



**Cost of Service Rate Application:**

**Change in Rate Base**

<b>Description</b>	<b>2012 Board Approved</b>	<b>2018 Test</b>	<b>Variance</b>	<b>% Change</b>
Gross Fixed Assets	\$ 41,263,081	\$ 59,420,431	\$ 18,157,350	44%
Accumulated Depreciation	-\$ 14,833,530	-\$ 23,577,531	-\$ 8,744,001	59%
Net Book Value	\$ 26,429,551	\$ 35,842,900	\$ 9,413,348	36%
<b>Average Net Book Value</b>	<b>\$ 26,429,551</b>	<b>\$ 35,142,814</b>	<b>\$ 8,713,263</b>	<b>33%</b>
Controllable Expenses	\$ 5,660,594	\$ 6,468,593	\$ 808,000	14%
Cost of Power	\$ 33,092,706	\$ 62,241,271	\$ 29,148,565	88%
<b>Total Working Capital</b>	<b>\$ 38,753,300</b>	<b>\$ 68,709,864</b>	<b>\$ 29,956,564</b>	<b>77%</b>
Working Capital Allow. Factor	13.0%	7.5%	-5.5%	-42%
<b>Working Capital Allowance</b>	<b>\$ 5,037,929</b>	<b>\$ 5,153,240</b>	<b>\$ 115,311</b>	<b>2%</b>
<b>Rate Base</b>	<b>\$ 31,467,480</b>	<b>\$ 40,296,054</b>	<b>\$ 8,828,574</b>	<b>28%</b>

## Change in Revenue Requirement

<b>Revenue Requirement</b>				
<b>Particulars</b>	<b>2012 Approved</b>	<b>Application</b>	<b>Variance</b>	<b>% Change</b>
OM&A Expenses	\$5,660,594	\$6,468,593	\$807,999	14%
Amortization/Depreciation	\$2,030,082	\$1,842,780	(\$187,302)	-9%
Income Taxes (Grossed up)	\$331,121	\$190,777	(\$140,344)	-42%
Deemed Interest Expense	\$803,302	\$867,816	\$64,514	8%
Return on Deemed Equity	\$1,147,934	\$1,415,197	\$267,264	23%
<b>Service Revenue Requirement (before Revenues)</b>	\$9,973,033	\$10,785,163	\$812,130	8%
Revenue Offsets	\$885,992	\$494,448	(\$391,544)	-44%
<b>Base Revenue Requirement</b>	\$9,087,041	\$10,290,716	\$1,203,675	13%

## Revenue Requirement at Current Rates vs. Proposed Rates

Description	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below		\$ 170,871
Distribution Revenue	\$ 10,119,845	\$ 10,119,845
Other Operating Revenue Offsets -net	\$ 494,448	\$ 494,448
<b>Total Revenue</b>	<b>\$ 10,614,293</b>	<b>\$ 10,785,164</b>
Operating Expenses	\$ 8,311,373	\$ 8,311,373
Deemed Interest Expense	\$ 867,816	\$ 867,816
<b>Total Cost and Expenses</b>	<b>\$ 9,179,189</b>	<b>\$ 9,179,189</b>
<b>Utility Income Before Income Taxes</b>	<b>\$ 1,435,104</b>	<b>\$ 1,605,975</b>
Tax Adjustments to Accounting	-\$ 886,061	-\$ 886,061
<b>Taxable Income</b>	<b>\$ 549,042</b>	<b>\$ 719,913</b>
Income Tax Rate	26.50%	26.50%
Income Tax on Taxable Income	\$ 145,496	\$ 190,777
Income Tax Credit		
<b>Utility Net Income</b>	<b>\$ 1,289,608</b>	<b>\$ 1,415,198</b>
<b>Utility Rate Base</b>	<b>\$ 40,296,054</b>	<b>\$ 40,296,054</b>
Deemed Equity Portion of Rate Base	\$ 16,118,422	\$ 16,118,422
Income/(Equity Portion of Rate Base)	8.00%	8.78%
Target Return - equity on Rate Base	8.78%	8.78%
<b>Deficiency/Sufficiency in Return on Equity</b>	<b>-0.78%</b>	<b>0.00%</b>
Indicated Rate of Return	5.35%	5.67%
Requested Rate of Return on Rate Base	5.67%	5.67%
<b>Deficiency/Sufficiency in Rate of Return</b>	<b>-0.32%</b>	<b>0.00%</b>
Target Return on Equity	\$ 1,415,197	\$ 1,415,197
<b>Revenue Deficiency/(Sufficiency)</b>	<b>\$ 125,590</b>	<b>\$ -</b>
Gross Revenue Deficiency/(Sufficiency)	\$ 170,871	

