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January 21, 2011

**EMAIL, COURIER & RESS**

Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Attention: Board Secretary

Dear Ms. Walli:

**Re: Great Lakes Power Transmission LP - Application for 2011 & 2012  
Transmission Rates (EB-2010-0291) - Proposed Settlement Agreement**

We are counsel for the Applicant in respect of the above noted matter. Pursuant to Procedural Order No. 1, please find attached a proposed Settlement Agreement concluded between the parties noted therein. Each of the parties to the proposed Settlement Agreement has reviewed and approved the proposed agreement as described therein.

Should you have any questions or concerns, please contact the undersigned.

Yours truly,

A handwritten signature in dark ink, appearing to read "Tyson Dyck", written over a light blue horizontal line.

Tyson Dyck

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[tdyck@torys.com](mailto:tdyck@torys.com)

**cc:** All Intervenors  
N. Mikhail, Board Staff  
J. Rosenthal, GLPT LP  
A. McPhee, GLPT LP  
D. Fecteau, GLPT LP  
C. Keizer, Torys LLP

# **SETTLEMENT AGREEMENT**

**January 21, 2011**

**GREAT LAKES POWER TRANSMISSION LP  
2011 & 2012 RATES APPLICATION  
(EB-2010-0291)**

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## **PREAMBLE**

This Settlement Agreement is filed with the Ontario Energy Board (the “**Board**”) in connection with an application by Great Lakes Power Transmission (“**GLPT**”) pursuant to section 78 of the *Ontario Energy Board Act, 1998* for an order or orders approving or fixing just and reasonable rates for the transmission of electricity (EB-2010-0291).

Pursuant to Procedural Order No. 1 in this proceeding, a Settlement Conference was held on January 13, 2011 in accordance with the *Ontario Energy Board Rules of Practice and Procedure* (the “**Rules**”) and the Board’s *Settlement Conference Guidelines* (the “**Settlement Guidelines**”). This Settlement Agreement arises from the Settlement Conference and is for the consideration of the Board in its determination of GLPT’s 2011 & 2012 electricity transmission rates.

### **The Parties**

GLPT and the following intervenors (collectively the “**Participating Intervenors**”), as well as Ontario Energy Board technical staff (“**Board Staff**”), participated in the Settlement Conference in respect of all issues contained in this proposal:

- Energy Probe Research Foundation (“**Energy Probe**”)
- School Energy Coalition (“**SEC**”)
- Vulnerable Energy Consumers Coalition (“**VECC**”)

The following intervenors did not participate in the Settlement Conference:

- Independent Electricity System Operator (“**IESO**”)

The Applicant and the Participating Intervenors are collectively referred to herein as the “**Parties**”. In accordance with page 5 of the Settlement Guidelines, Board Staff is neither a Party nor a signatory to this Settlement Agreement. Although Board Staff is not a party to this Settlement Agreement, the Board Staff who did participate in the Settlement Conference are bound by the same confidentiality standards that apply to the Parties to the proceeding.

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Guidelines. The parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one

exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Agreement.

### Summary of the Proposed Settlement

There is no approved issues list for this proceeding. However, for the purposes of organizing this Settlement Agreement, and without prejudice to the positions of the Parties with respect to the issues that might otherwise be considered in this proceeding should a hearing be required, the Parties have followed the issues list set out at **'Appendix A'** to this Settlement Agreement.

We are pleased to inform the Board that the Parties have reached a comprehensive agreement on all issues.

Through this Settlement Agreement, GLPT agrees to certain changes from its initial application for 2011 & 2012 electricity transmission rates, as filed with the Board on September 29, 2010. The most significant matters arising from this Settlement Agreement are as follows:

- Rate Base Addition - Third Line TS 115kV Redevelopment Project (**"Redevelopment Project"**): GLPT initially proposed that \$20,367,200 be added to rate base in 2011 and \$2,102,800 be added in 2012, in respect of the Redevelopment Project. The Parties have agreed that the rate base addition intended for 2011 be deferred to 2012 and that the total of the amounts for 2011 and 2012 (\$22,470,000) be added to rate base in 2012.
- Retirement of Readily Identifiable Assets: GLPT proposes to recover costs from a premature retirement of readily identifiable assets in 2011 arising from the Redevelopment Project. As a result of delaying the rate base addition associated with the Redevelopment Project, the assets will come out of service in 2012. The net book value of the assets in 2012 will be \$863,369 (compared to the proposed 2011 value of \$910,534). GLPT had initially proposed that recovery of the write-off would occur over a three year period by offsetting the amount against the aggregate regulatory liability balance. The Parties have agreed that the 2012 amount of \$863,369 will be recovered over one year.
- OEB Cost Assessment Variances: GLPT initially proposed the continuation of an account to capture future amounts of OEB cost assessments that are incremental to the base OEB cost embedded in revenue requirement. Parties have agreed this account will not be continued after 2010.

- Comstock Claim: GLPT sought the Board's direction as to whether costs arising from a claim from Comstock Canada Ltd. ("**Comstock**") in respect of a design build contract for the Transmission Reinforcement Project approved in EB-2003-0162 should be included in Construction Work in Progress or in a designated deferral account. The Parties have agreed that the costs should be recorded in a deferral account.

The Settlement Agreement describes the agreements reached on the settled issues and identifies the parties who agree, or alternatively who take no position on each issue. The Settlement Agreement provides a direct link between each issue and the supporting evidence in the record to date. In this regard, the parties who agree with the individual settlements are of the view that the evidence provided is sufficient to support the Settlement Agreement in relation to the settled issues and, moreover, that the quality and detail of the supporting evidence, together with the corresponding rationale, will allow the Board to make findings on the settled issues.

Best efforts have been made to identify all of the evidence that relates to each settled issue. The supporting evidence for each settled issue is identified individually by reference to its exhibit number in an abbreviated format. For example, Exhibit 2, Tab 1, Schedule 1, Page 3 (commencing page) is referred to as 2-1-1-3. A concise description of the content of each exhibit is also provided. In this regard, GLPT's response to an interrogatory (IR) is described by citing the name of the Party and the number of the interrogatory (e.g., Board Staff IR #1 or SEC IR #2). The identification and listing of the evidence that relates to each issue is provided to assist the Board. The identification and listing of the evidence that relates to each settled issue is not intended to limit any party who wishes to assert that other evidence is relevant to a particular settled issue.

According to the Settlement Guidelines (p.3), the Parties must consider whether a Settlement Agreement should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. GLPT and the other Parties who participated in the Settlement Conference agree that no settled issue requires an adjustment mechanism other than those expressly set forth herein.

All of the issues contained in this proposal have been settled by the Parties as a package (the "**package**") and none of the provisions of these issues are severable. Compromises were made by the Parties with respect to various matters to arrive at this comprehensive Settlement Agreement. The distinct issues addressed in this proposal are intricately interrelated, and reductions or increases to the agreed-upon amounts may have financial consequences in other areas of this proposal which may be unacceptable to one or more of the Parties. If the Board does not, prior to the commencement of the hearing of the evidence, accept the package in its entirety, then there is no settlement (unless the Parties

agree that any portion of the package that the Board does accept may continue as part of a valid Settlement Agreement). None of the Parties can withdraw from this proposal except in accordance with Rule 32.05 of the Rules. Moreover, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Agreement are without prejudice to the rights of the Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not GLPT is a party to such proceeding.

Attached at **Appendix 'B'** is supplemental evidence related to capital investments to be received by GLPT in 2011 and 2012. GLPT's pre-filed evidence (at Exhibit 5, Tab 1, Schedule 1) indicated that the cash contributions received from its parent company would be treated as intercompany debt, thus impacting the long-term debt rate to be applied by GLPT. However, actual contributions made by GLPT's parent company are treated by GLPT as equity contributions. As a result, and as per GLPT's response to Board staff IR #37, GLPT is using its effective interest rate as its long-term debt rate instead of a blended rate that would incorporate the rate applicable to any affiliate debt.

Attached at **Appendix 'C'** is a copy of the Revenue Requirement Work Forms updated to reflect the impacts of the proposed settlement as herein described for the 2011 & 2012 Test Years.

The Parties agree that this Settlement Agreement and the Appendices form part of the record in EB-2010-0291. The Revenue Requirement Work Forms were prepared by the Applicant. The intervenors are relying on the accuracy and completeness of the Revenue Requirement Work Forms in entering into this Agreement.

## **ISSUES**

### **1. Rate Base**

#### **1.1 Rate Base for the Test Years**

**Complete Settlement:** There is an agreement to settle this issue as follows:

In its application and evidence, GLPT forecasted its 2011 & 2012 rate base to be \$217,297,000 and \$226,120,500, respectively, as presented in Table 2-1-1A of the pre-filed evidence.

GLPT initially proposed that \$20,367,200 be added to rate base in 2011 and \$2,102,800 be added in 2012 in respect of the Redevelopment Project. However, for the purposes of obtaining a complete settlement of all issues, the Parties have agreed that the rate base addition intended for 2011 be deferred to 2012 and that the total of the amounts for 2011 and 2012 (\$22,470,000) be added to rate base in 2012.

As a result of the forgoing, rate base for 2011 and 2012 are amended to be \$207,696,000 and \$216,774,000, respectively. For the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should accept these amounts as GLPT's forecasted rate base for the 2011 & 2012 Test Years.

