

	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: 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	<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	12-31-2005	
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
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM			2,836,791	2,836,791
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	<b>Total Regulatory Income</b>				<b>14,438,491</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: 2005							
8								
9	Days in reporting period:	365	days					<b>Column</b>
10	Total days in the calendar year:	365	days					<b>Brought</b>
11								<b>From</b>
12			\$		\$			<b>TAXREC</b>
13								<b>\$</b>
14	<b>II) CORPORATE INCOME TAXES</b>							
15								
16	Regulatory Net Income REGINFO E53	1	14,438,491		-2,858,491		11,580,000	
17								
18	<b>BOOK TO TAX ADJUSTMENTS</b>							
19	<b>Additions:</b>							
20	Depreciation & Amortization	2	10,687,477		2,160,523		12,848,000	
21	Employee Benefit Plans - Accrued, Not Paid	3	0		0		0	
22	Tax reserves - beginning of year	4	0		0		0	
23	Reserves from financial statements - end of year	4	0		0		0	
24	Regulatory Adjustments - increase in income	5	0		0		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6	0		600,000		600,000	
27	Other Additions (not "Material") "TAXREC"	6	0		0		0	
28	"Material" Items from "TAXREC 2" worksheet	6	0		0		0	
29	Other Additions (not "Material") "TAXREC 2"	6	0		0		0	
30	<b>Items on which true-up does not apply "TAXREC 3"</b>				3,554,863		3,554,863	
31								
32	<b>Deductions: Input positive numbers</b>							
33	Capital Cost Allowance and CEC	7	7,980,951		4,146,611		12,127,562	
34	Employee Benefit Plans - Paid Amounts	8	0		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	6,700,602		-2,204,602		4,496,000	
38	Tax reserves - end of year	4	0		0		0	
39	Reserves from financial statements - beginning of year	4	0		0		0	
40	Contributions to deferred income plans	3	0		0		0	
41	Contributions to pension plans	3	0		0		0	
42	Interest capitalized for accounting but deducted for tax	11	0		0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	<b>CDM 2005 Incremental OM&amp;A expenses per 2005 PILs model</b>	12	1,660,750		-1,660,750		0	
45	"Material" Items from "TAXREC" worksheet	12	0		872,756		872,756	
46	Other Deductions (not "Material") "TAXREC"	12	0		44,432		44,432	
47	Material Items from "TAXREC 2" worksheet	12	0		0		0	
48	Other Deductions (not "Material") "TAXREC 2"	12	0		0		0	
49	<b>Items on which true-up does not apply "TAXREC 3"</b>				0		0	
50								
51	TAXABLE INCOME/ (LOSS)		8,783,665		2,258,448	Before loss C/F	11,042,113	
52								
53	<b>BLENDED INCOME TAX RATE</b>							
54	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	36.12%		0.0000%		36.12%	
55								
56	REGULATORY INCOME TAX		3,172,660		815,752	Actual	3,988,412	
57								
58								
59	Miscellaneous Tax Credits	14	0		0	Actual	0	
60								
61	<b>Total Regulatory Income Tax</b>		3,172,660		815,752	Actual	3,988,412	
62								
63								
64	<b>III) CAPITAL TAXES</b>							
65								
66	<b>Ontario</b>							
67	Base	15	174,041,606		52,370,394		226,412,000	
68	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	16	7,500,000		0		7,500,000	
69	Taxable Capital		166,541,606		52,370,394		218,912,000	
70								
71	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
72								
73	Ontario Capital Tax		499,625		157,111		656,736	
74								
75	<b>Federal Large Corporations Tax</b>							
76	Base	18	174,041,606		39,387,394		213,429,000	
77	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	19	50,000,000		0		50,000,000	
78	Taxable Capital		124,041,606		39,387,394		163,429,000	
79								
80	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.1750%		0.0000%		0.1750%	
81								
82	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		217,073		68,928		286,001	
83	Less: Federal Surtax 1.12% x Taxable Income	21	98,377		25,295		123,672	
84								
85	Net LCT		118,696		43,633		162,329	
86								
87	<b>III) INCLUSION IN RATES</b>							
88								
89	Income Tax Rate used for gross- up (exclude surtax)		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	<b>Total PILs for Rate Adjustment -- MUST AGREE WITH 2005 RAM DECISION</b>	25	5,652,029			Actual 2005	4,807,477	
97								
98								
99								
100	<b>IV) FUTURE TRUE-UPS</b>							
101	<b>IV a) Calculation of the True-up Variance</b>				<b>DR/(CR)</b>			
102	<b>In Additions:</b>							
103	Employee Benefit Plans - Accrued, Not Paid	3	0		0		0	
104	Tax reserves deducted in prior year	4	0		0		0	
105	Reserves from financial statements-end of year	4	0		0		0	
106	Regulatory Adjustments	5	0		0		0	
107	Other additions "Material" Items TAXREC	6	0		600,000		600,000	
108	Other additions "Material" Items TAXREC 2	6	0		0		0	
109	<b>In Deductions - positive numbers</b>							
110	Employee Benefit Plans - Paid Amounts	8	0		0		0	
111	Items Capitalized for Regulatory Purposes	9	0		0		0	
112	Regulatory Adjustments	10	0		0		0	
113	Interest Adjustment for tax purposes (See Below - cell I206)	11	0		0		0	
114	Tax reserves claimed in current year	4	0		0		0	
115	Reserves from F/S beginning of year	4	0		0		0	
116	Contributions to deferred income plans	3	0		0		0	
117	Contributions to pension plans	3	0		0		0	
118	Other deductions "Material" Items TAXREC	12	0		872,756		872,756	
119	Other deductions "Material" Item TAXREC 2	12	0		0		0	
120								
121	Total TRUE-UPS before tax effect	26	=		-272,756			
122								

