

ATTACHMENT AB

2002 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: 2003			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	12-31-2003	
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: 2003							
8							
9 Days in reporting period:	365	days				Column	
10 Total days in the calendar year:	365	days				Brought	
11						From	
12		\$		\$		TAXREC	
13						\$	
14 II CORPORATE INCOME TAXES							
15							
16 Regulatory Net Income REGINFO E53	1	11,601,700		-1,630,700		9,971,000	
17							
18 BOOK TO TAX ADJUSTMENTS							
19 Additions:							
20 Depreciation & Amortization	2	10,687,477		1,445,523		12,133,000	
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 (incl "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		6,362,164		14,343,115	
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	5,364,106		-2,680,106		2,704,000	
38 Tax reserves - end of year	4			0		0	
39 Reserves from financial statements - beginning of year	4	0		0		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			0		0	
47 Other Deductions (not "Material") "TAXREC 2"	12			21,000		21,000	
48 Items on which true-up does not apply "TAXREC 3"				0		0	
49							
50 TAXABLE INCOME/ (LOSS)		9,283,414		(4,247,529)		Before loss C/F	5,035,885
51							
52 BLENDED INCOME TAX RATE							
53 Tab Tax Rates - Regulatory from Table 1: Actual from Table 3	13	38.62%		-2.9714%			35.65%
54							
55 REGULATORY INCOME TAX		3,585,254		-2,669,040		Actual	916,214
56							
57							
58 Miscellaneous Tax Credits	14			0		Actual	0
59							
60 Total Regulatory Income Tax		3,585,254		-2,669,040		Actual	916,214
61							
62							
63 II) CAPITAL TAXES							
64							
65 Ontario							
66 Base	15	174,041,606		35,721,394			209,763,000
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		35,721,394			204,763,000
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		107,164			614,289
73							
74 Federal Large Corporations Tax							
75 Base	18	174,041,606		25,436,394			199,478,000
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		25,436,394			169,478,000
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		57,232			426,326
82 Less: Federal Surtax 1.12% x Taxable Income	21	103,974		-103,974			0
83							
84 Net LCT		265,119		161,206			426,326
85							
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	5,736,407				Actual 2003	916,214
91 LCT (proxy tax is grossed-up)	23	424,191				Actual 2003	396,060
92 Ontario Capital Tax (no gross-up since it is deductible)	24	507,125				Actual 2003	614,289
93							
94							
95 Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	6,667,723				Actual 2003	1,926,563
96 RAM DECISION							
97							
98							
99 IV) FUTURE TRUE-UPS							
100 (V 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 (See Below - call I206)	11			0			
113 Tax reserves claimed in current year	4			0			
114 Reserves from F/S beginning of year	4			0			
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			0			
119							
120 Total TRUE-UPS before tax effect	26			=	-359,294		
121							
122 Income Tax Rate (excluding surtax) from 2003 Utility's tax return				x	36.62%		

	A	B	C	D	E	F	G	H
1	PILs TAXES	ITEM	Initial Estimate		M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS							
3	TAX CALCULATIONS (TAXCALC)							
4	(*Wires-only* business - see Tab TAXREC)							
5		0					Version 2009.1	
6	Utility Name: London Hydro Inc.							
7	Reporting period: 2003							
8								
9	Days in reporting period:	365	days				Column Brought From	
10	Total days in the calendar year:	365	days				TAXREC	
11							\$	
12								
123								
124	Income Tax Effect on True-up adjustments			=	-131,573			
125								
126	Less: Miscellaneous Tax Credits	14		=	0			
127								
128	Total Income Tax on True-ups			=	-131,573			
129								
130	Income Tax Rate used for gross-up (exclude surtax)			=	35.50%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT			=	(203,990)			
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)			=	9,283,414			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	36.62%			
139								
140	REVISED REGULATORY INCOME TAX			=	3,399,586			
141								
142	Less: Revised Miscellaneous Tax Credits			=	0			
143								
144	Total Revised Regulatory Income Tax			=	3,399,586			
145								
146	Less: Regulatory Income Tax reported in the initial Estimate Column (Cell C58)			=	3,585,254			
147								
148	Regulatory Income Tax Variance			=	(185,668)			
149								
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			=	103,974			
170	Revised Net LCT			=	265,119			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C62)			=	265,119			
173	Regulatory Federal LCT Variance			=	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)			=	35.50%			
176								
177	Income Tax (grossed-up)			+	(287,858)			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	(287,858)			
182								
183	TRUE-UP VARIANCE (from cell I132)			+	(203,990)			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=	(491,848)			
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)			=	5,384,108			
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)							
200	Above Deemed Debt per Rate Handbook							
201	Interest deducted on MoF Filing (Cell K35+K41)			=	2,704,000			
202	Actual Interest Paid			=				
203								
204	Variance caused by excess debt			=	0			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)			=	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: 2003					
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	Energy Sales	+	0		0	
32	Distribution Revenue	+	39,840,000		39,840,000	
33	Other Income	+	3,850,000		3,850,000	
34	Miscellaneous income	+	3,945,000		3,945,000	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	0		0	
40	Administration	-	17,637,000		17,637,000	
41	Customer billing and collecting	-			0	
42	Operations and maintenance	-	7,894,000		7,894,000	
43	Amortization	-	12,133,000		12,133,000	
44	Ontario Capital Tax	-	0		0	
45	Reg Asset movement	-	0		0	
46		-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	9,971,000	0	9,971,000	
51	Less: Interest expense for accounting purposes	-	2,704,000		2,704,000	
52	Provision for payments in lieu of income taxes	-	2,336,000		2,336,000	
53	Net Income (loss)	=	4,931,000	0	4,931,000	
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	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	2,336,000	0	2,336,000	
60	Federal large corporation tax	+	0		0	
61	Depreciation & Amortization	+	12,133,000	0	12,133,000	
62	Employee benefit plans-accrued, not paid	+	0	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 on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"					
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	Subtotal		14,469,000	0	14,469,000	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76		+	0		0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	14,469,000	0	14,469,000	
83						
84	Recap Material Additions:					
85			0	0	0	