#### ***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

2-1-1	Rate Base Overview
2-2-1	Summary and Continuity Statements
10-2-1-35	Board Staff IR #23 - Third Line TS Redevelopment
10-2-1-36	Board Staff IR #24 - Third Line TS Redevelopment
10-2-1-37	Board Staff IR #25 - Third Line TS Redevelopment
10-2-1-40	Board Staff IR #26 - Third Line TS Redevelopment
10-3-1-13	SEC IR #4 - Third Line TS Redevelopment
10-4-1-2	VECC IR #2 - Third Line TS Redevelopment
104-1-3	VECC IR #3 - Third Line TS Redevelopment



10-5-1-1 Energy Probe IR #1 - Third Line TS Redevelopment  
10-5-1-2 Energy Probe IR #2 - Third Line TS Redevelopment

## 1.2 Capital Expenditures 2012

**Complete Settlement:** There is an agreement to settle this issue as follows:

For the purpose of obtaining a complete settlement of all issues, the Parties agree that GLPT's proposed capital additions for 2012, being \$29,336,600, should be included in GLPT's rate base for the Test Year. This total is made up of the originally proposed capital additions of \$8,969,400, plus the Third Line Redevelopment project amount of \$20,367,200. It was agreed that the 2011 rate base addition related to the Third Line Redevelopment project be deferred from 2011 to 2012 as a part of reaching this settlement agreement.

***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

1-4-1	Materiality Threshold
2-1-2-1	Capital Expenditures Table
2-1-3	Confidential Filing
2-2-1	Summary and Continuity Statements
10-2-1-35	Board Staff IR #23 - Third Line TS Redevelopment
10-2-1-36	Board Staff IR #24 - Third Line TS Redevelopment
10-2-1-37	Board Staff IR #25 - Third Line TS Redevelopment
10-2-1-40	Board Staff IR #26 - Third Line TS Redevelopment
10-2-1-46	Board Staff IR #30 - Master SCADA System Replacement
10-2-1-48	Board Staff IR #31 - Work Management System Conversion
10-2-1-51	Board Staff IR #32 - 2012 Capital Expenditures in Service
10-2-1-52	Board Staff IR #33 - Summary of Capital Investments
10-2-1-53	Board Staff IR #34 - Asset Management and Capital Budgeting
10-3-1-4	SEC IR #3 - Master SCADA System Replacement
10-3-1-6	SEC IR #4 - Third Line TS Redevelopment
10-4-1-4	VECC IR #4 - Capital Expenditure Projects, 2011 and 2012
10-4-1-6	VECC IR #5 - HST Savings on Capital Expenditures
10-4-1-7	VECC IR #6 - Capital Budgeting
10-4-1-8	VECC IR #7 - Rate Base - Summary and Continuity

10-5-1-1	Energy Probe IR #1 - Third Line TS Redevelopment
10-5-1-2	Energy Probe IR #2 - Third Line TS Redevelopment
10-5-1-14	Energy Probe IR #10 - Master SCADA System Replacement
10-5-1-16	Energy Probe IR #11 - Third Line TS Redevelopment
10-5-1-17	Energy Probe IR #12 - Goulais TS Civil Refurbishment
10-5-1-18	Energy Probe IR #13 - Work Management System Conversion
10-5-1-19	Energy Probe IR #14 - Echo River TS Protection Upgrade

### 1.3 Capital Expenditures 2011

**Complete Settlement:** There is an agreement to settle this issue as follows:

For the purpose of obtaining a complete settlement of all issues, the Parties agree that GLPT's capital additions for 2011, being \$6,026,500 as described herein, should be included in GLPT's rate base for the Test Year. This total is made up of the originally proposed capital additions of \$26,393,700, less the Third Line Redevelopment project amount of \$20,367,200. It was agreed that the 2011 rate base addition related to the Third Line Redevelopment project be deferred from 2011 to 2012 as a part of reaching this settlement agreement.

***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

1-4-1	Materiality Threshold
2-1-2-1	Capital Expenditures Table
2-1-3	Confidential Filing
2-2-1	Summary and Continuity Statements
10-2-1-35	Board Staff IR #23 - Third Line TS Redevelopment
10-2-1-36	Board Staff IR #24 - Third Line TS Redevelopment
10-2-1-37	Board Staff IR #25 - Third Line TS Redevelopment
10-2-1-40	Board Staff IR #26 - Third Line TS Redevelopment
10-2-1-42	Board Staff IR #27 - GLPT SCC and Sackville Road Building Generator
10-2-1-43	Board Staff IR #28 - Sackville Building HVAC Replacement
10-2-1-44	Board Staff IR #29 - 2011 Capital Expenditures in Service
10-2-1-52	Board Staff IR #33 - Summary of Capital Investments
10-2-1-53	Board Staff IR #34 - Asset Management and Capital Budgeting
10-3-1-1	SEC IR #1 - Sackville Building HVAC Replacement
10-3-1-2	SEC IR #2 - Asset Management System Enhancement
10-4-1-2	VECC IR #2 - Third Line TS Redevelopment
10-4-1-3	VECC IR #3 - Third Line TS Redevelopment
10-4-1-4	VECC IR #4 - Capital Expenditure Projects, 2011 and 2012
10-4-1-6	VECC IR #5 - HST Savings on Capital Expenditures
10-4-1-7	VECC IR #6 - Capital Budgeting

10-4-1-8	VECC IR #7 - Rate Base - Summary and Continuity
10-5-1-1	Energy Probe IR #1 - Third Line TS Redevelopment
10-5-1-2	Energy Probe IR #2 - Third Line TS Redevelopment
10-5-1-3	Energy Probe IR #3 - Sackville Road Building Generator
10-5-1-4	Energy Probe IR #4 - Sackville Road Building Generator
10-5-1-5	Energy Probe IR #5 - Sackville Building HVAC Replacement
10-5-1-9	Energy Probe IR #6 - Asset Management System Enhancement
10-5-1-10	Energy Probe IR #7 - Clergue TS Overload Protection
10-5-1-12	Energy Probe IR #8 - Magpie TS Lightning Arrestor
10-5-1-13	Energy Probe IR #9 - MacKay TS Station Service Voltage Regulator

#### **1.4 Working Cash Allowance**

**Complete Settlement:** There is an agreement to settle this issue as follows:

The working cash allowance for the Test Years has been calculated by GLPT using the results of the working cash study completed in 2010 by Navigant Consulting Inc., plus a provision for inventory assets that are working capital for GLPT but that form no part of the working cash study.

For the purpose of obtaining a complete settlement of all issues, the parties agree to accept GLPT's working cash allowance calculation and that the total working cash requirements of \$621,100 for 2011 and \$513,800 for 2012 are therefore accepted for inclusion in rate base.

***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

2-1-1-1	Working Capital Allowance
2-4-1	Working Capital Allowances
10-2-1-68	Board Staff IR #35 - Rate Base - Working Capital
10-2-1-69	Board Staff IR #36 - Rate Base Working Capital
10-4-1-9	VECC IR #8 - Working Capital Allowance

## **2. Cost of Capital for the Test Years**

### **2.1 Capital Structure**

**Complete Settlement:** There is an agreement to settle this issue as follows:

In its application and evidence, GLPT proposed a capital structure for both the 2011 and 2012 Test Years that is 60% deemed debt (comprised of 4% short-term and 56% long-term) and 40% equity, as presented in Tables 5-1-1B and 5-1-1C of the pre-filed evidence. GLPT expressed its intention in EB-2009-0408 to propose this capital structure.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should accept GLPT's proposed capital structure for the 2011 & 2012 Test Years.

***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

5-1-1	Capital Structure
10-2-1-71	Board Staff IR #37 - Capital Structure and Long-term Debt Rate (Methodology)
10-2-1-73	Board Staff IR #38 - Weighted Average Cost of Capital

## 2.2 Cost of Debt

**Complete Settlement:** There is an agreement to settle this issue as follows:

In its application, GLPT proposed a weighted average rate of interest on long term debt using its effective rate of interest on its actual debt and the Board's deemed long-term interest rate on the incremental debt above the actual debt held by GLPT. The averages proposed by GLPT were 6.86% in 2011 and 6.82% in 2012, as presented in the Tables at 5-1-1A of the pre-filed evidence.

In response to Board staff Interrogatory #37, GLPT indicated that it agreed with Board staff's assumption that the incremental debt is in fact notional debt, and should therefore attract GLPT's actual long-term debt rate, not the Board's deemed long-term debt rate. In furtherance of its interrogatory response, GLPT has amended its evidence and has applied its effective interest rate of 6.87% to the full amount of its deemed long-term debt, implying that any deemed debt over and above GLPT's actual debt is notional debt. GLPT's amended evidence is set out at '**Appendix B**' of this agreement.

GLPT also assumed that, for rates effective January 1, 2011 and January 1, 2012, the Board would determine the deemed short term debt rate for GLPT based on the September 2010 and September 2011 Bank of Canada data, respectively, plus the average spread calculated in each year. The deemed short term debt rate for 2012 will be updated when the Board issues its approved cost of capital parameters for the 2012 rate year.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should accept GLPT's proposed rate of interest on long term debt of 6.87% and the Board-prescribed rate of interest on short term debt for the purpose of determining the cost of debt component of GLPT's revenue requirements for the 2011 and 2012 Test Years.