	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: 2005							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
123	Income Tax Rate (excluding surtax) from 2005 Utility's tax return			x	36.12%			
124								
125	Income Tax Effect on True-up adjustments			=	-98,519			
126								
127	Less: Miscellaneous Tax Credits	14			0			
128								
129	Total Income Tax on True-ups				-98,519			
130								
131	Income Tax Rate used for gross-up (exclude surtax)				35.00%			
132								
133	<b>TRUE-UP VARIANCE ADJUSTMENT</b>				<b>(151,568)</b>			
134								
135	<b>IV b) Calculation of the Deferral Account Variance caused by changes in legislation</b>							
136								
137	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	8,783,665			
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 C58)			-	3,172,660			
148								
149	Regulatory Income Tax Variance			=	0			
150								
151	<b>Ontario Capital Tax</b>							
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 C70)			-	499,625			
160	Regulatory Ontario Capital Tax Variance			=	0			
161								
162	<b>Federal LCT</b>							
163	Base				174,041,606			
164	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
165	Revised Federal LCT			=	124,041,606			
166								
167	Rate (as a result of legislative changes) tab 'Tax Rates' cell C51				0.1750%			
168								
169	Gross Amount				217,073			
170	Less: Federal surtax			-	98,377			
171	Revised Net LCT			=	118,696			
172								
173	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	118,696			
174	Regulatory Federal LCT Variance			=	0			
175								
176	Actual Income Tax Rate used for gross-up (exclude surtax)				35.00%			
177								
178	Income Tax (grossed-up)			+	0			
179	LCT (grossed-up)			+	0			
180	Ontario Capital Tax			+	0			
181								
182	<b>DEFERRAL ACCOUNT VARIANCE ADJUSTMENT</b>			=	<b>0</b>			
183								
184	<b>TRUE-UP VARIANCE (from cell I132)</b>			+	<b>(151,568)</b>			
185								
186	<b>Total Deferral Account Entry (Positive Entry = Debit)</b>			=	<b>(151,568)</b>			
187	(Deferral Account Variance + True-up Variance)							
188								
189								
190								
191	<b>V) INTEREST PORTION OF TRUE-UP</b>							
192	<b>Variance Caused By Phase-in of Deemed Debt</b>							
193								
194	Total deemed interest (REGINFO)				6,700,602			
195	Interest phased-in (Cell C36)				5,384,106			
196								
197	Variance due to phase-in of debt component of MARR in rates according to the Board's decision				1,316,496			
198								
199								
200	<b>Other Interest Variances (i.e. Borrowing Levels Above Deemed Debt per Rate Handbook)</b>							
201	Interest deducted on MoF filing (Cell K36+K41)				4,496,000			
202	Actual Interest Paid				4,496,000			
203								
204								
205	Variance caused by excess debt				0			
206								
207	<b>Interest Adjustment for Tax Purposes (carry forward to Cell I112)</b>				<b>0</b>			
208								
209	<b>Total Interest Variance</b>				<b>1,316,496</b>			
210								
211								
212								

