

	A	B	C	D	E
1	<b>PILs TAXES</b>				<b>Version 2009.1</b>
2	<b>REGULATORY INFORMATION (REGINFO)</b>				
3	Utility Name: London Hydro Inc.			Colour Code	
4	Reporting period: 2004			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	366	days		
7	Total days in the calendar year:	366	days		
8					
9	<b>BACKGROUND</b>				
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	<b>MARR NO TAX CALCULATIONS</b>				<b>Regulatory</b>
27	<b>SHEET #7 FINAL RUD MODEL DATA</b>				<b>Income</b>
28	<b>(FROM 1999 FINANCIAL STATEMENTS)</b>				
29	<b>USE BOARD-APPROVED AMOUNTS</b>				
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	<b>Input: Board-approved dollar amounts phased-in</b>				
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	<b>Total Regulatory Income</b>				<b>11,601,700</b>
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	<b>PILs TAXES</b>	<b>ITEM</b>	<b>Initial</b>	<b>M of F</b>	<b>M of F</b>	<b>Tax</b>	
2	<b>PILs DEFERRAL AND VARIANCE ACCOUNTS</b>		<b>Estimate</b>	<b>Filing</b>	<b>Filing</b>	<b>Returns</b>	
3	<b>TAX CALCULATIONS (TAXCALC)</b>			<b>Variance</b>	<b>Variance</b>		
4	("Wires-only" business - see Tab TAXREC)			<b>K-C</b>	<b>Explanation</b>		
5	0					<b>Version 2009.1</b>	
6	Utility Name: London Hydro Inc.						
7	Reporting period: 2004						
8							
9	Days in reporting period:	366	days				<b>Column</b>
10	Total days in the calendar year:	366	days				<b>Brought</b>
11							<b>From</b>
12			\$	\$			<b>TAXREC</b>
13							<b>\$</b>
14	<b>I) CORPORATE INCOME TAXES</b>						
15							
16	Regulatory Net Income REGINFO E53	1	11,601,700	5,109,300		16,711,000	
17							
18	<b>BOOK TO TAX ADJUSTMENTS</b>						
19	<b>Additions:</b>						
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	
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	<b>Items on which true-up does not apply "TAXREC 3"</b>			2,858,705		2,858,705	
31							
32	<b>Deductions: Input positive numbers</b>						
33	Capital Cost Allowance and CEC	7	7,980,951	4,333,338		12,314,289	
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	-911,106		4,473,000	
38	Tax reserves - end of year	4	1,806,831	-1,806,831		0	
39	Reserves from financial statements - beginning of year	4		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		19,013		19,013	
46	Material Items from "TAXREC 2" worksheet	12		0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12		0		0	
48	<b>Items on which true-up does not apply "TAXREC 3"</b>			6,498,000		6,498,000	
49							
50	TAXABLE INCOME/ (LOSS)		9,197,414	(354,011)	Before loss C/F	8,843,403	
51							
52	<b>BLENDED INCOME TAX RATE</b>						
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%	-2.5000%		36.12%	
54							
55	REGULATORY INCOME TAX		3,552,041	-357,804	Actual	3,194,237	
56							
57							
58	Miscellaneous Tax Credits	14		111,098	Actual	111,098	
59							
60	<b>Total Regulatory Income Tax</b>		3,552,041	-468,902	Actual	3,083,139	
61							
62							
63	<b>II) CAPITAL TAXES</b>						
64							
65	<b>Ontario</b>						
66	Base	15	174,041,606	49,027,394		223,069,000	
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	49,027,394		218,069,000	
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	147,082		654,207	
73							
74	<b>Federal Large Corporations Tax</b>						
75	Base	18	174,041,606	28,284,394		202,326,000	
76	Less: Exemption -Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000	40,000,000		50,000,000	
77	Taxable Capital		164,041,606	68,284,394		152,326,000	
78							
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%	-0.0250%		0.2000%	
80							
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		369,094	-64,442		304,652	
82	Less: Federal Surtax 1.12% x Taxable Income	21	103,011	-3,965		99,046	
83							
84	Net LCT		266,083	-60,477		205,606	
85							
86	<b>III) INCLUSION IN RATES</b>						
87							
88	Income Tax Rate used for gross- up (exclude surtax)		37.50%				
89							
90	Income Tax (proxy tax is grossed-up)	22	5,683,266		Actual 2004	3,083,139	
91	LCT (proxy tax is grossed-up)	23	425,732		Actual 2004	205,606	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	507,125		Actual 2004	654,207	
93							
94							
95	<b>Total PILs for Rate Adjustment -- MUST AGREE WITH 2002 RAM DECISION</b>	25	6,616,123		Actual 2004	3,942,952	
96							
97							
98							