### ***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

5-1-1	Cost of Debt (as amended)
4-3-5	Interest Expense
10-2-1-71	Board Staff IR #37 - Capital Structure and Long-term Debt Rate



	(Methodology)
10-2-1-73	Board Staff IR #38 - Weighted Average Cost of Capital
10-4-1-16	VECC IR #13 - New/Forecasted Debt

## 2.3 Cost of Equity

**Complete Settlement:** There is an agreement to settle this issue as follows:

In its application, GLPT initially proposed a return on equity (“ROE”) of 10.16% for the 2011 test year and 10.41% for the 2012 test year. GLPT stated that it would update the ROE for each test year with the Board-approved figure, in accordance with the December 11, 2009 Cost of Capital Report.

This was amended as part of GLPT’s response to Board Staff interrogatory #38 so that the return on equity for 2011 would be 9.66% in order to accord with updated cost of capital parameters for 2011 cost of service rate applications, issued on November 15, 2010.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should accept GLPT’s amended proposed ROE of 9.66% for 2011 (as set out in the response to Board Staff Interrogatory #38). The parties also agree that the ROE for 2012 will be updated when the Board issues its approved cost of capital parameters for the 2012 rate year.

### ***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

5-1-1 Cost of Equity

10-2-1-73 Board Staff IR #38 - Weighted Average Cost of Capital

### **3. Operating Costs for the Test Years**

In its application, GLPT initially proposed total operating costs of \$18,922,300 for 2011 and \$19,864,300 for 2012. As shown in Table 4-1-1A, this was comprised of the following components:

- Operations, Maintenance and Administration (\$9,225,000 for 2011 and \$9,455,600 for 2012)
- Depreciation and Amortization (\$7,975,100 for 2011 and \$8,615,900)
- Income Taxes (\$1,457,600 for 2011 and \$1,521,900 for 2012)
- Capital and Property Taxes (\$264,700 for 2011 and \$271,300 for 2012)

Operations, Maintenance & Administration expenses (OM&A) are considered in section 3.1 of this Settlement Agreement, below.

Depreciation and Amortization expenses are considered in section 3.2 of this Settlement Agreement.

Income Taxes, as well as Capital and Property Taxes, are considered together in section 3.3 of this Settlement Agreement.

#### **3.1 Operations, Maintenance & Administration**

**Complete Settlement:** There is an agreement to settle this issue as follows:

As indicated above, GLPT initially proposed operating costs that included OM&A costs of \$9,225,000 for 2011 and \$9,455,600 for 2012.

For the purpose of obtaining a complete settlement of all issues, the Parties have agreed that GLPT's OM&A expenses for the Test Years, as described herein, should be accepted. The Parties further agree that the Board should approve the recovery of this amount by GLPT in rates for 2011 and 2012, respectively.

#### ***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

**Evidence:** The evidence in relation to this issue includes the following:

4-1-1	Summary of Operating Costs
4-2-1	OM&A Overview
4-2-2	Employee Compensation Breakdown
4-3-3	Shared Services & Corporate Cost Allocation
4-4-4	Purchase of Non-Affiliate Services
10-2-1-5	Board Staff IR #4 - 2010 Forecast Amounts
10-2-1-6	Board Staff IR #5 - 2010 OM&A Costs
10-2-1-8	Board Staff IR #6 - FTE Estimates & Total Compensation
10-2-1-12	Board Staff IR #7 - Incentive Compensation Plan
10-2-1-13	Board Staff IR #8 - Radio System Costs
10-2-1-14	Board Staff IR #9 - Corporate Cost Allocation
10-2-1-16	Board Staff IR #10 - Purchase of Non-affiliate Services
10-2-1-17	Board Staff IR #11 - OM&A Reductions in 2010 from Settlement
10-2-1-20	Board Staff IR #12 - Account 5605
10-2-1-22	Board Staff IR #13 - Account 4940 - ROW
10-2-1-24	Board Staff IR #14 - Account 5630 - Outside Services Employed
10-2-1-26	Board Staff IR #15 - First Quartile Report
10-2-1-28	Board Staff IR #16 - OM&A Reductions in 2011
10-2-1-29	Board Staff IR #17 - Continuity Statement
10-2-1-102	Board Staff IR #53 - Impact of HST on GLPT's Revenue
10-3-1-7	SEC IR #5 - GLPT Corporate Performance Objectives
10-3-1-8	SEC IR #6 - Working Group Performance Measures
10-3-1-9	SEC IR #7 - Executive Service Costs
10-4-1-14	VECC IR #11 - OM&A Costs
10-4-1-15	VECC IR #12 - Shared Services & Corporate Cost Allocation
10-5-1-20	Energy Probe IR #15 - Staff Levels and Compensation
10-5-1-21	Energy Probe IR #16 - Collective Agreement
10-5-1-22	Energy Probe IR #17 - Benefits for Retirees
10-5-1-23	Energy Probe IR #18 - Recreational Facilities
10-5-1-24	Energy Probe IR #19 - Replacement of Personal Tools
10-5-1-25	Energy Probe IR #20 - OM&A Year over Year Comparisons
10-5-1-26	Energy Probe IR #21 - Employee Compensation
10-5-1-27	Energy Probe IR #22 - Environmental Management
10-5-1-29	Energy Probe IR #23 - Depreciation Expense by Asset Class

### 3.2 Depreciation and Amortization

**Complete Settlement:** There is an agreement to settle this issue as follows:

Given the Parties agreement on the Redevelopment Project, depreciation and amortization expense has changed from \$7,975,100 for 2011 and \$8,615,900 in 2012 to \$7,720,500 and \$8,408,500 for 2011 and 2012, respectively. For the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should accept GLPT's proposed calculation of the depreciation expense of \$7,720,500 for 2011 and \$8,408,500 for 2012.

***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

2-3-1	Accumulated Depreciation
4-2-5	Depreciation and Amortization
10-2-1-30	Board Staff IR #18 - Depreciation Rate for Account 1908
10-2-1-31	Board Staff IR #19 - Depreciation Rate for Account 1930
10-2-1-32	Board Staff IR #20 - Depreciation Rates

### 3.3 Capital, Property and Income Taxes

**Complete Settlement:** There is an agreement to settle this issue as follows:

In its initial application, GLPT:

- Calculated its capital tax expense for the Test Years as nil. The calculation of this amount is described in 4-3-3;
- Calculated its property tax expense as \$264,700 for 2011 and \$271,300 for 2012. The calculation of these amounts is described in 4-3-4; and
- Calculated its income tax expense as \$1,457,600 for 2011 and \$1,521,900 for 2012. The calculation of this amount is described in 4-3-2.

#### Capital and Property Tax

For the purpose of obtaining a complete settlement of all issues, the Parties agree that GLPT's calculations of capital and property taxes described herein, which total \$264,700 for 2011 and \$271,300 for 2012 should be included as part of its cost of service for the Test Years.

#### Income Tax

Given the change in ROE driven by the Board's cost of capital parameter update, and given the Parties' agreement on the Redevelopment Project, income tax expense has changed from \$1,457,600 in 2011 and \$1,521,900 in 2012 to \$1,352,000 and \$1,336,800 for 2011 and 2012, respectively. For the purpose of obtaining a complete settlement of all issues, the Parties agree that GLPT's calculations of income tax described herein, which total \$1,352,000 for 2011 and \$1,336,800 for 2012, should be included as part of its cost of service for the Test Years.

#### ***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

4-3-1 Tax Overview

4-3-2	Income Tax
4-3-3	Capital Tax
4-3-4	Property Tax
10-2-1-33	Board Staff IR #21 - CapEx in Fixed Assets and on the UCC Continuity Schedule
10-2-1-34	Board Staff IR #22 - CapEX in Fixed Assets and on the UCC Continuity Schedule
10-3-1-10	SEC IR #8 - Property Tax

#### **4. Operating Revenue**

##### **4.1 Charge Determinant Forecast**

**Complete Settlement:** There is an agreement to settle this issue as follows:

As described in 8-1-1 of its application, GLPT employed a methodology for developing a charge determinant forecast for its directly connected customers. As described in 8-2-1, this forecasting methodology was then combined with the approved charge determinants for Ontario's other three electricity transmitters in order to derive the Uniform Transmission Rate in Ontario (the "UTR").

	<b>Proposed Annual Charge Determinants (MW)</b>		
	<b>Network</b>	<b>Line Connection</b>	<b>Transformation Connection</b>
<b>GLPT</b>	3,954.620	2,937.438	985.415
<b>All Transmitters</b>	246,520.154	237,815.026	203,928.634

For the purpose of obtaining a complete settlement of all issues, the Parties agree that the proposed charge determinants presented in the above table should be accepted by the Board.

***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

8-1-1	Charge Determinant Forecast
10-2-1-76	Board Staff IR #40 - Charge Determinants
10-2-1-76	Confidential Response to Board Staff IR #40 - Charge Determinants
10-3-1-11	SEC IR #9 - Impact of Ontario Clean Energy Benefit



#### **4.2 Transmission Services Revenue**

**Complete Settlement:** There is an agreement to settle this issue as follows:

In its application and evidence, GLPT forecasted its transmission services revenue to be \$35,141,600 in each of 2011 & 2012, as presented in Table 3-1-1A of the pre-filed evidence.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should accept GLPT's forecasted transmission services revenue for the 2011 & 2012 Test Years.

