

ATTACHMENT U

2005 SIMPIL RRR FILING - ORIGINAL

	A	B	C	D	E
1	SIMPIL RRR FILING				Version 2005.1
2	REGULATORY INFORMATION (REGINFO)				RRR # 2.1.8
3	Utility Name: London Hydro Inc.			Colour Code	
4	Reporting period: Jan 1,2005 to Dec 31,2005			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	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 C68 & C77 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2005	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
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 Year 1 - 2001			2,836,791	2,836,791
48	Amount allowed in Year 2 - 2002			2,836,791	2,836,791
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210;			0	
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in Year 3 - 2005; no gross-up; (with approved CDM plan)			2,836,791	2,836,791
52	Other adjustments approved by the Board				0
53					0
54	Total Regulatory Income				14,438,491
55					
56	Equity			78,318,723	
57					
58	Return at target ROE			7,737,890	
59					
60	Debt			95,722,883	
61					
62	Deemed interest amount in 100% of MARR			6,700,602	
63					
64	Phase-in of interest - Year 1 (2001)			4,067,611	
65	((D43+D47)/D41)*D62				
66	Phase-in of interest - Years 2, 3 & 4 (2002, 2003,2004)			5,384,106	
67	((D43+D47+D48)/D41)*D62 (Due to Bill 210)				
68	Phase-in of interest - Year 3 (2005) and forward			6,700,602	
69					
70					
71					
72					

	A	B	C	D	E	F	G	H	I	J	K	L
1	SIMPIL RRR FILING	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 2005.1	
6			\$						\$		\$	
87	III) INCLUSION IN RATES											
88												
89	Income Tax Rate used for gross- up		36.12%									
90												
91	Income Tax (proxy tax is grossed-up)	22	4,966,593							Actual 2005	3,988,412	
92	LCT (proxy tax is grossed-up)	23	185,811							Actual 2005	162,329	
93	Ontario Capital Tax (no gross-up since it is deductible)	24	499,625							Actual 2005	656,736	
94												
95												
96	Total P.I.L.s for Rate Adjustment – MUST AGREE WITH 2005	25	5,652,029							Actual 2005	4,807,477	
97	RAM DECISION											
98												
99												
100	IV) FUTURE TRUE-UPS											
101	IV a) Calculation of the True-up Variance								DR/(CR)			
102	In Additions:											
103	Employee Benefit Plans - Accrued, Not Paid	3							0			
104	Tax reserves deducted in prior year	4							0			
105	Reserves from financial statements-end of year	4							0			
106	Regulatory Adjustments	5							0			
107	Other additions "Material" Items TAXREC	6							965,000			
108	Other additions "Material" Items TAXREC 2	6							3,154,000			
109	In Deductions - positive numbers											
110	Employee Benefit Plans - Paid Amounts	8							0			
111	Items Capitalized for Regulatory Purposes	9							0			
112	Regulatory Adjustments	10							0			
113	Interest Adjustment for tax purposes (See Below - cell I207)	11							0			
114	Tax reserves claimed in current year	4							0			
115	Reserves from FIS beginning of year	4							0			
116	Contributions to deferred income plans	3							0			
117	Contributions to pension plans	3							0			
118	Other deductions "Material" Items TAXREC	12							872,756			
119	Other deductions "Material" Item TAXREC 2	12							0			
120												
121	Total TRUE-UPS before tax effect	26						=	3,246,244			
122												
123	Income Tax Rate from 2005 Utility's tax return							x	36.12%			
124												
125	Income Tax Effect on True-up adjustments							=	1,172,543			
126												
127	Less: Miscellaneous Tax Credits	14							0			
128												
129	Total Income Tax on True-ups								1,172,543			
130												
131	Income Tax Rate used for gross-up								35.00%			
132												
133	TRUE-UP VARIANCE ADJUSTMENT								1,803,913			
134												
135	IV b) Calculation of the Deferral Account Variance caused by changes in legislation											
136												
137	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)							=	8,783,685			
138												
139	REVISED CORPORATE INCOME TAX RATE							x	36.12%			
140												
141	REVISED REGULATORY INCOME TAX							=	3,172,660			
142												
143	Less: Revised Miscellaneous Tax Credits							-	0			
144												
145	Total Revised Regulatory Income Tax							=	3,172,660			
146												
147	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C61)							-	3,172,660			
148												
149	Regulatory Income Tax Variance							=	0			
150												
151	Ontario Capital Tax											
152	Base							=	174,041,606			
153	Less: Exemption from Tab Tax Rates, Table 2, cell C39							-	7,500,000			
154	Revised deemed taxable capital							=	166,541,606			
155												
156	Rate - Tab Tax Rates cell C54							x	0.3000%			
157												
158	Revised Ontario Capital Tax							=	499,625			
159	Less: Ontario Capital Tax reported in the initial estimate column (Cell C73)							-	499,625			
160	Regulatory Ontario Capital Tax Variance							=	0			