99	<b>IV) FUTURE TRUE-UPS</b>						
100	<b>IV a) Calculation of the True-up Variance</b>			<b>DR/(CR)</b>			
101	<b>In Additions:</b>						
102	Employee Benefit Plans - Accrued, Not Paid	3		0		0	
103	Tax reserves deducted in prior year	4		-1,720,831		0	
104	Reserves from financial statements-end of year	4		0		0	
105	Regulatory Adjustments	5		-359,294		0	
106	Other additions "Material" Items TAXREC	6		0		0	
107	Other additions "Material" Items TAXREC 2	6		0		0	
108	<b>In Deductions - positive numbers</b>						
109	Employee Benefit Plans - Paid Amounts	8		0		0	
110	Items Capitalized for Regulatory Purposes	9		0		0	
111	Regulatory Adjustments	10		0		0	
112	Interest Adjustment for tax purposes (See Below - cell I206)	11		0		0	
113	Tax reserves claimed in current year	4		-1,806,831		0	
114	Reserves from F/S beginning of year	4		0		0	
115	Contributions to deferred income plans	3		0		0	
116	Contributions to pension plans	3		0		0	
117	Other deductions "Material" Items TAXREC	12		0		0	
118	Other deductions "Material" Item TAXREC 2	12		0		0	
119							
120	Total TRUE-UPS before tax effect	26	=	-273,294			
121							
122	Income Tax Rate (excluding surtax) from 2004 Utility's tax return		x	36.12%			
123							

	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: 2004							
8								
9	Days in reporting period:	366	days				Column Brought	
10	Total days in the calendar year:	366	days				From	
11							TAXREC	
12					\$	\$	\$	
13								
124	Income Tax Effect on True-up adjustments			=	-98,714			
125								
126	Less: Miscellaneous Tax Credits	14			111,098			
127								
128	Total Income Tax on True-ups				-209,812			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				35.00%			
131								
132	<b>TRUE-UP VARIANCE ADJUSTMENT</b>				<b>(322,787)</b>			
133								
134	<b>IV b) Calculation of the Deferral Account Variance caused by changes in legislation</b>							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	9,197,414			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	36.12%			
139								
140	REVISED REGULATORY INCOME TAX			=	3,322,106			
141								
142	Less: Revised Miscellaneous Tax Credits			-	111,098			
143								
144	Total Revised Regulatory Income Tax			=	3,211,008			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	3,552,041			
147								
148	Regulatory Income Tax Variance			=	(341,033)			
149								
150	<b>Ontario Capital Tax</b>							
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	<b>Federal LCT</b>							
162	Base			=	174,041,606			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
164	Revised Federal LCT			=	124,041,606			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.2000%			
167								
168	Gross Amount				248,083			
169	Less: Federal surtax			-	103,011			
170	Revised Net LCT			=	145,072			
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	266,083			
173	Regulatory Federal LCT Variance			=	(121,010)			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				35.00%			
176								
177	Income Tax (grossed-up)			+	(524,667)			
178	LCT (grossed-up)			+	(186,170)			
179	Ontario Capital Tax			+	0			
180								
181	<b>DEFERRAL ACCOUNT VARIANCE ADJUSTMENT</b>			=	<b>(710,837)</b>			
182								
183	<b>TRUE-UP VARIANCE (from cell I132)</b>			+	<b>(322,787)</b>			
184								
185	<b>Total Deferral Account Entry (Positive Entry = Debit)</b>			=	<b>(1,033,624)</b>			
186	(Deferral Account Variance + True-up Variance)							
187								
188								
189								
190	<b>V) INTEREST PORTION OF TRUE-UP</b>							
191	<b>Variance Caused By Phase-in of Deemed Debt</b>							
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				1,316,496			
197								
198								
199	<b>Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)</b>							
200	Interest deducted on MoF filing (Cell K36+K41)				4,473,000			
201								
202	Actual Interest Paid				4,473,000			
203								
204	Variance caused by excess debt				0			
205								
206	<b>Interest Adjustment for Tax Purposes (carry forward to Cell I112)</b>				<b>0</b>			
207								
208	<b>Total Interest Variance</b>				<b>1,316,496</b>			
209								
210								
211								

	A	B	C	D	E	F
1	<b>PILs TAXES</b>	<b>LINE</b>	<b>M of F</b>	Non-wires	<b>Wires-only</b>	
2	<b>TAX RETURN RECONCILIATION (TAXREC)</b>		<b>Corporate</b>	Eliminations	<b>Tax</b>	