***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

3-1-1	Operating Revenue
3-1-2	Other Revenue
10-2-1-77	Board Staff IR #41 - Transmission Revenue Streams
10-2-1-78	Board Staff IR #42 - Transmission Revenue Streams
10-4-1-11	VECC IR #9 - Operating Revenue

### 4.3 Other Income

**Complete Settlement:** There is an agreement to settle this issue as follows:

In its application and evidence, GLPT forecasted its other income to be (\$30,800) in 2011 (\$31,100) in 2012, as presented in Table 3-1-2A of the pre-filed evidence.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should accept GLPT's forecasted other income for the 2011 & 2012 Test Years.

***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

3-1-1	Operating Revenue
3-1-2	Other Revenue
10-2-1-102	Board Staff IR #53 - Impact of HST on GLPT's Revenue
10-4-1-12	VECC IR #10 - Other Income

**5. Rate Recovery of Revenue Requirement**

**5.1 Rate Implementation Date**

**Complete Settlement:** There is an agreement to settle this issue as follows:

In its application, GLPT requested that its existing rates be made interim effective January 1, 2011. On November 17, 2010 the Board issued Procedural Order #1, which included a decision declaring GLPT's rates interim as of January 1, 2011. In its application, GLPT also requested that its proposed rates for 2011 and 2012 test years be made effective as of January 1, 2011 and January 1, 2012, respectively.

For the purpose of obtaining a complete settlement of all issues, the Parties have agreed that GLPT's revised 2011 and 2012 rates should be made effective as of January 1, 2011 and January 1, 2012, respectively.

**Approval:**

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

**Evidence:** The evidence in relation to this issue includes the following:

1-1-2 Application

## **5.2 Cost Allocation**

**Complete Settlement:** There is an agreement to settle this issue as follows:

GLPT proposes to allocate its incremental revenue requirement to the Uniform Transmission Rate pools by applying the same proportions as set out in Hydro One's proposed 2011 Ontario Transmission Rate Schedule, which was filed with the Board on January 5, 2011 as part of the EB-2010-0002 proceeding.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should adopt GLPT's allocation of its incremental revenue requirement to the Uniform Transmission Rate pools in accordance with Hydro One's latest cost allocation methodology.

### ***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

8-2-1 Calculation of Uniform Transmission Rates  
10-2-1-86 Board Staff IR #43 - Uniform Transmission Rates

### **5.3 Revenue Deficiency/Sufficiency Deferral Account**

**Complete Settlement:** There is an agreement to settle this issue as follows:

As noted in section 5.1 of this Settlement Agreement, GLPT requested that its existing rates be made interim effective January 1, 2011. In its application, GLPT also requested that its proposed rates for the 2011 and 2012 test years be made effective as of January 1, 2011 and January 1, 2012, respectively. GLPT further requests authorization to establish a deferral account to record revenue requirement deficiencies incurred from January 1, 2011 until the date that GLPT's proposed 2011 rates are implemented. Also as noted in section 5.1 of this Settlement Agreement, on November 17, 2010 the Board issued Procedural Order #1, which included a decision declaring GLPT's rates interim as of January 1, 2011. For the purpose of obtaining a complete settlement of all issues, the Parties have agreed that GLPT's revised 2011 and 2012 rates should be made effective as of January 1, 2011 and January 1, 2012, respectively.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that a deferral account should be established to record any deficiency or sufficiency for the period commencing January 1, 2011 to the date that the revised 2011 rates (reflecting GLPT's proposed new revenue requirement) are implemented, together with carrying costs, such carrying costs being based upon the applicable Board prescribed interest rate.

As explained in section 6.3 of this Settlement Agreement, GLPT proposes to recover or pay, as the case may be, the balance of the Revenue Deficiency/Sufficiency Deferral Account, as at the date of implementation, through an offset to the amounts GLPT proposes to credit to ratepayers over a three-year period based on the aggregate balance of GLPT's existing deferral and variance accounts.

***Approval:***

Parties in Support: Energy Probe, SEC, VECC

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

See Appendix "C" of this Settlement Agreement.

## **6. Deferral and Variance Accounts**

### **6.1 Existing Deferral and Variance Accounts**

**Complete Settlement:** There is an agreement to settle this issue as follows:

In its application, GLPT proposed continuance of the following deferral/variance accounts: two sub-accounts of Account 1508, as well as Account 1574, of the Uniform System of Accounts. GLPT also requested approval to use Accounts 1505 and 1595 of the Uniform System of Accounts. Based upon the Board's Decision in EB-2009-0409, GLPT will also continue to maintain in the test period sub-accounts for Infrastructure Investment, Green Energy Initiatives and Preliminary Planning Costs, within Account 1508. In addition, based upon the Accounting Procedures Handbook, GLPT will also continue to maintain in the test period the sub-account for IFRS transition costs in Account 1508, as well as Account 1592 for tax variances.

#### Account 1508 - Other Regulatory Assets

As at June 30, 2010, GLPT had four active sub-accounts of Account 1508: (i) IFRS Transition costs; (ii) Infrastructure Investment, Green Energy Initiatives and Preliminary Planning Costs; (iii) OEB Cost Assessment Variances; and (iv) Property Tax and Use and Occupation Permit Fee Variances.

#### Account 1574 - Deferred Rate Impact Amounts

This account was established to record the revenue deficiency incurred by GLPT, plus carrying charges, under currently approved transmission rates beginning January 1, 2005. This account is also being used to record GLPT's 2010 revenue deficiencies.

#### Account 1592 - Changes in Tax Legislation

The Board created this account to deal with changes in tax legislation and tax rules with respect to PILs and taxes.

#### Account 1505 - Unrecovered Plant

In this application, GLPT proposed to recover costs resulting from a premature retirement of readily identifiable assets that will occur in 2011, related to the Third Line Redevelopment project. The total net book value of the assets to be retired will be \$910,534 at December 31, 2011, which is a significant value to GLPT. GLPT proposed to recover the \$910,534 write-off by offsetting the amount against the aggregate regulatory liability balance of \$2,962,700. This would effectively result in GLPT collecting this amount over a three year period beginning January 1, 2011. Any gains or

recoveries realized relative to the prematurely retired plant will be credited to the benefit of ratepayers. GLPT proposed the use of Account 1505 of the Uniform System of Accounts for this purpose, after which the balance will be transferred to Account 1595 for recovery, as described in 9-3-1 of the Application.

For the purpose of obtaining a complete settlement of all issues, the Parties accept GLPT's proposal that the Board should authorize GLPT to continue to establish and record costs in these existing accounts, as described in the evidence filed by GLPT in support of these requests, except as follows:

- (a) the amount recoverable for readily identifiable assets in Account 1505 - Unrecovered Plant will be the December 31, 2012 net book value of \$863,369, and will be recovered over a one year period instead of a three year period; and
- (b) the account in respect of OEB Cost Assessment Variances should not be approved for continuation beyond 2010.

***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

- 9-1-1 Deferral and Variance Accounts Overview
- 9-1-2 Account 1508 - Other Regulatory Assets
- 9-1-3 Account 1574 - Deferred Rate Impact Amounts
- 9-1-4 Account 1592 - Changes in Tax Legislation
- 9-1-5 Account 1505 - Unrecovered Plant Costs
- 10-2-1-87 Board Staff IR #44 - Sub-accounts of Account 1508
- 10-2-1-88 Board Staff IR #45 - Change in Costs due to IFRS Implementation Account
- 10-2-1-90 Board Staff IR #46 - IFRS Gains and Losses on Disposal
- 10-2-1-93 Board Staff IR #47 - Recovery of Costs related to Premature Retirement of Assets
- 10-2-1-94 Board Staff IR #48 - OEB Cost Assessment Variances
- 10-3-1-12 SEC IR #10 - Deferred Rate Impact Amounts

## 6.2 New Deferral and Variance Accounts

**Complete Settlement:** There is an agreement to settle this issue as follows:

In its application, GLPT requested approval to establish the following new deferral or variance accounts:

- Change in Costs due to IFRS Implementation Account; and,
- IFRS Gains and Losses on Disposal.

GLPT also sought the Board's direction as to whether costs arising from a claim from Comstock Canada Ltd. ("**Comstock**") in respect of a design build contract for the Transmission Reinforcement Project approved in EB-2003-0162 should be included in Construction Work in Progress or in a designated deferral account.

The costs to be recorded in the account are as follows:

2007	-	\$656,038
2008	-	\$313,205
2009	-	\$504,782
2010	-	\$117,934 (YTD, November 30, 2010)

For the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should authorize GLPT to:

- (a) establish a variance account and record impacts on test year revenue requirements resulting from any changes to existing IFRS standards or changes in the interpretation of such standards;
- (b) establish a deferral account and record costs as proposed in respect of IFRS gains or losses resulting from premature asset component retirements, subject to a depreciation credit that would be calculated based on the amount of depreciation in approved revenue requirement that will not be incurred as a result of premature retirement of the asset; and
- (c) establish a deferral account and record costs incurred and to be incurred in respect of the Comstock claim (the issue of whether those amounts are recoverable by GLPT will be determined by the Board at a later date).