## Revenue Requirement by Class

Customer Class	2012 Approved	Distribution Revenue Requirement	Variance	% Change
Residential	\$ 5,636,524	\$ 6,741,956	\$ 1,105,432	20%
General Service < 50 kW	\$ 1,149,106	\$ 1,500,663	\$ 351,557	31%
General Service > 50 to 999 kW	\$ 917,272	\$ 667,787	-\$ 249,485	-27%
General Service > 1,000 to 4,999 kW	\$ 584,381	\$ 492,804	-\$ 91,576	-16%
Large Use	\$ 403,636	\$ 455,977	\$ 52,341	13%
Unmetered Scattered Load	\$ 70,762	\$ 42,029	-\$ 28,733	-41%
Sentinel Lighting	\$ 30,337	\$ 54,869	\$ 24,532	81%
Street Lighting	\$ 344,523	\$ 235,684	-\$ 108,839	-32%
Embedded Distributor	\$ 170,676	\$ 105,622	-\$ 65,054	-38%
<b>Total</b>	<b>\$ 9,307,216</b>	<b>\$10,297,392</b>	<b>\$ 990,175</b>	<b>11%</b>

## Bill Impact Residential 750 kWh's

Customer Class:	<b>RESIDENTIAL SERVICE CLASSIFICATION</b>	
RPP / Non-RPP:	RPP	
Consumption	750	kWh
Demand	-	kW
Current Loss Factor	1.0451	
Proposed/Approved Loss Factor	1.0338	

	Current OEB-Approved			Proposed			Impact	
	Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
Monthly Service Charge	\$ 23.22	1	\$ 23.22	\$ 29.37	1	\$ 29.37	\$ 6.15	26.49%
Distribution Volumetric Rate	\$ 0.0094	750	\$ 7.05	\$ 0.0053	750	\$ 3.98	\$ (3.08)	-43.62%
Fixed Rate Riders	\$ -	1	\$ -	\$ (0.98)	1	\$ (0.98)	\$ (0.98)	
Volumetric Rate Riders	\$ -	750	\$ -	\$ 0.0008	750	\$ 0.60	\$ 0.60	
<b>Sub-Total A (excluding pass through)</b>			\$ 30.27			\$ 32.97	\$ 2.70	8.90%
Line Losses on Cost of Power	\$ 0.0822	34	\$ 2.78	\$ 0.0822	25	\$ 2.08	\$ (0.70)	-25.06%
Total Deferral/Variance Account Rate Riders	\$ -	750	\$ -	\$ -	750	\$ -	\$ -	
GA Rate Riders	\$ 0	750	\$ -	\$ -	750	\$ -	\$ -	
Low Voltage Service Charge	\$ 0.0021	750	\$ 1.58	\$ 0.0021	750	\$ 1.58	\$ -	0.00%
Smart Meter Entity Charge (if applicable)	\$ 0.7900	1	\$ 0.79	\$ 0.7900	1	\$ 0.79	\$ -	0.00%
<b>Sub-Total B - Distribution (includes Sub-Total A)</b>			\$ 35.41			\$ 37.41	\$ 2.00	5.64%
RTSR - Network	\$ 0.0063	784	\$ 4.94	\$ 0.0053	775	\$ 4.11	\$ (0.83)	-16.78%
RTSR - Connection and/or Line and Transformation Connection	\$ 0.0056	784	\$ 4.39	\$ 0.0048	775	\$ 3.72	\$ (0.67)	-15.21%
<b>Sub-Total C - Delivery (including Sub-Total B)</b>			\$ 44.74			\$ 45.24	\$ 0.50	1.12%
Wholesale Market Service Charge (WMSC)	\$ 0.0036	784	\$ 2.82	\$ 0.0036	775	\$ 2.79	\$ (0.03)	-1.08%
Rural and Remote Rate Protection (RRRP)	\$ 0.0003	784	\$ 0.24	\$ 0.0003	775	\$ 0.23	\$ (0.00)	-1.08%
Standard Supply Service Charge	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
Debt Retirement Charge (DRC)								
TOU - Off Peak	\$ 0.0650	488	\$ 31.69	\$ 0.0650	488	\$ 31.69	\$ -	0.00%
TOU - Mid Peak	\$ 0.0950	128	\$ 12.11	\$ 0.0950	128	\$ 12.11	\$ -	0.00%
TOU - On Peak	\$ 0.1320	135	\$ 17.82	\$ 0.1320	135	\$ 17.82	\$ -	0.00%
<b>Total Bill on TOU (before Taxes)</b>			\$ 109.67			\$ 110.14	\$ 0.47	0.43%
HST	13%		\$ 14.26	13%		\$ 14.32	\$ 0.06	0.43%
8% Rebate	8%		\$ (8.77)	8%		\$ (8.81)	\$ (0.04)	
<b>Total Bill on TOU</b>			\$ 115.15			\$ 115.64	\$ 0.49	0.43%