3	(for "wires-only" business - see s. 72 OEB Act)		<b>Tax</b>		<b>Return</b>	
4		0	<b>Return</b>			
5					<b>Version 2009.1</b>	
6	<b>Section A: Identification:</b>					
7	Utility Name: London Hydro Inc.					
8	Reporting period: 2004					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
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	<b>Section B: Financial statements data:</b>					
23	<i>Input unconsolidated financial statement data submitted with Tax returns.</i>					
24	<i>The actual categories of the income statements should be used.</i>					
25	<i>If required please change the descriptions except for amortization, interest expense and provision for income tax</i>					
26						
27	<i>Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts</i>					
28	<i>in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.</i>					
29						
30	<b>Income:</b>					
31	Energy Sales	+	0		0	
32	Distribution Revenue	+	40,015,000		40,015,000	
33	Other Income	+	4,399,000	0	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	<b>Costs and Expenses:</b>					
39	Cost of energy purchased	-	0		0	
40	Administration	-	17,033,000	0	17,033,000	
41	Customer billing and collecting	-			0	
42	Operations and maintenance	-	8,485,000		8,485,000	
43	Amortization	-	12,578,000	0	12,578,000	
44	Ontario Capital Tax	-	0		0	
45	Recovery of regulatory assets - expense	-	0		0	
46		-			0	
47		-			0	
48		-			0	
49						
50	<b>Net Income Before Interest &amp; Income Taxes EBIT</b>	=	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	<b>Net Income (loss)</b>	=	8,108,000	0	8,108,000	
54	<i>(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. )</i>					
55						
56	<b>Section C: Reconciliation of accounting income to taxable income</b>					
57	<b>From T2 Schedule 1</b>					
58	<b>BOOK TO TAX ADDITIONS:</b>					
59	Provision for income tax	+	4,130,000	0	4,130,000	
60	Federal large corporation tax	+	0		0	
61	Depreciation & Amortization	+	12,578,000	0	12,578,000	
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	<b>Items on which true-up does not apply "TAXREC 3"</b>		2,858,705	0	2,858,705	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	<i>Subtotal</i>		19,566,705	0	19,566,705	
71						
72	<i>Other Additions: (Please explain the nature of the additions)</i>					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+	0		0	
75	Capital items expensed	+			0	
76		+	0		0	
77		+			0	
78		+			0	
79		+			0	
80	<i>Total Other Additions</i>	=	0	0	0	
81						
82	<i>Total Additions</i>	=	19,566,705	0	19,566,705	
83						
84	<b>Recap Material Additions:</b>					
85			0	0	0	

	A	B	C	D	E	F
1	<b>PILs TAXES</b>	<b>LINE</b>	<b>M of F</b>	Non-wires	<b>Wires-only</b>	
2	<b>TAX RETURN RECONCILIATION (TAXREC)</b>		<b>Corporate</b>	Eliminations	<b>Tax</b>	
3	(for "wires-only" business - see s. 72 OEB Act)		<b>Tax</b>		<b>Return</b>	
4		0	<b>Return</b>			
5					<b>Version 2009.1</b>	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						
96	<b>BOOK TO TAX DEDUCTIONS:</b>					
97	Capital cost allowance	-	12,314,289		12,314,289	
98	Cumulative eligible capital deduction	-	0		0	
99	Employee benefit plans-paid amounts	-	0		0	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	0	0	0	
105	Reserves from financial statements- beginning of year	-	0	0	0	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	<b>Items on which true-up does not apply "TAXREC 3"</b>		6,498,000	0	6,498,000	
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	=	18,812,289	0	18,812,289	
114	Other deductions (Please explain the nature of the deductions)					
115	<b>Charitable donations - tax basis</b>	-			0	
116	Gain on disposal of assets	-	19,013		19,013	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	19,013	0	19,013	
121						
122	Total Deductions	=	18,831,302	0	18,831,302	
123						