***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

9-1-1	Deferral and Variance Accounts Overview
9-2-1	Proposed Deferral and Variance Accounts and Request for Direction
10-2-1-88	Board Staff IR #45 - Change in Costs due to IFRS Implementation Account
10-2-1-90	Board Staff IR #46 - IFRS Gains and Losses on Disposal
10-2-1-95	Board Staff IR #49 - New Deferral Account Request - IFRS Implementation
10-2-1-97	Board Staff IR #50 - New Deferral and Variance Account Requests
10-2-1-99	Board Staff IR #51 - Total New Disposition
10-2-1-100	Board Staff IR #52 - Comstock Claim
10-3-1-13	SEC IR #11 - Comstock Claim

### 6.3 Disbursal of Deferral and Variance Accounts

**Complete Settlement:** There is an agreement to settle this issue as follows:

In its application, GLPT proposed that, upon implementation of new Uniform Transmission Rates, the aggregate balance of the existing deferral accounts, less an offset related to GLPT's 2010 revenue deficiency, and less or in addition to an offset related to any revenue deficiency or sufficiency, respectively, for the period between January 1, 2011 and the date that the revised Uniform Transmission Rates reflecting GLPT's new revenue requirement are implemented (as discussed in section 5.3 of this Settlement Agreement), will be returned to ratepayers over a three-year period (the "**Aggregate Regulatory Liability Balance**"). In addition to this, GLPT proposed to credit, over a five-year period, ratepayers a further amount of \$3,063,900 related to costs recovered in respect of an asset retirement.

In its application, GLPT also proposed to recover costs resulting from a premature retirement of readily identifiable assets that will occur related to the Third Line Redevelopment project. The total net book value of the assets to be retired will be \$910,534 at December 31, 2011. As a result of the deferral of the rate base addition related to this project from 2011 to 2012, the assets to be removed upon completion of the project will remain in service until 2012. Therefore GLPT will require recovery of the balance of the net book value of the assets at December 31, 2012. This value is \$863,369.

GLPT proposed to recover the write-off amount by offsetting the amount against the Aggregate Regulatory Liability Balance that will be returned to customers over the three-year period referenced above. However, for the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should authorize GLPT to recover the December 31, 2012 net book value of \$863,369 over a one-year period instead of a three-year period.

***Approval:***

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

***Evidence:*** The evidence in relation to this issue includes the following:

- 9-1-1 Deferral and Variance Accounts Overview
- 9-3-1 Disbursal of Existing Deferral and Variance Accounts

## **APPENDIX 'A'**

### **ISSUES LIST**

**ISSUES LIST**

1. Rate Base
  - 1.1 Rate Based for the Test Years
  - 1.2 Capital Expenditures 2012
  - 1.3 Capital Expenditures 2011
  - 1.4 Working Cash Allowance
2. Cost of Capital for the Test Years
  - 2.1 Capital Structure
  - 2.2 Cost of Debt
  - 2.3 Cost of Equity
3. Operating Costs for the Test Year
  - 3.1 Operations, Maintenance and Administration
  - 3.2 Depreciation and Amortization
  - 3.3 Capital, Property and Income Taxes
4. Operating Revenue
  - 4.1 Charge Determinant Forecast
  - 4.2 Transmission Services Revenue
  - 4.3 Other Income
5. Rate Recovery of Revenue Requirement
  - 5.1 Rate Implementation Date
  - 5.2 Cost Allocation
6. Deferral and Variance Accounts
  - 6.1 Existing Deferral and Variance Accounts

- 6.2 New Deferral and Variance Accounts
- 6.3 Disbursal of Deferral and Variance Accounts

**APPENDIX 'B'**

**SUPPLEMENTAL EVIDENCE ON CAPITAL  
CONTRIBUTIONS**

### **Supplemental Evidence**

Between the time GLPT filed its EB-2010-0291 rate application and the time an actual funding mechanism was put in place, a change occurred to the mechanism that affects GLPT's new funding requirements. GLPT has provided the following update to Section 5.2 found on page 4 of Exhibit 5, Tab 1, Schedule 1. The section should be titled "New / Forecasted Equity", and should read:

GLPT will require additional funding in the test years to finance the proposed capital program and day to day operations. GLPT will raise the additional funds by means of a capital investment from its Partners, which will be treated as an equity transaction. Interest will not be paid on the equity investments.

Further to this, GLPT is providing the following information which is an expansion of its response to Board Staff Interrogatory #37 (i):

Confirmed.

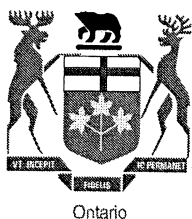
GLPT notes that its pre-filed evidence indicated that there would be additional funding received in the test years from its Partners and treated as affiliate debt. However, the actual funding mechanism that has been put in place involves funding the partnership through equity transactions. As a result, GLPT will not incur additional debt in the test years in any form. Therefore, any deemed debt amounts that are above and beyond GLPT's actual third party debt should be treated as notional debt.

Lastly, given the above, GLPT is providing clarification of the pro-forma financial statements found at Exhibit 1, Tab 3, Schedule 2 of the pre-filed evidence. The pro-forma Balance Sheet on page 4 of this Schedule indicates that certain funds received in the test years would be recorded as an "Intercompany loan". However, this intercompany loan will not exist during the test years, as the funds received are a capital contribution and will instead be recorded as an addition to GLPT's Capital account, forming part of the pro-forma Statement of Partners' Equity. This change should also be reflected in the pro-forma Statement of Cash Flows found on page 7 of Exhibit 1, Tab 3, Schedule 2. In that Schedule, under financing activities, the "Increase in borrowings" heading should instead be "Capital contributions".

**APPENDIX 'C'**

**REVENUE REQUIREMENT WORK FORMS -  
REVISED TO REFLECT SETTLEMENT AGREEMENT**





## REVENUE REQUIREMENT WORK FORM

Name of LDC:  (1)

File Number:

Rate Year:

Version: 2.11

### Table of Content

<u>Sheet</u>	<u>Name</u>
A	<u>Data Input Sheet</u>
1	<u>Rate Base</u>
2	<u>Utility Income</u>
3	<u>Taxes/PILS</u>
4	<u>Capitalization/Cost of Capital</u>
5	<u>Revenue Sufficiency/Deficiency</u>
6	<u>Revenue Requirement</u>
7A	<u>Bill Impacts -Residential</u>
7B	<u>Bill Impacts - GS &lt; 50 kW</u>

#### Notes:

- (1) Pale green cells represent inputs
- (2) Pale yellow cells represent drop=down lists
- (3) Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.
- (4) Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel format.

#### Copyright

This Revenue Requirement Work Form Model is protected by copyright and is being made available to you solely for the purpose of preparing or reviewing your draft rate order. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.



# REVENUE REQUIREMENT WORK FORM

Name of LDC: Great Lakes Power Transmission

File Number:

Rate Year: 2011

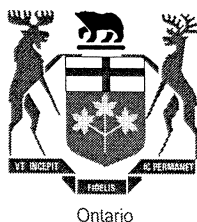
Version: 2.11

Data Input						(1)
	Initial Application	Adjustments	Close of Discovery	(7) Adjustments	Per Board Decision	
<b>1 Rate Base</b>						
Gross Fixed Assets (average)	\$302,943,886		\$ 302,943,886		\$293,714,573	
Accumulated Depreciation (average)	(\$86,268,030)	(5)	-\$ 86,268,030	(\$9,229,313)	(\$86,639,745)	
Allowance for Working Capital:						
Controllable Expenses	\$9,225,000		\$ 9,225,000		\$9,225,000	
Cost of Power	\$ -				\$0	
Working Capital Rate (%)	6.73%		6.73%		6.73%	
<b>2 Utility Income</b>						
Operating Revenues:						
Distribution Revenue at Current Rates	\$35,141,618	\$0	\$35,141,618	\$0	\$35,141,618	
Distribution Revenue at Proposed Rates	\$36,416,907	(\$724,263)	\$35,692,644	(\$938,966)	\$34,753,678	
Other Revenue:						
Specific Service Charges						
Late Payment Charges						
Other Distribution Revenue						
Other Income and Deductions	\$30,800	\$0	\$30,800	\$0	\$30,800	
Operating Expenses:						
OM+A Expenses	\$9,225,000		\$ 9,225,000		\$9,225,000	
Depreciation/Amortization	\$7,975,063		\$ 7,975,063	(\$254,590)	\$7,720,473	
Property taxes	\$264,655		\$ 264,655		\$264,655	
Capital taxes	\$0		\$0		\$0	
Other expenses	\$ -		0		\$0	
<b>3 Taxes/PILs</b>						
Taxable Income:						
Adjustments required to arrive at taxable income	(\$5,129,024)	(3)	(\$5,129,024)		(\$4,591,617)	
Utility Income Taxes and Rates:						
Income taxes (not grossed up)	\$1,045,794		\$923,021		\$970,036	
Income taxes (grossed up)	\$1,457,553		\$1,286,441		\$1,351,966	
Capital Taxes	\$ -	(6)	\$ -	(6)	\$ -	(6)
Federal tax (%)	16.50%		16.50%		16.50%	
Provincial tax (%)	11.75%		11.75%		11.75%	
Income Tax Credits						
<b>4 Capitalization/Cost of Capital</b>						
Capital Structure:						
Long-term debt Capitalization Ratio (%)	56.0%		56.0%		56.0%	
Short-term debt Capitalization Ratio (%)	4.0%	(2)	4.0%	(2)	4.0%	(2)
Common Equity Capitalization Ratio (%)	40.0%		40.0%		40.0%	
Preferred Shares Capitalization Ratio (%)						
	100.0%		100.0%		100.0%	
Cost of Capital						
Long-term debt Cost Rate (%)	6.86%		6.87%		6.87%	
Short-term debt Cost Rate (%)	3.99%		2.43%		2.43%	
Common Equity Cost Rate (%)	10.16%		9.66%		9.66%	
Preferred Shares Cost Rate (%)						

## Notes:

Data inputs are required on on this Sheet A. Data Input Sheet, and on Sheets 7A and 7B, for Bill IMPacts. Data on this input sheet complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the data. Notes should be put on the applicable pages to

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Not applicable as of July 1, 2010
- (7) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.



