

CALCULATION OF UTILITY TAXABLE INCOME AND INCOME TAX EXPENSE
2017 UPDATED FORECAST (EXCLUDING CIS & CUSTOMER CARE)

Line No.	Col. 1	Col. 2	Col. 3
	EB-2012-0459 2017 Utility Placeholder Tax (\$Millions)	2017 CIR Update Adjustments (\$Millions)	2017 Updated Forecast Utility Tax (\$Millions)
1. Utility income before income taxes	326.0	24.4	350.4
Add			
2. Depreciation and amortization	285.0	-	285.0
3. Accrual based pension and OPEB costs	28.5	(3.8)	24.7
4. Other non-deductible items	1.0	-	1.0
5. Total Add Back	<u>314.5</u>	<u>(3.8)</u>	<u>310.7</u>
6. Sub total	640.5	20.6	661.1
Deduct			
7. Capital cost allowance - Federal	298.2	-	298.2
8. Capital cost allowance - Provincial	298.2	-	298.2
9. Items capitalized for regulatory purposes	46.6	-	46.6
10. Deduction for "grossed up" Part VI.1 tax	5.6	(2.5)	3.1
11. Amortization of share/debenture issue expense	3.9	0.9	4.8
12. Amortization of cumulative eligible capital	4.8	-	4.8
13. Amortization of C.D.E. and C.O.G.P.E	0.1	-	0.1
14. Site restoration cost adjustment	77.5	-	77.5
15. Cash based pension and OPEB costs	32.2	19.2	51.4
16. Total Deduction - Federal	<u>468.9</u>	<u>17.6</u>	<u>486.5</u>
17. Total Deduction - Provincial	<u>468.9</u>	<u>17.6</u>	<u>486.5</u>
18. Taxable income - Federal	171.6	3.0	174.6
19. Taxable income - Provincial	171.6	3.0	174.6
20. Income tax rate - Federal	15.00%	0.00%	15.00%
21. Income tax rate - Provincial	11.50%	0.00%	11.50%
22. Income tax provision - Federal	25.7	0.5	26.2
23. Income tax provision - Provincial	19.7	0.4	20.1
24. Income tax provision - combined	<u>45.4</u>	<u>0.9</u>	<u>46.3</u>
25. Part V1.1 tax	<u>1.9</u>	<u>(1.0)</u>	<u>0.9</u>
26. Total taxes excluding tax shield on interest expense	<u>47.3</u>	<u>(0.1)</u>	<u>47.2</u>
Tax shield on interest expense			
27. Rate base	5,928.9	75.5	6,004.4
28. Return component of debt	3.30%	-0.29%	3.01%
29. Interest expense	195.5	(14.8)	180.7
30. Combined tax rate	26.50%	0.00%	26.50%
31. Income tax credit	<u>(51.8)</u>	<u>3.9</u>	<u>(47.9)</u>
32. Total income taxes	<u>(4.5)</u>	<u>3.8</u>	<u>(0.7)</u>

Witness: R. Small