dues and fees	+			0	
27	Non-deductible automobile expenses	+			0	
28	Non-deductible life insurance premiums	+			0	
29	Soft costs on construction and renovation of buildings	+			0	
30	Non-deductible meals and entertainment	+			0	
31	Book loss on joint ventures or partnerships	+			0	
32	Capital items expensed	+			0	
33	Debt issue expense	+			0	
34	Deemed dividend income	+			0	
35	Dividends credited to investment account	+			0	
36	Financing fees deducted in books	+			0	
37	Gain on settlement of debt	+			0	
38	Interest paid on income debentures	+			0	
39	Recapture of SR&ED expenditures	+			0	
40	Share issue expense	+			0	
41	Write down of capital property	+			0	
42	Amounts received in respect of qualifying environment trust	+			0	
43	Other Additions: (please explain in detail the nature of the item)	+			0	
44	Debt financing expenses	+			0	
45	Recovery of regulatory assets previously expensed for tax purposes	+	2,752,800		2,752,800	
46		+			0	
47		+			0	
48		+			0	
49		+			0	
50		+			0	
51		+			0	
52		+	0		0	
53		+			0	
54	Total Additions	=	2,752,800	0	2,752,800	
55						
56	Recap of Material Additions:					
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77			0	0	0	
78			0	0	0	
79			0	0	0	
80			0	0	0	
81			0	0	0	
82			0	0	0	

	A	B	C	D	E	F
2	SECTION 93 PILs TAX GROSS-UP "SIMPIL"	LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RRR # 2.1.8		Return			
6					Version 2004.1	
83			0	0	0	
84			0	0	0	
85			0	0	0	
86	Recovery of regulatory assets previously expensed for tax purposes		2,752,800	0	2,752,800	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92			0	0	0	
93			0	0	0	
94						
95	Total Material additions		2,752,800	0	2,752,800	
96	Other additions less than materiality level		0	0	0	
97	Total Additions		2,752,800	0	2,752,800	
98						
99	Deduct:					
100	Gain on disposal of assets per f/s	-			0	
101	Dividends not taxable under section 83	-			0	
102	Terminal loss from Schedule B	-			0	
103	Depreciation in inventory, end of prior year	-			0	
104	Scientific research expenses claimed in year from Form T661	-			0	
105	Bad debts	-			0	
106	Book income of joint venture or partnership	-			0	
107	Equity in income from subsidiary or affiliates	-			0	
108	Contributions to a qualifying environment trust	-			0	
109	Other income from financial statements	-			0	
110	Other deductions: (Please explain in detail the nature of the item)	-			0	
111	Imputed interest on Reg Assets	-			0	
112	Regulatory asset recoveries plus interest - to be taken into income over recovery period		6,498,000		6,498,000	
113		-			0	
114		-			0	
115		-			0	
116		-			0	
117		-			0	
118		-			0	
119		-			0	
120		-			0	
121		-			0	
122	Total Deductions	=	6,498,000	0	6,498,000	
123						
124	Recap of Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130			0	0	0	
131			0	0	0	
132			0	0	0	
133			0	0	0	
134			0	0	0	
135			0	0	0	
136			0	0	0	
137	Regulatory asset recoveries plus interest - to be taken into income over recovery period		6,498,000	0	6,498,000	
138			0	0	0	
139			0	0	0	
140			0	0	0	
141			0	0	0	
142			0	0	0	
143			0	0	0	
144			0	0	0	
145			0	0	0	
146	Total Deductions exceed materiality level		6,498,000	0	6,498,000	
147	Other deductions less than materiality level		0	0	0	
148	Total Deductions		6,498,000	0	6,498,000	
149						