124	<b>Recap Material Deductions:</b>					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		19,013	0	19,013	
132	Total Other Deductions		19,013	0	19,013	
133						
134	<b>TAXABLE INCOME</b>	=	8,843,403	0	8,843,403	
135	<b>DEDUCT:</b>					
136	Non-capital loss applied positive number	-	0		0	
137	Net capital loss applied positive number	-			0	
138					0	
139	<b>NET TAXABLE INCOME</b>	=	8,843,403	0	8,843,403	
140						
141	<b>FROM ACTUAL TAX RETURNS</b>					
142	Net Federal Income Tax (Must agree with tax return)	+	1,956,161	0	1,956,161	
143	Net Ontario Income Tax (Must agree with tax return)	+	1,238,076	0	1,238,076	
144	Subtotal	=	3,194,237	0	3,194,237	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	111,098		111,098	
146	<b>Total Income Tax</b>	=	3,083,139	0	3,083,139	
147						
148	<b>FROM ACTUAL TAX RETURNS</b>					
149	Net Federal Income Tax Rate (Must agree with tax return)		22.12%		22.12%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		14.00%		14.00%	
151	Blended Income Tax Rate		36.12%		36.12%	
152						
153	<b>Section F: Income and Capital Taxes</b>					
154						
155	<b>RECAP</b>					
156	Total Income Taxes	+	3,083,139	0	3,083,139	
157	Ontario Capital Tax	+	654,207		654,207	
158	Federal Large Corporations Tax	+	205,606		205,606	
159						
160	<b>Total income and capital taxes</b>	=	3,942,952	0	3,942,952	
161						

	A	B	C	D	E	F
1	<b>PILs TAXES</b>	LINE	M of F	Non-wires	<b>Wires-only</b>	
2	<b>Tax and Accounting Reserves</b>		Corporate	Eliminations	<b>Tax</b>	
3	For MoF Column of TAXCALC		Tax		<b>Return</b>	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	<b>0</b>				<b>Version 2009.1</b>	
6						
7	<b>Utility Name: London Hydro Inc.</b>					
8	<b>Reporting period: 2004</b>					
9						
10	<b>TAX RESERVES</b>					
11						
12	<b>Beginning of Year:</b>					
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	<b>Total (carry forward to the TAXREC worksheet)</b>		0	0	0	
23						
24	<b>End of Year:</b>					
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	<b>Total (carry forward to the TAXREC worksheet)</b>		0	0	0	
36						
37						
38	<b>FINANCIAL STATEMENT RESERVES</b>					
39						
40	<b>Beginning of Year:</b>					
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	<b>Total (carry forward to the TAXREC worksheet)</b>		0	0	0	
51						
52	<b>End of Year:</b>					
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	<b>Total (carry forward to the TAXREC worksheet)</b>		0	0	0	
64						

	A	B	C	D	E	F
1						
2	<b>PILs TAXES</b>	LINE	M of F	Non-wires	<b>Wires-only</b>	
3	<b>TAX RETURN RECONCILIATION (TAXREC 2)</b>		Corporate	Eliminations	<b>Tax</b>	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		<b>Return</b>	
5	<b>RATEPAYERS ONLY</b>		Return			
6	<b>Shareholder-only Items should be shown on TAXREC 3</b>				<b>Version 2009.1</b>	
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						
14						
15	<b>Section C: Reconciliation of accounting income to taxable income</b>					
16	<b>Add:</b>					
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		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	

	A	B	C	D	E	F
1						
2	<b>PILs TAXES</b>	LINE	M of F	Non-wires	<b>Wires-only</b>	
3	<b>TAX RETURN RECONCILIATION (TAXREC 2)</b>		Corporate	Eliminations	<b>Tax</b>	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		<b>Return</b>	
5	<b>RATEPAYERS ONLY</b>		Return			
6	<b>Shareholder-only Items should be shown on TAXREC 3</b>				<b>Version 2009.1</b>	
7						
8	<b>Utility Name: London Hydro Inc.</b>					
9	<b>Reporting period: 2004</b>					
10	<b>Number of days in taxation year:</b>		366			
11	<b>Materiality Level:</b>		195,797			
12						
13						
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	
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
