

ATTACHMENT AA

2001 Q4 REVISED SIMPIL MODEL HALTON HILLS VERSION

	A	B	C	D	E
1	PILs TAXES				Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: London Hydro Inc.			Colour Code	
4	Reporting period: 2002			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 C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2002	
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 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	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				11,601,700
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	$((D43+D47)/D41)*D61$				
66	Phase-in of interest - Year 2 (2002)			5,384,106	
67	$((D43+D47+D48)/D41)*D61$				
68	Phase-in of interest - Year 3 (2003) and forward			5,384,106	
69	$((D43+D47+D48)/D41)*D61$ (due to Bill 210)				
70	Phase-in of interest - 2005			6,700,602	
71					
72					

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: London Hydro Inc.							
7	Reporting period: 2002							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
14	II CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	11,601,700		-3,589,700		8,012,000	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	10,687,477		923,523		11,611,000	
21	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			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			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"				0		0	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	7,980,951		7,587,867		15,568,818	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9	0		0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10	0		0		0	
37	Interest Expense Deemed/ Incurred	11	5,384,106		-4,776,106		608,000	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4	86,000		-86,000		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			299,000		299,000	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				0		0	
49								
50	TAXABLE INCOME/ (LOSS)		9,197,414		(6,050,232)	Before loss C/F	3,147,182	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		0.0000%		38.62%	
54								
55	REGULATORY INCOME TAX		3,552,041		-3,393,841	Actual	158,200	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		3,552,041		-3,393,841	Actual	158,200	
61								
62								
63	III CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	174,041,606		40,091,369		214,132,975	
67	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		0		5,000,000	
68	Taxable Capital		169,041,606		40,091,369		209,132,975	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		507,125		120,274		627,399	
73								
74	Federal Large Corporations Tax							
75	Base	18	174,041,606		28,479,394		202,521,000	
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		0		10,000,000	
77	Taxable Capital		164,041,606		28,479,394		192,521,000	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		369,094		64,079		433,172	
82	Less: Federal Surtax 1.12% x Taxable Income	21	103,011		-103,011		0	
83								
84	Net LCT		266,083		167,090		433,172	
85								

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	(*Wires-only* business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: London Hydro Inc.							
7	Reporting period: 2002							
8								Column
9	Days in reporting period:	365	days					Brought
10	Total days in the calendar year:	365	days					From
11								TAXREC
12			\$		\$			\$
13								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		37.50%					
89								
90	Income Tax (proxy tax is grossed-up)	22	5,663,286			Actual 2002	158,200	
91	LCT (proxy tax is grossed-up)	23	425,732			Actual 2002	433,172	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	507,125			Actual 2002	627,399	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	6,616,123			Actual 2002	1,218,771	
96	RAM DECISION							
97								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			0			
103	Tax reserves deducted in prior year	4			0			
104	Reserves from financial statements-end of year	4			0			
105	Regulatory Adjustments	5			-359,294			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			0			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes	11			0			
113	Tax reserves claimed in current year	4			0			
114	Reserves from F/S beginning of year	4			-86,000			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			299,000			
119								
120	Total TRUE-UPS before tax effect	26		=	-572,294			
121								
122	Income Tax Rate (excluding surtax) from 2002 Utility's tax return			x	38.62%			
123								
124	Income Tax Effect on True-up adjustments			=	-221,020			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				-221,020			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				37.50%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				(353,632)			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	9,197,414			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	38.62%			
139								
140	REVISED REGULATORY INCOME TAX			=	3,552,041			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	3,552,041			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	3,552,041			
147								
148	Regulatory Income Tax Variance			=	0			
149								