	A	B	C	D	E	F	G
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: 2005						
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	<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	+	42,262,000		42,262,000		
33	Interest and Other Revenue	+	5,277,000	0	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	<b>Costs and Expenses:</b>						
39	Cost of energy purchased	-	0		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	-	12,848,000	0	12,848,000		
44	Ontario Capital Tax	-	0		0		
45	Capitalized	-	0		0		
46	Recovery of Regulatory Assets	-	0		0		
47		-			0		
48		-			0		
49							
50	<b>Net Income Before Interest &amp; Income Taxes EBIT</b>	=	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	<b>Net Income (loss)</b>	=	5,175,000	0	5,175,000		
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	+	1,909,000	0	1,909,000		
60	Federal large corporation tax	+	0		0		
61	Depreciation & Amortization	+	12,848,000	0	12,848,000		
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>		3,554,863	0	3,554,863		
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>		18,311,863	0	18,311,863		
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		
75	Capital items expensed	+			0		
76	Capital tax accrued in the income statement	+	600,000		600,000		
77		+			0		
78		+			0		
79		+			0		
80	<i>Total Other Additions</i>	=	600,000	0	600,000		
81							
82	<i>Total Additions</i>	=	18,911,863	0	18,911,863		
83							
84	<b>Recap Material Additions:</b>						
85			0	0	0		
86			0	0	0		
87			0	0	0		