	A	B	C	D	E	F
1	SIMPIL RRR FILING	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	(positive numbers)	Return	
4	RRR # 2.1.8		Return			
5					Version 2005.1	
6	Section A: Identification:					
7	Utility Name: London Hydro Inc.					
8	Reporting period: Jan 1,2005 to Dec 31,2005					
9	Taxation Year's start date:		January 1,2005			
10	Taxation Year's end date:		December 31,2005			
11	Number of days in taxation year:		365	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	N			
16	Or other measure (please provide the basis of the amount)	Y/N	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 statement 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	+	42,262,000			42,262,000
33	Interest and Other Revenue	+	5,277,000			5,277,000
34	Operating costs recovered	+	3,259,000			3,259,000
35		+				0
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-				0
40	General and administrative	-	17,774,000			17,774,000
41	Customer billing and collecting	-				0
42	Plant operating and maintenance	-	8,596,000			8,596,000
43	Amortization (links to C61 below)	-	12,848,000			12,848,000
44	Ontario Capital Tax	-				0
45	CDM Expenses for 2005	-				0
46		-				0
47		-				0
48		-				0
49						
50	Net Income Before Interest & Income Taxes EBIT	=	11,580,000	0		11,580,000
51	Less: Interest expense for accounting purposes	-	4,496,000			4,496,000
52	Provision for payments in lieu of income taxes	-	1,909,000			1,909,000
53	Net Income (loss)	=	5,175,000	0		5,175,000
	(The Net Income (loss) in the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
54						
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	1,909,000	0		1,909,000
60	Federal large corporations tax	+				0
61	Depreciation & Amortization	+	12,848,000	0		12,848,000
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
66	Regulatory Assels changes	+				0
67	Material addition items from TAXREC 2	+	3,154,000	0		3,154,000
68	Other addition items (not Material) from TAXREC 2	+	0	0		0
69						
70	Subtotal		17,911,000	0		17,911,000
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+				0
74	Non-deductible meals and entertainment expense	+	33,134			33,134
75	Capital items expensed	+				0
76	Non-deductible club dues and fees	+	2,729			2,729
77	Capital tax accrued in income statement	+	600,000			600,000
78	Non-deductible company pension plans	+	365,000			365,000
79		+				0
80	Total Other Additions	=	1,000,863	0		1,000,863
81						
82	Total Additions	=	18,911,863	0		18,911,863
83						
84	Recap Material Additions:					
85			0	0		0
86			0	0		0
87			0	0		0
88			0	0		0
89	Capital tax accrued in income statement		600,000	0		600,000
90	Non-deductible company pension plans		365,000	0		365,000
91			0	0		0
92	Total Other additions >materiality level		965,000	0		965,000
93	Other deductions (less than materiality level)		35,863	0		35,863
94	Total Other Additions		1,000,863	0		1,000,863
95						