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	(*Wires-only* business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: London Hydro Inc.							
7	Reporting period: 2002							
8								Column
9	Days in reporting period:	365	days					Brought
10	Total days in the calendar year:	365	days					From
11								TAXREC
12			\$		\$			\$
13								
150	Ontario Capital Tax							
151	Base			=	174,041,606			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	169,041,606			
154								
155	Rate - Tab Tax Rates cell C54			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	507,125			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	507,125			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
161	Federal LCT							
162	Base				174,041,606			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			
164	Revised Federal LCT			=	164,041,606			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2250%			
167								
168	Gross Amount				369,094			
169	Less: Federal surtax			-	103,011			
170	Revised Net LCT			=	266,083			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C62)			-	266,083			
173	Regulatory Federal LCT Variance			=	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				37.50%			
176								
177	Income Tax (grossed-up)			+	0			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	0			
182								
183	TRUE-UP VARIANCE (from cell I130)			+	(353,632)			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=	(353,632)			
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				6,700,602			
194	Interest phased-in (Cell C36)				5,384,106			
195								
196	Variance due to phase-in of debt component of MARR in rates according to the Board's decision				1,316,495			
197								
198								
199	Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)							
200	Interest deducted on MoF filing (Cell K36+K41)				608,000			
201	Total deemed interest (REGINFO CELL D61)				6,700,602			
202								
203								
204	Variance caused by excess debt				0			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I110)				0			
207								
208	Total Interest Variance				1,316,495			
209								
210								
211								

	A	B	C	D	E	F
1	PILs TAXES	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		0	Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: London Hydro Inc.					
8	Reporting period: 2002					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
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 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	Distribution Revenue	+	39,705,000		39,705,000	
32	Interest and Other Revenue	+	4,147,000		4,147,000	
33	Costs recovered - operating	+	2,948,000		2,948,000	
34		+			0	
35	Revenue should be entered above this line					
36						
37	Costs and Expenses:					
38	General and administrative	-	17,195,000		17,195,000	
39	Customer billing and collecting	-			0	
40	Operations and maintenance	-	7,429,000		7,429,000	
41	Amortization	-	11,611,000		11,611,000	
42	Ontario Capital Tax	-			0	
43	Provision for regulatory amounts	-	2,553,000		2,553,000	
44		-			0	
45		-			0	
46		-			0	
47						
48	Net Income Before Interest & Income Taxes EBIT	=	8,012,000	0	8,012,000	
49	Less: Interest expense for accounting purposes	-	608,000		608,000	
50	Provision for payments in lieu of income taxes	-	3,241,000		3,241,000	
51	Net Income (loss)	=	4,163,000	0	4,163,000	
52	(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.)					
53						
54	Section C: Reconciliation of accounting income to taxable income					
55	<i>From T2 Schedule 1</i>					
56	BOOK TO TAX ADDITIONS:					
57	Provision for income tax	+	3,241,000	0	3,241,000	
58	Depreciation & Amortization	+	11,611,000	0	11,611,000	
59	Employee benefit plans-accrued, not paid	+	0	0	0	
60	Tax reserves - beginning of year	+	0	0	0	
61	Reserves from financial statements- end of year	+	0	0	0	
62	Regulatory adjustments on which true-up may apply (see A66)	+			0	
63	Items on which true-up does not apply "TAXREC 3"					
64	Material addition items from TAXREC 2	+	0	0	0	
65	Other addition items (not Material) from TAXREC 2	+	0	0	0	
66						
67	Subtotal		14,852,000	0	14,852,000	
68						
69	Other Additions: (Please explain the nature of the additions)					
70	Recapture of CCA	+			0	
71	Non-deductible meals and entertainment expense	+			0	
72	Capital items expensed	+			0	
73	DEPRECIATION DIFFERENCE	+			0	
74		+			0	
75		+			0	
76		+			0	
77	Total Other Additions	=	0	0	0	
78						
79	Total Additions	=	14,852,000	0	14,852,000	
80						
81	Recap Material Additions:					
82			0	0	0	
83			0	0	0	
84			0	0	0	
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89	Total Other additions > materiality level		0	0	0	
90	Other additions (less than materiality level)		0	0	0	
91	Total Other Additions		0	0	0	

	A	B	C	D	E	F
1	PILs TAXES	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		0	Return			
5					Version 2009.1	
92						