	A	B	C	D	E	F	G
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>		
88	Capital tax accrued in the income statement		600,000	0	600,000		
89			0	0	0		
90			0	0	0		
91			0	0	0		
92	<i>Total Other additions &gt;materiality level</i>		600,000	0	600,000		
93	Other additions (less than materiality level)		0	0	0		
94	Total Other Additions		600,000	0	600,000		
95							
96	<b>BOOK TO TAX DEDUCTIONS:</b>						
97	Capital cost allowance	-	12,127,562		12,127,562		
98	Cumulative eligible capital deduction	-	0		0		
99	Employee benefit plans-paid amounts	-	0		0		
100	Items capitalized for regulatory purposes	-			0		
101	<i>Regulatory adjustments :</i>	-			0		
102	CCA	-			0		
103	<i>other deductions</i>	-			0		
104	<i>Tax reserves - end of year</i>	-	0	0	0		
105	<i>Reserves from financial statements- beginning of year</i>	-	0	0	0		
106	<i>Contributions to deferred income plans</i>	-			0		
107	<i>Contributions to pension plans</i>	-			0		
108	<b>Items on which true-up does not apply "TAXREC 3"</b>		0	0	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	<i>Other deductions (Please explain the nature of the deductions)</i>						
115	<b>Charitable donations - tax basis</b>	-			0		
116	Gain on disposal of assets	-	44,432		44,432		
117	PST tax assessments paid and not deducted for accounting purposes	-	216,000		216,000		
118	Capital Tax per CT23		656,756		656,756		
119		-			0		
120	<i>Total Other Deductions</i>	=	917,188	0	917,188		
121							
122	Total Deductions	=	13,044,750	0	13,044,750		
123							
124	<b>Recap Material Deductions:</b>						
125			0	0	0		
126			0	0	0		
127	PST tax 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	<i>Total Other Deductions exceed materiality level</i>		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	<b>TAXABLE INCOME</b>	=	11,042,113	0	11,042,113		
135	<b>DEDUCT:</b>						
136	Non-capital loss applied <i>positive number</i>	-	0		0		
137	Net capital loss applied <i>positive number</i>	-			0		
138					0		
139	<b>NET TAXABLE INCOME</b>	=	11,042,113	0	11,042,113		
140							
141	<b>FROM ACTUAL TAX RETURNS</b>						
142	Net Federal Income Tax <i>(Must agree with tax return)</i>	+	2,442,516	0	2,442,516		
143	Net Ontario Income Tax <i>(Must agree with tax return)</i>	+	1,545,896	0	1,545,896		
144	Subtotal	=	3,988,412	0	3,988,412		
145	Less: Miscellaneous tax credits <i>(Must agree with tax returns)</i>	-	0		0		
146	<b>Total Income Tax</b>	=	3,988,412	0	3,988,412		
147							
148	<b>FROM ACTUAL TAX RETURNS</b>						
149	Net Federal Income Tax Rate <i>(Must agree with tax return)</i>		22.12%		22.12%		<i>Divide federal income tax by the taxable</i>
150	Net Ontario Income Tax Rate <i>(Must agree with tax return)</i>		14.00%		14.00%		<i>Divide Ontario income tax by the taxable</i>
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	+	3,988,412	0	3,988,412		
157	Ontario Capital Tax	+	656,736		656,736		
158	Federal Large Corporations Tax	+	162,329		162,329		
159							
160	<b>Total income and capital taxes</b>	=	4,807,477	0	4,807,477		
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		0			<b>Version 2009.1</b>	
6						
7	<b>Utility Name: London Hydro Inc.</b>					
8	<b>Reporting period: 2005</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		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		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		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		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	<b>Utility Name: London Hydro Inc.</b>					
9	<b>Reporting period: 2005</b>					
10	<b>Number of days in taxation year:</b>		365			
11	<b>Materiality Level:</b>		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 <i>(Only if it benefits ratepayers)</i>	+			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	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			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	

	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: 2005</b>					
10	<b>Number of days in taxation year:</b>		365			
11	<b>Materiality Level:</b>		195,797			
12						
13						
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	
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><u>ITEMS ON WHICH TRUE-UP DOES NOT APPLY</u></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: 2005</b>					
12	<b>Number of days in taxation year:</b>		365			
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		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	+	33,134		33,134	
33	Non-deductible club dues	+	2,729		2,729	
34	Non-deductible automobile costs	+			0	
35	<b>Donations - amount per books</b>		0		0	
36	Interest and penalties on unpaid taxes				0	
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>	+	3,154,000		3,154,000	
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	+	365,000		365,000	
45		+			0	
46		+				
47	<b>Total Additions on which true-up does not apply</b>	=	3,554,863	0	3,554,863	
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	
61		-			0	
62	<b>Changes in Regulatory Asset balances</b>	-	0		0	
63		-			0	
64		-			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>	=	0	0	0	
74						
75						