	A	B	C	D	E	F
1	SIMPIL RRR FILING	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	(positive numbers)	Return	
4	RRR # 2.1.8		Return			
5					Version 2005.1	
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	12,127,562		12,127,562	
98	Cumulative eligible capital deduction	-			0	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Regulatory Assets changes	-			0	
105	Tax reserves - end of year	-	0	0	0	
106	Reserves from financial statements- beginning of year	-	0	0	0	
107	Contributions to deferred income plans	-			0	
108	Contributions to pension plans	-			0	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	12,127,562	0	12,127,562	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-	44,432		44,432	
117	PST assessments paid and not deducted for accounting purposes	-	216,000		216,000	
118	Capital tax per CT23	-	656,756		656,756	
119		-			0	
120	Total Other Deductions	=	917,188	0	917,188	
121						
122	Total Deductions	=	13,044,750	0	13,044,750	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127	PST assessments paid and not deducted for accounting purposes		216,000	0	216,000	
128	Capital tax per CT23		656,756	0	656,756	
129			0	0	0	
130	Total Other Deductions exceed materiality level		872,756	0	872,756	
131	Other Deductions less than materiality level		44,432	0	44,432	
132	Total Other Deductions		917,188	0	917,188	
133						
134	TAXABLE INCOME	=	11,042,113	0	11,042,113	
135	DEDUCT:					
136	Non-capital loss applied positive number	-			0	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	11,042,113	0	11,042,113	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	2,442,516		2,442,516	
143	Net Ontario Income Tax (Must agree with tax return)	+	1,545,896		1,545,896	
144	Subtotal	=	3,988,412	0	3,988,412	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-			0	
146	Total Income Tax	=	3,988,412	0	3,988,412	
147						
148	APPLICABLE TAX RATES FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax status)		22.12%		22.12%	
150	Net Ontario Income Tax Rate (Must agree with tax status)		14.00%		14.00%	
151	Blended Income Tax Rate		36.12%		36.12%	
152						
153	Section D: Detailed calculation of Ontario Capital Tax					
154						
155	ONTARIO CAPITAL TAX					
156	(From Ontario CT23)					
157	PAID-UP CAPITAL					
158						
159	Paid-up capital stock	+	96,116,000		96,116,000	
160	Retained earnings (if deficit, deduct)	+/-	24,608,000		24,608,000	
161	Capital and other surplus excluding	+			0	
162	appraisal surplus	+			0	
163	Loans and advances	+	70,000,000		70,000,000	
164	Bank loans	+			0	
165	Bankers acceptances	+			0	
166	Bonds and debentures payable	+			0	
167	Mortgages payable	+			0	
168	Lien notes payable	+			0	
169	Deferred credits	+	9,976,000		9,976,000	
170	Contingent, investment, inventory and similar reserves	+			0	
171	Other reserves not allowed as deductions	+	25,712,000		25,712,000	
172	Share of partnership(s), joint venture(s) paid-up capital	+			0	
173	Sub-total	=	226,412,000	0	226,412,000	
174	Subtract:					
175	Amounts deducted for income tax purposes in excess of amounts booked	-			0	
176	Deductible R&D expenditures and ONTTI costs deferred for income tax	-			0	
177	Total (Net) Paid-up Capital	=	226,412,000	0	226,412,000	

	A	B	C	D	E	F
1	SIMPIL RRR FILING					
2	TAX RETURN RECONCILIATION (TAXREC)	LINE	M of F	Non-wires	Wires-only	
3	(for "wires-only" business - see s. 72 OEB Act)		Corporate	Eliminations	Tax	
4	RRR # 2.1.8		Tax	(positive numbers)	Return	
5			Return			
					Version 2005.1	
178						
179	ELIGIBLE INVESTMENTS					
180						
181	Bonds, lien notes, interest coupons	+				0
182	Mortgages due from other corporations	+				0
183	Shares in other corporations	+				0
184	Loans and advances to unrelated corporations	+				0
185	Eligible loans and advances to related corporations	+				0
186	Share of partnership(s) or joint venture(s) eligible investments	+				0
187						
188	Total Eligible Investments	=	0	0		0
189						
190						
191	TOTAL ASSETS					
192						
193	Total assets per balance sheet	+	257,647,000			257,647,000
194	Mortgages or other liabilities deducted from assets	+				0
195	Share of partnership(s)/ joint venture(s) total assets	+				0
196	Subtract: Investment in partnership(s)/joint venture(s)	-				0
197						
198	Total assets as adjusted	=	257,647,000	0		257,647,000
199						
200	Add: (if deducted from assets)					
201	Contingent, investment, inventory and similar reserves	+				0
202	Other reserves not allowed as deductions	+				0
203	Subtract:					0
204	Amounts deducted for income tax purposes in excess of amounts booked	-				0
205	Deductible R&D expenditures and ONTTI costs deferred for income tax	-				0
206	Subtract: Appraisal surplus if booked	-				0
207	Add or subtract: Other adjustments	+/-				0
208						
209	Total Assets	=	257,647,000	0		257,647,000
210						
211						
212	Investment Allowance		0	0		0
213						
214	Taxable Capital					
215						
216	Net paid-up capital	+	226,412,000	0		226,412,000
217	Subtract: Investment Allowance	-	0	0		0
218						
219	Taxable Capital	=	226,412,000	0		226,412,000
220						
221	Capital Tax Calculation					
222	Deduction from taxable capital up to maximum of \$7,500,000		7,500,000	0		7,500,000
223	(Input in tab Tax Rates)					
224	Net Taxable Capital		218,912,000	0		218,912,000
225						
226	Rate		0.3000%	0.3000%		0.3000%
227						
228	Days in taxation year		365	365		365
229	Divide days by 365		1.00	1.00		1.00
230						
231	Ontario Capital Tax (as calculated)		656,736	0		656,736
232						
233	Ontario Capital Tax (Must agree with CT23 return)		656,736	0		656,736
234						
235	Section E: Detailed calculation of Large Corporations Tax					
236						
237	LARGE CORPORATIONS TAX					
238	(From Federal Schedule 33)					
239	CAPITAL					
240	ADD:					
241	Reserves that have not been deducted in computing income for the year under Part I	+	8,913,000			8,913,000
242	Capital stock	+	96,116,000			96,116,000
243	Retained earnings	+	24,608,000			24,608,000
244	Contributed surplus	+				0
245	Any other surpluses	+				0
246	Deferred unrealized foreign exchange gains	+				0
247	All loans and advances to the corporation	+				0
248	All indebtedness- bonds, debentures, notes, mortgages, bankers acceptances, or similar obligations	+				0
249	Any dividends declared but not paid	+				0
250	All other indebtedness outstanding for more than 365 days	+	89,784,000			89,784,000
251						
252	Subtotal	=	219,421,000	0		219,421,000