	A	B	C	D	E	F
1	PILs TAXES	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		0	Return			
5					Version 2009.1	
93	BOOK TO TAX DEDUCTIONS:					
94	Capital cost allowance	-	15,568,818		15,568,818	
95	Cumulative eligible capital deduction	-	0		0	
96	Employee benefit plans-paid amounts	-	0		0	
97	Items capitalized for regulatory purposes	-			0	
98	Regulatory adjustments :				0	
99	CCA	-			0	
100	other deductions	-			0	
101	Tax reserves - end of year	-	0	0	0	
102	Reserves from financial statements- beginning of year	-	0	0	0	
103	Contributions to deferred income plans	-			0	
104	Contributions to pension plans	-			0	
105	Items on which true-up does not apply "TAXREC 3"		0	0	0	
106	Interest capitalized for accounting deducted for tax	-			0	
107	Material deduction items from TAXREC 2	-	299,000	0	299,000	
108	Other deduction items (not Material) from TAXREC 2	-	607,000	607,000	0	
109						
110	Subtotal	=	16,474,818	607,000	15,867,818	
111	Other deductions (Please explain the nature of the deductions)					
112	Charitable donations - tax basis	-			0	
113	Gain on disposal of assets	-			0	
114		-			0	
115		-			0	
116		-			0	
117	Total Other Deductions	=	0	0	0	
118						
119	Total Deductions	=	16,474,818	607,000	15,867,818	
120						
121	Recap Material Deductions:					
122			0	0	0	
123			0	0	0	
124			0	0	0	
125			0	0	0	
126			0	0	0	
127	Total Other Deductions exceed materiality level		0	0	0	
128	Other Deductions less than materiality level		0	0	0	
129	Total Other Deductions		0	0	0	
130						
131	TAXABLE INCOME	=	2,540,182	-607,000	3,147,182	
132	DEDUCT:					
133	Non-capital loss applied positive number	-	2,540,182		2,540,182	
134	Net capital loss applied positive number	-			0	
135					0	
136	NET TAXABLE INCOME	=	0	(607,000)	607,000	
137						
138	FROM ACTUAL TAX RETURNS					
139	Net Federal Income Tax (Must agree with tax return)	+	0		0	
140	Net Ontario Income Tax (Must agree with tax return) (MINIMUM TAX)	+	158,200		158,200	
141	Subtotal	=	158,200	0	158,200	
142	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
143	Total Income Tax	=	158,200	0	158,200	
144						
145	FROM ACTUAL TAX RETURNS					
146	Net Federal Income Tax Rate (Must agree with tax return)		26.12%		26.12%	
147	Net Ontario Income Tax Rate (Must agree with tax return)		12.50%		12.50%	
148	Blended Income Tax Rate		38.62%	*****	38.62%	
149						
150	Section F: Income and Capital Taxes					
151						
152	RECAP					
153	Total Income Taxes	+	158,200	0	158,200	
154	Ontario Capital Tax	+	627,399		627,399	
155	Federal Large Corporations Tax	+	433,172		433,172	
156						
157	Total income and capital taxes	=	1,218,771	0	1,218,771	
158						

	A	B	C	D	E	F
1	PILs TAXES	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	0				Version 2009.1	
6						
7	Utility Name: London Hydro Inc.					
8	Reporting period: 2002					
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 - Please describe				0	
19	Other - Please describe				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 - Please describe				0	
31	Other - Please describe				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 - Please describe				0	
48	Other - Please describe				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 - Please describe				0	
60	Other - Please describe				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	PILs TAXES	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	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: London Hydro Inc.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		195,797			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	0	0	0	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
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	Total Material additions		0	0	0	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		0	0	0	

	A	B	C	D	E	F
1						
2	PILs TAXES	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	RATEPAYERS ONLY		Return			
6	Shareholder-only Items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: London Hydro Inc.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		195,797			
12						
13						
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-	299,000		299,000	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-				
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96	Gain on settlement of actuarial liability from year 2000	-	607,000	607,000	0	
97		-			0	
98		-			0	
99	Total Deductions	=	906,000	607,000	299,000	
100						
101	Recap of Material Deductions:					
102	Gain on disposal of assets per f/s		299,000	0	299,000	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		299,000	0	299,000	
120	Other deductions less than materiality level		607,000	607,000	0	
121	Total Deductions		906,000	607,000	299,000	
122						