	A	B	C	D	E	F	G	H	I	J	
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"										
2	Corporate Tax Rates					Version 2004.1					
3	Exemptions, Deductions, or Thresholds					RRR # 2.1.8					
4	Utility Name: London Hydro Inc.										
5	Reporting period: 2004										
6											
7	Table 1										
8	Rates Used in 2002 RAM PILs Applications										
9	Income Range		0		200,001						
10	RAM 2002		to		to					>700,000	
11		Year	200,000		700,000						
12	Income Tax Rate										
13	Proxy Tax Year	2002									
14	Federal (Includes surtax)		0.00%								
15	and Ontario blended		19.12%		34.12%		38.62%				
16	Blended rate		19.12%		0.00%		34.12%		38.62%		
17											
18	Capital Tax Rate		0.300%								
19	LCT rate		0.225%								
20	Surtax		1.12%								
21	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000								
22	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000								
23	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing										
24											
25	Table 2										
26	Expected Rates and Exemptions for 2004										
27	Income Range		0	250,001	400,001						
28	Expected Rates 2004		to	to	to					>1,128,000	
29		Year	250,000	400,000	1,128,000						
30	Income Tax Rate										
31	Current year	2004									
32	Federal (Includes surtax)		13.12%		22.12%		22.12%		22.12%		
33	Ontario		5.50%		5.50%		9.75%		14.00%		
34	Blended rate		18.62%		27.62%		31.87%		36.12%		
35											
36	Capital Tax Rate		0.300%								
37	LCT rate		0.200%								
38	Surtax		1.12%								
39	Ontario Capital Tax Exemption ***	MAX \$5MM	5,000,000								
40	Federal Large Corporations Tax Exemption ***	MAX \$50MM	50,000,000								
41	***Allocation of exemptions must comply with the Board's instructions regarding										
42	regulated activities.										
43	Table 3										
44	Input Information from Utility's Actual 2004 Tax Returns										
45	Income Range		0	250,001	400,001						
46			to	to	to					>1,128,000	
47		Year	250,000	400,000	1,128,000						
48	Income Tax Rate										
49	Current year	2004									
50	Federal (Includes surtax)		13.12%		22.12%		22.12%		22.12%		
51	Ontario		5.50%		5.50%		9.75%		14.00%		
52	Blended rate		18.62%		27.62%		31.87%		36.12%		
53											
54	Capital Tax Rate		0.300%								
55	LCT rate		0.200%								
56	Surtax		1.12%								
57	Ontario Capital Tax Exemption *	MAX \$5MM									5,000,000
58	Federal Large Corporations Tax Exemption *	MAX \$50MM									50,000,000
59	* Include copies of the actual tax return allocation calculations in your submission:										
60	Ontario CT23 page 11; federal T2 Schedule 36										
61											
62											
63											
64											

	A	B	C	D
1		SECTION 93 PILs TAX GROSS-UP		
2		"SIMPIL"		
3		Filing Requirements related to the "SIMPIL" model		Version 2004.1
4		Utility Name: London Hydro Inc.		RRR # 2.1.8
5		Reporting period: 2004		
6				
7				
8				
9		Documents to be submitted to the Board when filing the Ministry of Finance Column information:		
10		(Stage 3 filing: normally in July of the year following the reporting period)		
11				
12		Please file 3 copies of each paper document and 1 CD or disk		
13				
14	1)	REGINFO	X	
15				
16	2)	TAXCALC	X	
17				
18	3)	TAXREC	X	
19				
20	4)	Tax Reserves	X	
21				
22	5)	TAXREC 2	X	
23				
24	6)	Tax Rates	X	
25				
26	7)	Checklist	X	
27				
28	8)	Background Questionnaire	X	
29				
30	9)	PILs Variance Analysis	X	
31				
32	10)	Financial statements used to prepare tax returns if different from the audited financial statements submitted to the Board in April 2005		SAME
33				
34	11)	Electronic Excel format of the SIMPIL worksheets	X	
35				
36	12)	Notices of assessments, and any re-assessments, for:		
37			2001	X
38			2002	X
39			2003	X
40			2004	not yet rec'd
41				
42	13)	Schedules or pages from CT23 and T2 tax returns	X	
43				
44				
45				
46				
47				
48				
49				
50				