# REVENUE REQUIREMENT WORK FORM

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2011

Version: 2.11

Rate Base						
Line No.	Particulars	Initial Application	Adjustments	Close of Discovery	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$302,943,886	\$ -	\$302,943,886	(\$9,229,313)	\$293,714,573
2	Accumulated Depreciation (average) (3)	(\$86,268,030)	\$ -	(\$86,268,030)	(\$371,715)	(\$86,639,745)
3	Net Fixed Assets (average) (3)	\$216,675,856	\$ -	\$216,675,856	(\$9,601,028)	\$207,074,828
4	Allowance for Working Capital (1)	\$621,133	\$ -	\$621,133	\$ -	\$621,133
5	<b>Total Rate Base</b>	<b>\$217,296,989</b>	<b>\$ -</b>	<b>\$217,296,989</b>	<b>(\$9,601,028)</b>	<b>\$207,695,961</b>

(1) Allowance for Working Capital - Derivation						
6	Controllable Expenses	\$9,225,000	\$ -	\$9,225,000	\$ -	\$9,225,000
7	Cost of Power	\$ -	\$ -	\$ -	\$ -	\$ -
8	Working Capital Base	\$9,225,000	\$ -	\$9,225,000	\$ -	\$9,225,000
9	Working Capital Rate % (2)	6.73%	0.00%	6.73%	0.00%	6.73%
10	Working Capital Allowance	\$621,133	\$ -	\$621,133	\$ -	\$621,133

## Notes

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.  
 (3) Average of opening and closing balances for the year.



# REVENUE REQUIREMENT WORK FORM

Name of LDC: Great Lakes Power Transmission LP

File Number:

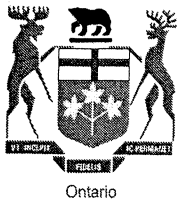
Rate Year: 2011

Version: 2.11

Utility income						
Line No.	Particulars	Initial Application	Adjustments	Close of Discovery	Adjustments	Per Board Decision
<b>Operating Revenues:</b>						
1	Distribution Revenue (at Proposed Rates)	\$36,416,907	(\$724,263)	\$35,692,644	(\$938,966)	\$34,753,678
2	Other Revenue	(1) \$30,800	\$ -	\$30,800	\$ -	\$30,800
3	Total Operating Revenues	\$36,447,707	(\$724,263)	\$35,723,444	(\$938,966)	\$34,784,478
<b>Operating Expenses:</b>						
4	OM+A Expenses	\$9,225,000	\$ -	\$9,225,000	\$ -	\$9,225,000
5	Depreciation/Amortization	\$7,975,063	\$ -	\$7,975,063	(\$254,590)	\$7,720,473
6	Property taxes	\$264,655	\$ -	\$264,655	\$ -	\$264,655
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$17,464,718	\$ -	\$17,464,718	(\$254,590)	\$17,210,128
10	Deemed Interest Expense	\$8,694,487	(\$118,557)	\$8,575,930	(\$378,918)	\$8,197,012
11	Total Expenses (lines 9 to 10)	\$26,159,205	(\$118,557)	\$26,040,648	(\$633,508)	\$25,407,140
12	Utility income before income taxes	\$10,288,502	(\$605,706)	\$9,682,796	(\$305,458)	\$9,377,338
13	Income taxes (grossed-up)	\$1,457,553	(\$171,112)	\$1,286,441	\$65,526	\$1,351,966
14	Utility net income	\$8,830,950	(\$434,594)	\$8,396,356	(\$370,984)	\$8,025,372

## Notes

(1)	<b>Other Revenues / Revenue Offsets</b>					
	Specific Service Charges	\$ -		\$ -		\$ -
	Late Payment Charges	\$ -		\$ -		\$ -
	Other Distribution Revenue	\$ -		\$ -		\$ -
	Other Income and Deductions	\$30,800	\$ -	\$30,800	\$ -	\$30,800
	Total Revenue Offsets	\$30,800	\$ -	\$30,800	\$ -	\$30,800



# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2011

## Taxes/PILs

Line No.	Particulars	Application	Close of Discovery	Per Board Decision
<b>Determination of Taxable Income</b>				
1	Utility net income before taxes	\$8,830,950	\$8,396,356	\$8,025,372
2	Adjustments required to arrive at taxable utility income	(\$5,129,024)	(\$5,129,024)	(\$4,591,617)
3	Taxable income	<u>\$3,701,926</u>	<u>\$3,267,332</u>	<u>\$3,433,755</u>
<b>Calculation of Utility income Taxes</b>				
4	Income taxes	\$1,045,794	\$923,021	\$970,036
5	Capital taxes	\$ - (1)	\$ - (1)	\$ - (1)
6	Total taxes	<u>\$1,045,794</u>	<u>\$923,021</u>	<u>\$970,036</u>
7	Gross-up of Income Taxes	<u>\$411,759</u>	<u>\$363,419</u>	<u>\$381,930</u>
8	Grossed-up Income Taxes	<u>\$1,457,553</u>	<u>\$1,286,441</u>	<u>\$1,351,966</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$1,457,553</u>	<u>\$1,286,441</u>	<u>\$1,351,966</u>
10	Other tax Credits	\$ -	\$ -	\$ -
<b>Tax Rates</b>				
11	Federal tax (%)	16.50%	16.50%	16.50%
12	Provincial tax (%)	11.75%	11.75%	11.75%
13	Total tax rate (%)	<u>28.25%</u>	<u>28.25%</u>	<u>28.25%</u>

### Notes

(1) Capital Taxes not applicable after July 1, 2010 (i.e. for 2011 and later test years)



# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2011

## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
<b>Initial Application</b>					
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$121,686,314	6.86%	\$8,347,681
2	Short-term Debt	4.00%	\$8,691,880	3.99%	\$346,806
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$130,378,193</b>	<b>6.67%</b>	<b>\$8,694,487</b>
	<b>Equity</b>				
4	Common Equity	40.00%	\$86,918,796	10.16%	\$8,830,950
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$86,918,796</b>	<b>10.16%</b>	<b>\$8,830,950</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$217,296,989</b>	<b>8.07%</b>	<b>\$17,525,437</b>

<b>Close of Discovery</b>					
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$121,686,314	6.87%	\$8,364,717
2	Short-term Debt	4.00%	\$8,691,880	2.43%	\$211,213
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$130,378,193</b>	<b>6.58%</b>	<b>\$8,575,930</b>
	<b>Equity</b>				
4	Common Equity	40.00%	\$86,918,796	9.66%	\$8,396,356
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$86,918,796</b>	<b>9.66%</b>	<b>\$8,396,356</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$217,296,989</b>	<b>7.81%</b>	<b>\$16,972,286</b>

<b>Per Board Decision</b>					
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
8	Long-term Debt	56.00%	\$116,309,738	6.87%	\$7,995,131
9	Short-term Debt	4.00%	\$8,307,838	2.43%	\$201,880
10	<b>Total Debt</b>	<b>60.00%</b>	<b>\$124,617,577</b>	<b>6.58%</b>	<b>\$8,197,012</b>
	<b>Equity</b>				
11	Common Equity	40.00%	\$83,078,384	9.66%	\$8,025,372
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	<b>Total Equity</b>	<b>40.00%</b>	<b>\$83,078,384</b>	<b>9.66%</b>	<b>\$8,025,372</b>
14	<b>Total</b>	<b>100.00%</b>	<b>\$207,695,961</b>	<b>7.81%</b>	<b>\$16,222,384</b>

### Notes

(1) 4.0% unless an Applicant has proposed or been approved for another amount.