	A	B	C	D	E	F
1	SIMPIL RRR FILING	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	(positive numbers)	Return	
4	RRR # 2.1.8		Return			
5					Version 2005.1	
253						
254	DEDUCT:					
255	Deferred tax debit balance	-	5,992,000		5,992,000	
256	Any deficit deducted in computing shareholders' equity	-			0	
	Any patronage dividends 135(1) deducted in computing income under	-				
257	Part I included in amounts above				0	
258	Deferred unrealized foreign exchange losses	-			0	
259						
260	Subtotal	=	5,992,000	0	5,992,000	
261						
262	Capital for the year		213,429,000	0	213,429,000	
263						
264	INVESTMENT ALLOWANCE					
265						
266	Shares in another corporation	+			0	
267	Loan or advance to another corporation	+			0	
268	Bond, debenture, note, mortgage, or	+			0	
269	similar obligation of another corporation	+			0	
270	Long term debt of financial institution	+			0	
271	Dividend receivable from another corporation	+			0	
	Debts of corporate partnerships that were not exempt from tax under	+				
272	Part I.3				0	
273	Interest in a partnership	+			0	
274						
275	Investment Allowance	=	0	0	0	
276						
277						
278	TAXABLE CAPITAL					
279						
280	Capital for the year	=	213,429,000	0	213,429,000	
281						
282	Deduct: Investment allowance	-	0	0	0	
283						
284	Taxable Capital for taxation year	=	213,429,000	0	213,429,000	
285						
286	Deduct: Capital Deduction - maximum of \$50,000,000	-	50,000,000	0	50,000,000	
287	(Input in tab Tax Rates)					
288	Taxable Capital	=	163,429,000	0	163,429,000	
289						
290	Rate 0.225% in 2002 and 2003; 0.200% in 2004; 0.175% in 2005		0.17500%	0.17500%	0.17500%	
291						
292	Days in year		365	365	365	
293	Divide days by 365		1.0000	1.0000	1.0000	
294						
295	Gross Part I.3 Tax LCT (Must agree with tax return)	=	286,001	0	286,001	
296						
297	Federal Surtax Rate		1.1200%	1.1200%	1.1200%	
298						
299	Less: Federal Surtax = Actual Surtax from tax return	-	123,672		123,672	
300						
301	Net Part I.3 Tax - LCT Payable (Must agree with tax return)	=	162,329	0	162,329	
302	(If surtax is greater than Gross LCT, then zero)					
303						
304	Section F: Income and Capital Taxes					
305						
306	RECAP FROM ABOVE:					
307	Total Income Taxes	+	3,988,412	0	3,988,412	
308	Ontario Capital Tax	+	656,736	0	656,736	
309	Federal Large Corporations Tax	+	162,329	0	162,329	
310						
311	Total income and capital taxes	=	4,807,477	0	4,807,477	
312						