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		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	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
96	Non-taxable load transfers	-	0		0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
101	Recap of Material Deductions:					
102			0	0	0	
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		0	0	0	
120	Other deductions less than materiality level		0	0	0	
121	Total Deductions		0	0	0	
122						



	A	B	C	D	E	F
1						
2	<b>PILs TAXES</b>					
3	<b>TAX RETURN RECONCILIATION (TAXREC 3)</b>					
4	<b>Shareholder-only Items should be shown on TAXREC 3</b>	LINE	M of F	Non-wires	<b>Wires-only</b>	
5	<b>ITEMS ON WHICH TRUE-UP DOES NOT APPLY</b>		Corporate	Eliminations	<b>Tax</b>	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		<b>Return</b>	
7		0	Return			
8	<b>Utility Name: London Hydro Inc.</b>				<b>Version 2009.1</b>	
9						
10						
11	<b>Reporting period: 2004</b>					
12	<b>Number of days in taxation year:</b>		366			
13						
14						
15						
16	<b>Section C: Reconciliation of accounting income to taxable income</b>					
17	<b>Add:</b>					
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	0	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	+	25,600		25,600	
33	Non-deductible club dues	+	4,605		4,605	
34	Non-deductible automobile costs	+			0	
35	<b>Donations - amount per books</b>		0		0	
36	Interest and penalties on unpaid taxes		1,700		1,700	
37	Management bonuses unpaid after 180 days of year end				0	
38	<b>Ontario capital tax adjustments</b>				0	
39		+			0	
40	<b>Changes in Regulatory Asset balances</b>	+	2,752,800		2,752,800	
41	Imputed interest expense on Regulatory Assets	+			0	
42		+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Non-deductible company pension plans	+	74,000		74,000	
45		+			0	
46		+			0	
47	<b>Total Additions on which true-up does not apply</b>	=	2,858,705	0	2,858,705	
48						
49	<b>Deduct:</b>					
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		0	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	<b>Donations - amount deductible for tax purposes</b>	-	0		0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60	<b>Ontario capital tax adjustments to current or prior year</b>	-	0		0	
61		-			0	
62	<b>Changes in Regulatory Asset balances</b>	-	6,498,000		6,498,000	
63		-			0	
64	Assessment Notice	-	0		0	
65		-			0	
66		-			0	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	<b>Total Deductions on which true-up does not apply</b>	=	6,498,000	0	6,498,000	
74						
75						

	A	B	C	D	E	F	G	H	I	J
1	<b>PILs TAXES</b>									
2	<b>Corporate Tax Rates</b>					<b>Version 2009.1</b>				
3	<b>Exemptions, Deductions, or Thresholds</b>									
4	Utility Name: London Hydro Inc.									
5	Reporting period: 2004									
6										
7	<b>Table 1</b>									
8	<b>Rates Used in 2002 RAM PILs Applications for 2002</b>									
9	<b>Income Range</b>		<b>0</b>		<b>200,001</b>		<b>200,001</b>		<b>&gt;700000</b>	
10	<b>RAM 2002</b>		<b>to</b>		<b>to</b>		<b>to</b>		<b>&gt;700000</b>	
11		<b>Year</b>	<b>200,000</b>		<b>700,000</b>					
12	<b>Income Tax Rate</b>									
13	<b>Proxy Tax Year</b>	<b>2002</b>								
14	<b>Federal (Includes surtax)</b>		13.12%		26.12%		26.12%		26.12%	
15	<b>and Ontario blended</b>		6.00%		6.00%		12.50%		12.50%	
16	<b>Blended rate</b>		19.12%		34.12%		38.62%		38.62%	
17										
18	<b>Capital Tax Rate</b>		0.300%							
19	<b>LCT rate</b>		0.225%							
20	<b>Surtax</b>		1.12%							
21	<b>Ontario Capital Tax Exemption **</b>	<b>MAX \$5MM</b>	5,000,000							
22	<b>Federal Large Corporations Tax Exemption **</b>	<b>MAX \$10MM</b>	10,000,000							
23	<b>**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing</b>									
24										
25	<b>Table 2</b>									
26	<b>Expected Income Tax Rates for 2004 and Capital Tax Exemptions for 2004</b>									