# REVENUE REQUIREMENT WORK FORM

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2011

Version: 2.11

## Revenue Sufficiency/Deficiency

Line No.	Particulars	Initial Application		Close of Discovery		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$1,275,289		\$551,026		(\$387,940)
2	Distribution Revenue	\$35,141,618	\$35,141,618	\$35,141,618	\$35,141,618	\$35,141,618	\$35,141,618
3	Other Operating Revenue	\$30,800	\$30,800	\$30,800	\$30,800	\$30,800	\$30,800
	Offsets - net						
4	<b>Total Revenue</b>	<b>\$35,172,418</b>	<b>\$36,447,707</b>	<b>\$35,172,418</b>	<b>\$35,723,444</b>	<b>\$35,172,418</b>	<b>\$34,784,478</b>
5	Operating Expenses	\$17,464,718	\$17,464,718	\$17,464,718	\$17,464,718	\$17,210,128	\$17,210,128
6	Deemed Interest Expense	\$8,694,487	\$8,694,487	\$8,575,930	\$8,575,930	\$8,197,012	\$8,197,012
	<b>Total Cost and Expenses</b>	<b>\$26,159,205</b>	<b>\$26,159,205</b>	<b>\$26,040,648</b>	<b>\$26,040,648</b>	<b>\$25,407,140</b>	<b>\$25,407,140</b>
7	Utility Income Before Income Taxes	\$9,013,213	\$10,288,502	\$9,131,770	\$9,682,796	\$9,765,278	\$9,377,338
8	Tax Adjustments to Accounting Income per 2009 PILs	(\$5,129,024)	(\$5,129,024)	(\$5,129,024)	(\$5,129,024)	(\$4,591,617)	(\$4,591,617)
9	<b>Taxable Income</b>	<b>\$3,884,189</b>	<b>\$5,159,478</b>	<b>\$4,002,746</b>	<b>\$4,553,772</b>	<b>\$5,173,661</b>	<b>\$4,785,721</b>
10	Income Tax Rate	28.25%	28.25%	28.25%	28.25%	28.25%	28.25%
11	<b>Income Tax on Taxable Income</b>	<b>\$1,097,283</b>	<b>\$1,457,553</b>	<b>\$1,130,776</b>	<b>\$1,286,441</b>	<b>\$1,461,559</b>	<b>\$1,351,966</b>
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	<b>Utility Net Income</b>	<b>\$7,915,930</b>	<b>\$8,830,950</b>	<b>\$8,000,994</b>	<b>\$8,396,356</b>	<b>\$8,303,719</b>	<b>\$8,025,372</b>
14	<b>Utility Rate Base</b>	<b>\$217,296,989</b>	<b>\$217,296,989</b>	<b>\$217,296,989</b>	<b>\$217,296,989</b>	<b>\$207,695,961</b>	<b>\$207,695,961</b>
	Deemed Equity Portion of Rate Base	\$86,918,796	\$86,918,796	\$86,918,796	\$86,918,796	\$83,078,384	\$83,078,384
15	Income/Equity Rate Base (%)	9.11%	10.16%	9.21%	9.66%	10.00%	9.66%
16	Target Return - Equity on Rate Base	10.16%	10.16%	9.66%	9.66%	9.66%	9.66%
17	<b>Sufficiency/Deficiency in Return on Equity</b>	<b>-1.05%</b>	<b>0.00%</b>	<b>-0.45%</b>	<b>0.00%</b>	<b>0.34%</b>	<b>0.00%</b>
18	Indicated Rate of Return	7.64%	8.07%	7.63%	7.81%	7.94%	7.81%
19	Requested Rate of Return on Rate Base	8.07%	8.07%	7.81%	7.81%	7.81%	7.81%
20	<b>Sufficiency/Deficiency in Rate of Return</b>	<b>-0.42%</b>	<b>0.00%</b>	<b>-0.18%</b>	<b>0.00%</b>	<b>0.13%</b>	<b>0.00%</b>
21	Target Return on Equity	\$8,830,950	\$8,830,950	\$8,396,356	\$8,396,356	\$8,025,372	\$8,025,372
22	Revenue Deficiency/(Sufficiency)	\$915,020	\$ -	\$395,361	\$ -	(\$278,347)	\$ -
23	<b>Gross Revenue</b>	<b>\$1,275,289 (1)</b>		<b>\$551,026 (1)</b>		<b>(\$387,940) (1)</b>	
	<b>Deficiency/(Sufficiency)</b>						

### Notes:

(1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)



# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2011

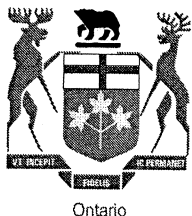
## Revenue Requirement

Line No.	Particulars	Application	Close of Discovery	Per Board Decision
1	OM&A Expenses	\$9,225,000	\$9,225,000	\$9,225,000
2	Amortization/Depreciation	\$7,975,063	\$7,975,063	\$7,720,473
3	Property Taxes	\$264,655	\$264,655	\$264,655
4	Capital Taxes	\$ -	\$ -	\$ -
5	Income Taxes (Grossed up)	\$1,457,553	\$1,286,441	\$1,351,966
6	Other Expenses	\$ -	\$ -	\$ -
7	Return			
	Deemed Interest Expense	\$8,694,487	\$8,575,930	\$8,197,012
	Return on Deemed Equity	\$8,830,950	\$8,396,356	\$8,025,372
8	Distribution Revenue Requirement before Revenues	<u>\$36,447,707</u>	<u>\$35,723,444</u>	<u>\$34,784,478</u>
9	Distribution revenue	\$36,416,907	\$35,692,644	\$34,753,678
10	Other revenue	<u>\$30,800</u>	<u>\$30,800</u>	<u>\$30,800</u>
11	Total revenue	<u>\$36,447,707</u>	<u>\$35,723,444</u>	<u>\$34,784,478</u>
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ - (1)</u>	<u>\$ - (1)</u>	<u>\$ - (1)</u>

### Notes

(1) Line 11 - Line 8





## REVENUE REQUIREMENT WORK FORM

Name of LDC: Great Lakes Power Transmission LP (1)

File Number:

Rate Year: 2012

Version: 2.11

### Table of Content

<u>Sheet</u>	<u>Name</u>
A	<u>Data Input Sheet</u>
1	<u>Rate Base</u>
2	<u>Utility Income</u>
3	<u>Taxes/PILS</u>
4	<u>Capitalization/Cost of Capital</u>
5	<u>Revenue Sufficiency/Deficiency</u>
6	<u>Revenue Requirement</u>
7A	<u>Bill Impacts -Residential</u>
7B	<u>Bill Impacts - GS &lt; 50 kW</u>

#### Notes:

- (1) Pale green cells represent inputs
- (2) Pale yellow cells represent drop=down lists
- (3) Please note that this model uses **MACROS**. Before starting, please ensure that macros have been enabled.
- (4) Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel format.

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# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission

File Number:

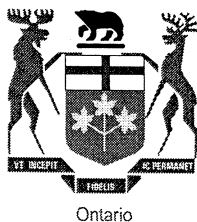
Rate Year: 2012

Data Input						(1)
	Initial Application	Adjustments	Close of Discovery	(7) Adjustments	Per Board Decision	
<b>1 Rate Base</b>						
Gross Fixed Assets (average)	\$319,671,150		\$ 319,671,150	(\$9,229,313)	\$310,441,837	
Accumulated Depreciation (average)	(\$94,064,498)	(5)	-\$ 94,064,498	(\$117,125)	(\$94,181,623)	
Allowance for Working Capital:						
Controllable Expenses	\$9,455,625		\$ 9,455,625		\$9,455,625	
Cost of Power	\$ -				\$0	
Working Capital Rate (%)	5.43%		5.43%		5.43%	
<b>2 Utility Income</b>						
Operating Revenues:						
Distribution Revenue at Current Rates	\$35,141,618	\$0	\$35,141,618	\$0	\$35,141,618	
Distribution Revenue at Proposed Rates	\$38,337,474	(\$1,083,885)	\$37,253,589	(\$881,044)	\$36,372,546	
Other Revenue:						
Specific Service Charges						
Late Payment Charges						
Other Distribution Revenue						
Other Income and Deductions	\$31,100	\$0	\$31,100	\$0	\$31,100	
Operating Expenses:						
OM+A Expenses	\$9,455,625		\$ 9,455,625		\$9,455,625	
Depreciation/Amortization	\$8,615,893		\$ 8,615,893	(\$207,425)	\$8,408,468	
Property taxes	\$271,271		\$ 271,271		\$271,271	
Capital taxes	\$0		\$0		\$0	
Other expenses						
<b>3 Taxes/PILs</b>						
Taxable Income:						
Adjustments required to arrive at taxable income	(\$5,139,851)	(3)	(\$5,139,851)		(\$4,620,253)	
Utility Income Taxes and Rates:						
Income taxes (not grossed up)	\$1,122,399		\$944,329		\$985,922	
Income taxes (grossed up)	\$1,521,897		\$1,280,446		\$1,336,844	
Capital Taxes	\$ -	(6)	\$ -	(6)	\$ -	(6)
Federal tax (%)	15.00%		15.00%		15.00%	
Provincial tax (%)	11.25%		11.25%		11.25%	
Income Tax Credits	\$ -		\$ -		\$ -	
<b>4 Capitalization/Cost of Capital</b>						
Capital Structure:						
Long-term debt Capitalization Ratio (%)	56.0%		56.0%		56.0%	
Short-term debt Capitalization Ratio (%)	4.0%	(2)	4.0%	(2)	4.0%	(2)
Common Equity Capitalization Ratio (%)	40.0%		40.0%		40.0%	
Preferred Shares Capitalization Ratio (%)						
	100.0%		100.0%		100.0%	
Cost of Capital						
Long-term debt Cost Rate (%)	6.82%		6.87%		6.87%	
Short-term debt Cost Rate (%)	5.00%		2.43%		2.43%	
Common Equity Cost Rate (%)	10.41%		9.66%		9.66%	
Preferred Shares Cost Rate (%)						

## Notes:

Data inputs are required on on this Sheet A. Data Input Sheet, and on Sheets 7A and 7B, for Bill Impacts. Data on this input sheet complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the data. Notes should be put on the applicable pages to

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Not applicable as of July 1, 2010
- (7) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.