	A	B	C	D	E	F
1	SIMPIL RRR FILING	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax	(positive numbers)	Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	RRR # 2.1.8				Version 2005.1	
6						
7	Utility Name: London Hydro Inc.					
8	Reporting period: Jan 1,2005 to Dec 31,2005					
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	SIMPIL RRR FILING	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	(positive numbers)	Return	
5	RRR # 2.1.8		Return			
6					Version 2005.1	
7						
8	Utility Name: London Hydro Inc.					
9	Reporting period: Jan 1,2005 to Dec 31,2005					
10	Number of days in taxation year:		365			
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	+	3,154,000		3,154,000	
46		+			0	
47	S.12(1)(x)	+			0	
48		+			0	
49		+			0	
50		+			0	
51		+			0	
52		+			0	
53		+			0	
54	Total Additions	=	3,154,000	0	3,154,000	
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	SIMPIL RRR FILING	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	(positive numbers)	Return	
5	RRR # 2.1.8		Return			
6					Version 2005.1	
83			0	0	0	
84			0	0	0	
85			0	0	0	
86	Recovery of regulatory assets previously expensed for tax purposes		3,154,000	0	3,154,000	
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		3,154,000	0	3,154,000	
96	Other additions less than materiality level		0	0	0	
97	Total Additions		3,154,000	0	3,154,000	
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 8	-			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)	-				
111	Imputed interest on Reg Assets	-			0	
112	SEC 20(1) (e)	-			0	
113	Capital gains adjustment	-			0	
114	Equipment	-			0	
115		-			0	
116	s.13(7.4)	-			0	
117		-			0	
118		-			0	
119		-			0	
120		-			0	
121	Total Deductions	=	0	0	0	
122						
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			0	0	0	
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		0	0	0	
147	Other deductions less than materiality level		0	0	0	
148	Total Deductions		0	0	0	
149						

	A	B	C	D	E	F	G	H	I	J
1	SIMPIL RRR FILING									
2	Corporate Tax Rates					Version 2005.1				
3	Exemptions, Deductions, or Thresholds					RRR # 2.1.8				
4	Utility Name: London Hydro Inc.									
5	Reporting period: Jan 1,2005 to Dec 31,2005									
6										
7										
8	Rates Used in 2005 RAM PILs Applications					Table 1				
9	Income Range		0		400,001					
10	RAM 2005		to		to	>1,128,000				
11		Year	400,000		1,128,000					
12	Income Tax Rate									
13	Proxy Tax Year	2005								
14	Federal (Includes surtax)		13.12%		17.75%	22.12%				
15	Ontario		5.50%		9.75%	14.00%				
16	Blended rate		18.62%	0.00%	27.50%	36.12%				
17										
18	Capital Tax Rate		0.300%		Input in C18					
19	LCT rate		0.175%		Input in C19					
20	Surtax		1.12%		Input in C20					
21	Ontario Capital Tax Exemption **	MAX \$7.5MM	7,500,000		Input in C21					
22	Federal Large Corporations Tax Exemption **	MAX \$50MM	50,000,000		Input in C22					
23	**Exemption amounts must agree with the Board-approved 2005 RAM PILs filing									
24										
25										
26	Expected Rates and Exemptions for 2005					Table 2				
27	Income Range		0	300,001	400,001					
28	Expected Rates 2005		to	to	to	>1,128,000				
29		Year	300,000	400,000	1,128,000					
30	Income Tax Rate									
31	Current year	2005								
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%		Input in C36					
37	LCT rate		0.175%		Input in C37					
38	Surtax		1.12%		Input in C38					
39	Ontario Capital Tax Exemption ***	MAX \$7.5MM	7,500,000		Input in C39					
40	Federal Large Corporations Tax Exemption ***	MAX \$50MM	50,000,000		Input in C40					
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43										
44	Input Information from Utility's Actual 2005 Tax Returns					Table 3				
45	Income Range		0	300,001	400,001					
46			to	to	to	>1,128,000				
47		Year	300,000	400,000	1,128,000					
48	Income Tax Rate									
49	Current year	2005								
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%		Input in C54					
55	LCT rate		0.175%		Input in C55					
56	Surtax		1.12%		Input in C56					
57	Ontario Capital Tax Exemption *	MAX \$7.5MM	7,500,000		Input in C57					
58	Federal Large Corporations Tax Exemption *	MAX \$50MM	50,000,000		Input in C58					
59	* Include copies of the actual tax returns - Ontario CT23, federal T2. Please see the Checklist.									
60										
61										
62										
63										
64										