27	<b>Income Range</b>		<b>0</b>		<b>250,001</b>		<b>400,001</b>		<b>&gt;1,128,000</b>	
28	<b>Expected Rates</b>		<b>to</b>		<b>to</b>		<b>to</b>		<b>&gt;1,128,000</b>	
29		<b>Year</b>	<b>250,000</b>		<b>400,000</b>		<b>1,128,000</b>			
30	<b>Income Tax Rate</b>									
31	<b>Current year</b>	<b>2004</b>								
32	<b>Federal (Includes surtax)</b>	<b>2004</b>	13.12%		22.12%		22.12%		22.12%	
33	<b>Ontario</b>	<b>2004</b>	5.50%		5.50%		9.75%		14.00%	
34	<b>Blended rate</b>	<b>2004</b>	18.62%		27.62%		31.87%		36.12%	
35										
36	<b>Capital Tax Rate</b>	<b>2004</b>	0.300%							
37	<b>LCT rate</b>	<b>2004</b>	0.200%							
38	<b>Surtax</b>	<b>2004</b>	1.12%							
39	<b>Ontario Capital Tax Exemption *** 2004</b>	<b>MAX \$5MM</b>	5,000,000							
40	<b>Federal Large Corporations Tax Exemption *** 2004</b>	<b>MAX \$50MM</b>	50,000,000							
41	<b>*** Allocation of exemptions must comply with the Board's instructions regarding regulated activities.</b>									
42										
43	<b>Table 3</b>									
44	<b>Input Information from Utility's Actual 2004 Tax Returns</b>									
45	<b>Income Range</b>		<b>0</b>		<b>250,001</b>		<b>400,001</b>		<b>&gt;1,128,000</b>	
46			<b>to</b>		<b>to</b>		<b>to</b>		<b>&gt;1,128,000</b>	
47		<b>Year</b>	<b>250,000</b>		<b>400,000</b>		<b>1,128,000</b>			
48	<b>Income Tax Rate</b>									
49	<b>Current year</b>	<b>2004</b>								
50	<b>Federal (Includes surtax)</b>		13.12%		22.12%		22.29%		22.12%	22.12%
51	<b>Ontario</b>		5.50%		5.50%		13.77%		14.00%	0.00%
52	<b>Blended rate</b>		18.62%		27.62%		36.06%		36.12%	0.00%
53										
54	<b>Capital Tax Rate</b>		0.300%							
55	<b>LCT rate</b>		0.200%							
56	<b>Surtax</b>		1.12%							
57	<b>Ontario Capital Tax Exemption *</b>	<b>MAX \$5MM</b>	5,000,000							
58	<b>Federal Large Corporations Tax Exemption *</b>	<b>MAX \$50MM</b>	50,000,000							
59	<b>* Include copies of the actual tax return allocation calculations in your submission: Ontario CT23 page 11; federal T2 Schedule 36</b>									
60										
61										

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	<b>PILs TAXES</b>														
2	<b>Analysis of PILs Tax Account 1562:</b>														
3	Utility Name: London Hydro Inc.														Version 2009.1
4	Reporting period: 2004														0
5	<b>Sign Convention: + for increase; - for decrease</b>														
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		2,217,410		2,293,976		7,153,404		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		1,413,007		27,622,927
13	PILs proxy from April 1, 2005 - input 9/12 of amount										4,239,022				4,239,022
14	True-up Variance Adjustment Q4, 2001 (2)	+/-			15,545										15,545
15	True-up Variance Adjustment (3)	+/-					-353,632		-203,990		-322,787		0		-880,409
16	Deferral Account Variance Adjustment Q4, 2001 (4)														0
17	Deferral Account Variance Adjustment (5)	+/-							-287,858		-710,837		0		-998,695
18	Adjustments to reported prior years' variances (6)	+/-													0
19	Carrying charges (7)	+/-	12,305		222,441		148,530		121,283						504,559
20	PILs billed to (collected from) customers (8)	-	0		-6,216,185		-9,028,302		-6,692,050						-21,936,537
21															
22	Ending balance: # 1562		2,104,536		2,742,460		2,217,410		2,293,976		7,153,404		8,566,412		8,566,412
23															
24															
25															
26	<b>Uncollected PILs</b>														
27															
28	<b>NOTE:</b> 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	<b>Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER: Method 2</b>														
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 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	trued 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	trued 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															