	A	B	C	D	E	F
1						
2	PILs TAXES					
3	TAX RETURN RECONCILIATION (TAXREC 3)					
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: London Hydro Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2002					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+				0
20	CCA adjustments	+				0
21	CEC adjustments	+				0
22	Gain on sale of non-utility eligible capital property	+				0
23	Gain on sale of utility eligible capital property	+				0
24	Loss from joint ventures or partnerships	+				0
25	Deemed dividend income	+				0
26	Loss in equity of subsidiaries and affiliates	+				0
27	Loss on disposal of utility assets	+				0
28	Loss on disposal of non-utility assets	+				0
29	Depreciation in inventory -end of year	+				0
30	Depreciation and amortization adjustments	+				0
31	Dividends credited to investment account	+				0
32	Non-deductible meals	+				0
33	Non-deductible club dues	+				0
34	Non-deductible automobile costs	+				0
35	Donations - amount per books					0
36	Interest and penalties on unpaid taxes					0
37	Management bonuses unpaid after 180 days of year end					0
38	Imputed interest expense on Regulatory Assets		0			0
39		+				0
40	Ontario capital tax adjustments	+				0
41	Changes in Regulatory Asset balances	+				0
42		+				0
43	Other Additions: (please explain in detail the nature of the item)	+				0
44		+				0
45		+				0
46		+				0
47	Total Additions on which true-up does not apply	=	0	0		0
48						
49	Deduct:					
50						
51	CCA adjustments	-				0
52	CEC adjustments	-				0
53	Depreciation and amortization adjustments	-				0
54	Gain on disposal of assets per financial statements	-				0
55	Financing fee amortization - considered to be interest expense for PILs	-				0
56	Imputed interest income on Regulatory Assets	-	0			0
57	Donations - amount deductible for tax purposes	-				0
58	Income from joint ventures or partnerships	-				0
59		-				0
60		-				0
61		-				0
62		-				0
63		-				0
64	Ontario capital tax adjustments to current or prior year	-				0
65		-				0
66	Changes in Regulatory Asset balances	-				0
67		-				0
68	Other deductions: (Please explain in detail the nature of the item)	-				0
69		-				0
70		-				0
71		-				0
72		-				0
73	Total Deductions on which true-up does not apply	=	0	0		0
74						
75						

	A	B	C	D	E	F	G	H	I	J
1	PILs TAXES									
2	Corporate Tax Rates Version 2009.1									
3	Exemptions, Deductions, or Thresholds									
4	Utility Name: London Hydro Inc.									
5	Reporting period: 2002									
6										
7	Table 1									
8	Rates Used in 2002 RAM PILs Applications for 2002									
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)		13.12%		26.12%		26.12%			
15	and Ontario blended		6.00%		6.00%		12.50%			
16	Blended rate		19.12%		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 Income Tax Rates for 2002 and Capital Tax Exemptions for 2002									
27	Income Range		0		200,001					
28	Expected Rates		to		to					>700,000
29		Year	200,000		700,000					
30	Income Tax Rate									
31	Current year	2002								
32	Federal (Includes surtax)	2002	13.12%		26.12%		26.12%			
33	Ontario	2002	6.00%		6.00%		12.50%			
34	Blended rate	2002	19.12%		32.12%		38.62%			
35										
36	Capital Tax Rate	2002	0.300%							
37	LCT rate	2002	0.225%							
38	Surtax	2002	1.12%							
39	Ontario Capital Tax Exemption *** 2002	MAX \$5MM	5,000,000							
40	Federal Large Corporations Tax Exemption *** 2002	MAX \$10MM	10,000,000							
41	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
42										
43	Table 3									
44	Input Information from Utility's Actual 2002 Tax Returns									
45	Income Range		0		200,001					
46			to		to					>700,000
47		Year	200,000		700,000					
48	Income Tax Rate									
49	Current year	2002								
50	Federal (Includes surtax)		13.12%		22.12%		26.12%		26.12%	0.00%
51	Ontario		6.00%		9.75%		12.50%		12.50%	0.00%
52	Blended rate		19.12%		31.87%		38.62%		38.62%	0.00%
53										
54	Capital Tax Rate		0.300%							
55	LCT rate		0.225%							
56	Surtax		1.12%							
57	Ontario Capital Tax Exemption *	MAX \$5MM	5,000,000							
58	Federal Large Corporations Tax Exemption *	MAX \$10MM	10,000,000							
59	* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36									
60										
61										