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O				
1	SIMPIL RRR FILING																		
2	Analysis of Account 1562: Deferred Payments in lieu of Taxes																		
3	Utility Name: London Hydro Inc.																		
4	Reporting period: Jan 1,2005 to Dec 31,2005 Sign Convention: + for increase; - for decrease																		
5																			
6																			
7																			
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006						
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total				
10																			
11	Opening balance:	=			0		2,140,857		2,819,168		2,347,332		2,727,464		-514,636		0		
12	Board-approved PILs tax proxy from Decisions (1)	+/-					2,128,441		6,616,123		8,744,564		7,148,233		5,893,052		1,884,010		32,414,423
13	True-up Variance Adjustment Q4, 2001 (2)	+/-							52,250		0		0		0		0		52,250
14	True-up Variance Adjustment (3)	+/-									-343,376		-215,576		-2,334,724		1,803,913		-1,089,763
15	Deferral Account Variance Adjustment Q4, 2001 (4)												0						0
16	Deferral Account Variance Adjustment (5)	+/-											-710,837		0				-710,837
17	Adjustments to reported prior years' variances (6)	+/-																	0
18	Carrying charges (7)	+/-																	
19	PILs collected from customers - Proxy (8)																		
20																			
21	Ending balance: # 1562						2,140,857		2,819,168		2,347,332		2,727,464		-514,636		717,210		717,210

22
23

24 NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.
25 For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.

26
27 Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER: Method 2

28
29 (1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.

30 Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002. Per APH entries began October 1, 2001.

31 (ii) If the Board approved different amounts, input the Board-approved amounts in cells C12 and E12.

32 (iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.

33 (iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.

34 (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.

35 (vi) Column M - In 2006, the prorated 2005 PILs tax proxy will used for the period from January 1, 2006 to April 30, 2006.

36
37 (2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I133, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be

38 trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.

39
40 (3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I133, of the TAXCALC spreadsheet.

41 The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.

42
43 (4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I182, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be

44 trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.

45
46 (5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I182, of the TAXCALC spreadsheet.

47 The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.

48
49 (6) 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.

50
51 (7) Carrying charges are calculated on a simple interest basis.

52
53 (8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate

54 components for Q4, 2001 and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the

55 2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.

56 The 2005 PILs tax proxy is being recovered on a volumetric basis by class. Input negative number for collections.

57
58 (ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied

59 by the PILs volumetric proxy rates by class (from the Q4, 2001 and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;

60 plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.

61
62 In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,

63 for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.

64
65 In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,

66 for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used

67 to calculate the recovery for the period January 1 to March 31, 2005.

68
69 In 2006, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,

70 for the period January 1 to April 30, 2006.

71
72
73
74
75
76
77
78

	A	B	C	D
1		SIMPIL RRR FILING		
2		Filing Requirements related to the SIMPIL model	Number	
3		Utility Name: London Hydro Inc.	of Copies	
4		Reporting period: Jan 1,2005 to Dec 31,2005		
5				
6		Name of person to contact about this SIMPIL filing: =====>	David Williamso	
7		Contact Telephone Number: =====>	519-661-5800 ex	
8		Contact Email Address: =====>	williamd@london	
9				
10		Documents to be submitted to the Board when filing the Ministry of Finance Column information:		
11		(Normally in July of the year following the reporting period)		
12				
13		Please file 2 sets of copies of the SIMPIL worksheets and 1 CD or disk		
14				
15	1)	REGINFO	2	X
16				
17	2)	TAXCALC	2	X
18				
19	3)	TAXREC	2	X
20				
21	4)	Tax Reserves	2	X
22				
23	5)	TAXREC 2	2	X
24				
25	6)	Tax Rates	2	X
26				
27	7)	PILs 1562 Calculation	2	X
28				
29	8)	Checklist	2	X
30				
31				
32	9)	Financial statements used to prepare tax returns if different from the audited financial statements submitted to the Board in April 2006 (See 12, 13)	2	
33				
34	10)	Electronic Excel format of the SIMPIL worksheets on disk or CD	1	X
35				
36	11)	Notices of Assessments, Re-assessments, Statement of Adjustments for:		
37		2001	1	X
38		2002	1	X
39		2003	1	X
40		2004	1	X
41		2005	1	
42				
43	12)	Federal T2 tax return and schedules (with dollar amounts) 2005	1	X
44				
45	13)	Ontario CT23 tax return and schedules 2005	1	X
46				
47		NOTE: These are the tax returns that were sent to the Ontario Ministry of Finance,		
48		not the NIL tax returns sent to the Canada Revenue Agency.		
49				
50				
51				
52				