	A	B	C	D	E	F	G	H	I	J
1	PILs TAXES									
2	Corporate Tax Rates <span style="float: right;">Version 2009.1</span>									
3	Exemptions, Deductions, or Thresholds									
4	Utility Name: London Hydro Inc.									
5	Reporting period: 2005									
6										
7	Table 1									
8	<b>Rates Used in 2005 RAM PILs Applications for 2005</b>									
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	and Ontario blended		5.50%		9.75%		14.00%			
16	Blended rate		18.62%		27.50%		36.12%			
17										
18	Capital Tax Rate		0.300%							
19	LCT rate		0.175%							
20	Surtax		1.12%							
21	Ontario Capital Tax Exemption **	MAX \$7.5MM	7,500,000							
22	Federal Large Corporations Tax Exemption **	MAX \$50MM	50,000,000							
23	<b>**Exemption amounts must agree with the Board-approved 2005 RAM PILs filing</b>									
24										
25	Table 2									
26	<b>Expected Income Tax Rates for 2005 and Capital Tax Exemptions for 2005</b>									
27	Income Range		0	250,001	400,001					
28	Expected Rates		to	to	to					>1,128,000
29		Year	250,000	400,000	1,128,000					
30	Income Tax Rate									
31	Current year	2005								
32	Federal (Includes surtax)	2005	13.12%	22.12%	22.12%		22.12%			
33	Ontario	2005	5.50%	5.50%	9.75%		14.00%			
34	Blended rate	2005	18.62%	27.62%	31.87%		36.12%			
35										
36	Capital Tax Rate	2005	0.300%							
37	LCT rate	2005	0.175%							
38	Surtax	2005	1.12%							
39	Ontario Capital Tax Exemption *** 2005	MAX \$7.5MM	7,500,000							
40	Federal Large Corporations Tax Exemption *** 2005	MAX \$50MM	50,000,000							
41	<b>*** Allocation of exemptions must comply with the Board's instructions regarding regulated activities.</b>									
42										
43	Table 3									
44	<b>Input Information from Utility's Actual 2005 Tax Returns</b>									
45	Income Range		0	250,001	400,001					
46			to	to	to					>1,128,000
47		Year	250,000	400,000	1,128,000					
48	Income Tax Rate									
49	Current year	2005								
50	Federal (Includes surtax)		13.12%	22.12%	22.12%		22.12%			
51	Ontario		5.50%	5.50%	14.00%		14.00%			
52	Blended rate		18.62%	27.62%	36.12%		36.12%			
53										
54	Capital Tax Rate		0.300%							
55	LCT rate		1.75%							
56	Surtax		1.12%							
57	Ontario Capital Tax Exemption *	MAX \$7.5MM	7,500,000							
58	Federal Large Corporations Tax Exemption *	MAX \$50MM	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										

## Conservation and Demand Management Tax Forecast

Utility Name: London Hydro Inc.  
 File Number: RP-2005-0013  
 EB-2005-0046

	Jan - Dec 2005		Jan - Dec 2006		Jan - Sept 30 <sup>th</sup> 2007		Total	
	\$	%	\$	%	\$	%	\$	%
Capital	\$240,000	13%	\$151,500	16%				0%
Tax Deductible Expense	\$1,660,750	87%	\$777,250	84%	\$0			0%
<b>Total</b>	<b>\$1,900,750</b>	<b>100%</b>	<b>\$928,750</b>	<b>100%</b>	<b>\$0</b>	<b>0%</b>	<b>\$2,829,500</b>	<b>0%</b>

**Notes:**

1. Capital that will be recognized for tax purposes (i.e. UCC addition), not from a capital budget or commitment perspective.
2. Expenses to be recognized in the period shown that will be used as a tax deduction for the same period. The 2005 tax deductible expense amount will be entered automatically into the TAXCALC worksheet, cell C44.
3. The amounts shown in the "Total" column should agree with the C&DM plan filed with or approved by the Board. The amount of the third tranche of MARR is the maximum amount unless the utility has applied for a lower amount.

**Note: The above total of \$2,829,500 is \$7,500 less than the C&DM plan filed with the Board, as \$7,500 was spent during the 2004 calendar year, which is not provided for in the above table.**

	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: 2005														0
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		2,217,410		1,586,787		350,558		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		1,822,073		28,031,992
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		0								15,545
15	True-up Variance Adjustment (3)	+/-			0		-353,632		-203,990		-322,787		-151,568		-1,031,977
16	Deferral Account Variance Adjustment Q4, 2001 (4)										0				0
17	Deferral Account Variance Adjustment (5)	+/-			0		0		-287,858		-710,837		0		-998,695
18	Adjustments to reported prior years' variances (6)	+/-											0		0
19	Carrying charges (7)	+/-	12,305		222,441		148,530		97,472		30,628		-29,632		481,744
20	PILs billed to (collected from) customers (8)	-	0		-6,216,185		-9,028,302		-7,375,428		-6,126,285		-2,416,299		-31,162,499
21															
22	Ending balance: # 1562		2,104,536		2,742,460		2,217,410		1,586,787		350,558		-424,868		-424,868
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	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															