Adjustments to Accounting Income

Item #	Description	2001	2002	5B 2001	5B 2002
5	Changes in Reserves				
	Reserve for doubtful accounts				
	Opening balance on January 1	1,497,570	2,332,748	0	2,332,748
	Net change in allowance for doubtful accounts	835,178	21,045	208,795	21,045
	Estimated closing balance at December 31	2,332,748	2,353,793	0	2,353,793
5	Reserve for inventory obsolescence				
	Opening balance on January 1	483,190	178,447	0	178,447
	Net change in reserve for obsolescence	-304,743	-65,523	-76,186	-65,523
	Estimated closing balance at December 31	178,447	112,924	0	112,924
	Net change in tax reserves	530,435	-44,478	132,609	-44,478
6	<u>Regulatory Adjustments - added</u>				
	Transitional Items				
	Year 2000 CIS capital costs - amortization		76,711		20,817
	Year 2000 CIS capital costs - wip		64,200		17,422
	Year 2000 transitional operating costs		214,946		58,330
	Adjustments to 2001 income re: 2000 transitional costs		3,437		933
	Year 2001 interest on 2000 transitional costs		359,294		97,502
			0		0
			359,294		97,502
	Z-Factor Costs				
	Hydro Ontario Networks Distribution Charges		0		0
	Hydro Ontario Networks Low Voltage Service Charges		0		0
Environmental Clean-up		0		0	
		0		0	
	Total		359,294		97,502
11	<u>Regulatory Adjustments - deducted</u>				
	Transitional Items				
	Year 2000 CIS capital costs - dereg		0		0
			0		0
Z-Factor Costs					
Hydro Ontario Networks Distribution Charges		0		0	
Hydro Ontario Networks Low Voltage Service Charges		0		0	
		0		0	
	Total		0		0

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	PILs TAXES														
2	Analysis of PILs Tax Account 1562:														
3	Utility Name: London Hydro Inc. Version 2009.1														
4	Reporting period: 2002 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		2,104,536		2,742,460		11,097,182		18,236,363		19,890,394		0
12	Board-approved PILs tax proxy from Decisions (1)	+/-	2,092,231		6,616,123		8,708,354		7,139,181		1,654,031		0		26,209,920
13	PILs proxy from April 1, 2005 - input 9/12 of amount														0
14	True-up Variance Adjustment Q4, 2001 (2)	+/-			15,545										15,545
15	True-up Variance Adjustment (3)	+/-					-353,632						-353,632		-707,264
16	Deferral Account Variance Adjustment Q4, 2001 (4)		0		0										0
17	Deferral Account Variance Adjustment (5)	+/-			0								0		0
18	Adjustments to reported prior years' variances (6)	+/-													0
19	Carrying charges (7)	+/-	12,305		222,441		0								234,746
20	PILs billed to (collected from) customers (8)	-	0		-6,216,185		0								-6,216,185
21															
22	Ending balance: # 1562		2,104,536		2,742,460		11,097,182		18,236,363		19,890,394		19,536,762		19,536,762
23															
24															
25															
26	Uncollected PILs														
27															
28	NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.														
29	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
30															
31	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER: Method 2														
32															
33	(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.														
34	Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.														
35	If the Board gave more than one decision in the year, calculate a weighted average proxy.														
36	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.														
37	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.														
38	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.														
39	(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.														
40	(vi) Column M - The 2005 PILs tax proxy will be used for the period from January 1 to April 30, 2006.														
41															
42	(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
43	true-up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.														
44															
45	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.														
46	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
47															
48	(4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
49	true-up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.														
50															
51	(5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet.														
52	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
53															
54	(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.														
55															
56	(7) Carrying charges are calculated on a simple interest basis.														
57															
58	(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														
59	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														
60	2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.														
61	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.														
62															
63	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied														
64	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;														
65	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.														
66															
67	In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,														
68	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.														
69															
70	In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,														
71	for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used														
72	to calculate the recovery for the period January 1 to March 31, 2005.														
73															
74	(9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes														
75	will have to include amounts from 1562 and from 1590.														
76															
77															