## Bill Impact Summary

RATE CLASSES / CATEGORIES <i>(eg: Residential TOU, Residential Retailer)</i>	Units	Sub-Total						Total	
		A		B		C		A + B + C	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 2.70	8.9%	\$ 2.00	5.6%	\$ 0.50	1.1%	\$ 0.49	0.4%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - RPP	kWh	\$ 9.66	18.8%	\$ 7.80	12.3%	\$ 4.24	4.9%	\$ 3.71	1.3%
GENERAL SERVICE 50 TO 999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (150.24)	-34.3%	\$ (150,011.15)	-99.5%	\$ (150,077.92)	-99.2%	\$ (169,683.69)	-94.1%
GENERAL SERVICE 1,000 TO 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (1,916.13)	-24.5%	\$ (3,018,777.21)	-99.6%	\$ (3,019,678.46)	-99.4%	\$ (3,413,432.13)	-96.2%
LARGE USE SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (2,810.86)	-8.3%	\$ (2,810.07)	-8.1%	\$ (46,168.45)	-45.2%	\$ (57,908.58)	-8.5%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	\$ (7.33)	-36.0%	\$ (6.86)	-30.5%	\$ (7.12)	-29.4%	\$ (8.06)	-16.8%
SENTINEL LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	\$ (2,331.12)	-98.9%	\$ (2,411.50)	-98.9%	\$ (2,497.22)	-83.6%	\$ (2,821.87)	-83.1%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (12.22)	-44.4%	\$ (1,807.63)	-98.7%	\$ (1,808.28)	-98.5%	\$ (2,043.39)	-94.4%
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ (2,953.56)	-58.6%	\$ (84,430.41)	-97.6%	\$ (85,063.42)	-93.7%	\$ (96,106.46)	-90.7%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 4.40	17.3%	\$ 4.18	15.2%	\$ 3.72	12.2%	\$ 3.90	7.3%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 4.40	17.3%	\$ 3.90	13.2%	\$ 3.44	10.6%	\$ 3.60	5.8%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$ 2.53	8.2%	\$ 0.81	1.9%	\$ (0.78)	-1.5%	\$ (0.86)	-0.6%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 1.87	5.7%	\$ 0.94	2.4%	\$ (1.05)	-2.0%	\$ (1.15)	-0.8%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 3.52	12.6%	\$ 3.06	9.7%	\$ 2.06	5.4%	\$ 2.14	2.5%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - RPP	kWh	\$ 7.16	19.5%	\$ 6.23	14.4%	\$ 4.45	8.1%	\$ 4.30	2.8%
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - RPP	kWh	\$ 17.16	18.1%	\$ 12.52	10.1%	\$ 3.62	2.0%	\$ 1.94	0.3%