	A	B	C
1		SECTION 93 PILs TAX GROSS-UP	
2		"SIMPIL"	
3		Background Questionnaire	Version 2004.1
4		Utility Name: London Hydro Inc.	RRR # 2.1.8
5		Reporting period: 2004	
6		1 Does the company engage in non-regulated activities?	NO
7		Answer:	
8			
9			
10		If the answer to question 1 is "NO", please skip questions 2 to 6.	
11			
12		2 Please identify the types of non-wire operations carried on by the LDC.	
13		Answer:	
14			
15			
16			
17		3 Does the LDC intend to transfer the non-wire operations to a separate legal entity and the expected date?	
18		Answer:	
19			
20			
21			
22		4 Please identify the percentage and amount of gross revenues arising from non-wire operations.	
23		Answer:	
24			
25			
26		5 Please identify the percentage and amount of operating expense incurred pertaining to non-wire operations.	
27		Answer:	
28			
29			
30		6 Please identify the percentage and amount of depreciation and capital cost allowance expenses pertaining to non-wire operations.	
31		Answer:	
32			
33			
34			
35		7 Did the company incur any OPEBs (post employment benefits other than pensions) for accounting and tax purposes? (Please identify the amount.)	NO
36		Answer:	
37			
38			
39		8 Did the company have any reserves for accounting and tax purposes? (Please identify the amount.)	NO
40		Answer:	
41			
42			
43			
44			

	A	B	C	D	E	F	G	H	I	J	K	N	O
1	SECTION 93 PILs TAX GROSS-UP "SIMPIL"												
2	Analysis of Account 1562: Deferred Payment in lieu of Taxes												
3	Utility Name: London Hydro Inc.											Version 2004.1	
4	Reporting period: 2004											RRR # 2.1.8	
5	Sign Convention: + for increase; - for decrease												
6													
7													
8													
9	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		
10	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		Total
11													
12	Opening balance:	=	0		2,140,857		2,819,649		2,314,848		2,658,871		0
13	Initial Estimate PILs Rate Adjustment (1)	+/-	2,128,441		6,616,123		8,744,564		7,148,233		5,893,053		30,530,414
14	True-up Variance Adjustment (2)	+/-	0		52,250		-343,376		-215,576		-2,334,724		-2,841,426
15	Deferral Account Variance Adjustment (3)	+/-	0		0		0		0		-710,837		-710,837
16	Adjustments to reported prior years' variances (4)		0		0		0		0		0		0
17	Carrying charges	+/-	12,416		226,123		121,445		103,745				463,729
18	PILs collected from customers - Proxy (5)	-	0		-6,215,704		-9,027,434		-6,692,379				-21,935,517
19													
20													
21	Ending balance: # 1562		2,140,857		2,819,649		2,314,848		2,658,871		5,506,363		5,506,363
22													
23	PILs collected from customers - Reg Assets (6)	-	0		0		0		0		0		0
24													
25	Note:												
26	The purposes of this worksheet is to show the movement in Account 1562.												
27	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities												
28													
29	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery.												
30	Answer: Method 2 is used to account for the PILs proxy recovery.												
31													
32													
33													
34	(1) (i) From the Initial Estimate Column, under Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.												
35	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.												
36	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.												
37	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.												
38	(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.												
39													
40													
41	(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I130, of the TAXCALC spreadsheet												
42													
43	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I179, of the TAXCALC spreadsheet												
44													
45	(4) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.												
46													
47	(5) This should equal the actual kWhs for the period (including net unbilled at period end), multiplied by the PILs proxy rates												
48	from the Q4 2001 and 2002 PILs worksheets for 2002, 2003 and January 1 to March 31, 2004.												
49	In 2004, use the Board-approved 2002 PILs proxy rate for the period April 1 to December 31, 2004 added to the result from												
50	the sentence above for January 1 to March 31, 2004.												
51													
52	(6) Any interim PILs recovery from the Reg Asset decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes												
53	will have to include amounts from 1562 and from 1590.												
54													
55													
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61													