# REVENUE REQUIREMENT WORK FORM

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2012

Version: 2.11

Rate Base						
Line No.	Particulars	Initial Application	Adjustments	Close of Discovery	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$319,671,150	\$ -	\$319,671,150	(\$9,229,313)	\$310,441,837
2	Accumulated Depreciation (average) (3)	(\$94,064,498)	\$ -	(\$94,064,498)	(\$117,125)	(\$94,181,623)
3	Net Fixed Assets (average) (3)	\$225,606,652	\$ -	\$225,606,652	(\$9,346,438)	\$216,260,214
4	Allowance for Working Capital (1)	\$513,799	\$ -	\$513,799	\$ -	\$513,799
5	<b>Total Rate Base</b>	<b>\$226,120,451</b>	<b>\$ -</b>	<b>\$226,120,451</b>	<b>(\$9,346,438)</b>	<b>\$216,774,013</b>

(1) Allowance for Working Capital - Derivation						
6	Controllable Expenses	\$9,455,625	\$ -	\$9,455,625	\$ -	\$9,455,625
7	Cost of Power	\$ -	\$ -	\$ -	\$ -	\$ -
8	Working Capital Base	\$9,455,625	\$ -	\$9,455,625	\$ -	\$9,455,625
9	Working Capital Rate % (2)	5.43%	0.00%	5.43%	0.00%	5.43%
10	Working Capital Allowance	\$513,799	\$ -	\$513,799	\$ -	\$513,799

## Notes

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.  
 (3) Average of opening and closing balances for the year.



# REVENUE REQUIREMENT WORK FORM

Name of LDC: Great Lakes Power Transmission LP

File Number:

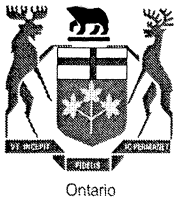
Rate Year: 2012

Version: 2.11

Utility income						
Line No.	Particulars	Initial Application	Adjustments	Close of Discovery	Adjustments	Per Board Decision
<b>Operating Revenues:</b>						
1	Distribution Revenue (at Proposed Rates)	\$38,337,474	(\$1,083,885)	\$37,253,589	(\$881,044)	\$36,372,546
2	Other Revenue (1)	\$31,100	\$ -	\$31,100	\$ -	\$31,100
3	Total Operating Revenues	\$38,368,574	(\$1,083,885)	\$37,284,689	(\$881,044)	\$36,403,646
<b>Operating Expenses:</b>						
4	OM+A Expenses	\$9,455,625	\$ -	\$9,455,625	\$ -	\$9,455,625
5	Depreciation/Amortization	\$8,615,893	\$ -	\$8,615,893	(\$207,425)	\$8,408,468
6	Property taxes	\$271,271	\$ -	\$271,271	\$ -	\$271,271
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$18,342,789	\$ -	\$18,342,789	(\$207,425)	\$18,135,364
10	Deemed Interest Expense	\$9,088,233	(\$164,073)	\$8,924,160	(\$368,870)	\$8,555,290
11	Total Expenses (lines 9 to 10)	\$27,431,022	(\$164,073)	\$27,266,949	(\$576,295)	\$26,690,654
12	Utility income before income taxes	\$10,937,552	(\$919,812)	\$10,017,740	(\$304,748)	\$9,712,992
13	Income taxes (grossed-up)	\$1,521,897	(\$241,451)	\$1,280,446	\$56,398	\$1,336,844
14	Utility net income	\$9,415,656	(\$678,361)	\$8,737,294	(\$361,146)	\$8,376,148

## Notes

(1)	<b>Other Revenues / Revenue Offsets</b>				
	Specific Service Charges	\$ -	\$ -	\$ -	\$ -
	Late Payment Charges	\$ -	\$ -	\$ -	\$ -
	Other Distribution Revenue	\$ -	\$ -	\$ -	\$ -
	Other Income and Deductions	\$31,100	\$ -	\$31,100	\$31,100
	Total Revenue Offsets	\$31,100	\$ -	\$31,100	\$31,100



# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2012

Ontario

## Taxes/PILs

Line No.	Particulars	Application	Close of Discovery	Per Board Decision
<b>Determination of Taxable Income</b>				
1	Utility net income before taxes	\$9,415,656	\$8,737,294	\$8,376,148
2	Adjustments required to arrive at taxable utility income	(\$5,139,851)	(\$5,139,851)	(\$4,620,253)
3	Taxable income	<u>\$4,275,805</u>	<u>\$3,597,443</u>	<u>\$3,755,895</u>
<b>Calculation of Utility Income Taxes</b>				
4	Income taxes	\$1,122,399	\$944,329	\$985,922
5	Capital taxes	\$ - (1)	\$ - (1)	\$ - (1)
6	Total taxes	<u>\$1,122,399</u>	<u>\$944,329</u>	<u>\$985,922</u>
7	Gross-up of Income Taxes	<u>\$399,498</u>	<u>\$336,117</u>	<u>\$350,922</u>
8	Grossed-up Income Taxes	<u>\$1,521,897</u>	<u>\$1,280,446</u>	<u>\$1,336,844</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$1,521,897</u>	<u>\$1,280,446</u>	<u>\$1,336,844</u>
10	Other tax Credits	\$ -	\$ -	\$ -
<b>Tax Rates</b>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.25%	11.25%	11.25%
13	Total tax rate (%)	<u>26.25%</u>	<u>26.25%</u>	<u>26.25%</u>

### Notes

(1) Capital Taxes not applicable after July 1, 2010 (i.e. for 2011 and later test years)



# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2012

## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$126,627,453	6.82%	\$8,635,992
2	Short-term Debt	4.00%	\$9,044,818	5.00%	\$452,241
3	Total Debt	60.00%	\$135,672,271	6.70%	\$9,088,233
	Equity				
4	Common Equity	40.00%	\$90,448,180	10.41%	\$9,415,656
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$90,448,180	10.41%	\$9,415,656
7	Total	100.00%	\$226,120,451	8.18%	\$18,503,889

Close of Discovery					
		(%)	(\$)	(%)	(\$)
<b>Debt</b>					
1	Long-term Debt	56.00%	\$126,627,453	6.87%	\$8,704,371
2	Short-term Debt	4.00%	\$9,044,818	2.43%	\$219,789
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$135,672,271</b>	<b>6.58%</b>	<b>\$8,924,160</b>
<b>Equity</b>					
4	Common Equity	40.00%	\$90,448,180	9.66%	\$8,737,294
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$90,448,180</b>	<b>9.66%</b>	<b>\$8,737,294</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$226,120,451</b>	<b>7.81%</b>	<b>\$17,661,454</b>

Per Board Decision					
		(%)	(\$)	(%)	(\$)
<b>Debt</b>					
8	Long-term Debt	56.00%	\$121,393,447	6.87%	\$8,344,586
9	Short-term Debt	4.00%	\$8,670,961	2.43%	\$210,704
10	<b>Total Debt</b>	<b>60.00%</b>	<b>\$130,064,408</b>	<b>6.58%</b>	<b>\$8,555,290</b>
<b>Equity</b>					
11	Common Equity	40.00%	\$86,709,605	9.66%	\$8,376,148
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	<b>Total Equity</b>	<b>40.00%</b>	<b>\$86,709,605</b>	<b>9.66%</b>	<b>\$8,376,148</b>
14	<b>Total</b>	<b>100.00%</b>	<b>\$216,774,013</b>	<b>7.81%</b>	<b>\$16,931,438</b>

### Notes

(1) 4.0% unless an Applicant has proposed or been approved for another amount.



# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2012

## Revenue Sufficiency/Deficiency

Line No.	Particulars	Initial Application		Close of Discovery		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$3,195,856		\$2,111,971		\$1,230,928
2	Distribution Revenue	\$35,141,618	\$35,141,618	\$35,141,618	\$35,141,618	\$35,141,618	\$35,141,618
3	Other Operating Revenue	\$31,100	\$31,100	\$31,100	\$31,100	\$31,100	\$31,100
	Offsets - net						
4	<b>Total Revenue</b>	<b>\$35,172,718</b>	<b>\$38,368,574</b>	<b>\$35,172,718</b>	<b>\$37,284,689</b>	<b>\$35,172,718</b>	<b>\$36,403,646</b>
5	Operating Expenses	\$18,342,789	\$18,342,789	\$18,342,789	\$18,342,789	\$18,135,364	\$18,135,364
6	Deemed Interest Expense	\$9,088,233	\$9,088,233	\$8,924,160	\$8,924,160	\$8,555,290	\$8,555,290
	<b>Total Cost and Expenses</b>	<b>\$27,431,022</b>	<b>\$27,431,022</b>	<b>\$27,266,949</b>	<b>\$27,266,949</b>	<b>\$26,690,654</b>	<b>\$26,690,654</b>
7	<b>Utility Income Before Income Taxes</b>	<b>\$7,741,696</b>	<b>\$10,937,552</b>	<b>\$7,905,769</b>	<b>\$10,017,740</b>	<b>\$8,482,064</b>	<b>\$9,712,992</b>
8	Tax Adjustments to Accounting Income per 2009 PILs	(\$5,139,851)	(\$5,139,851)	(\$5,139,851)	(\$5,139,851)	(\$4,620,253)	(\$4,620,253)
9	<b>Taxable Income</b>	<b>\$2,601,845</b>	<b>\$5,797,701</b>	<b>\$2,765,918</b>	<b>\$4,877,889</b>	<b>\$3,861,811</b>	<b>\$5,092,739</b>
10	Income Tax Rate	26.25%	26.25%	26.25%	26.25%	26.25%	26.25%
11	<b>Income Tax on Taxable Income</b>	<b>\$682,984</b>	<b>\$1,521,897</b>	<b>\$726,053</b>	<b>\$1,280,446</b>	<b>\$1,013,725</b>	<b>\$1,336,844</b>
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	<b>Utility Net Income</b>	<b>\$7,058,712</b>	<b>\$9,415,656</b>	<b>\$7,179,715</b>	<b>\$8,737,294</b>	<b>\$7,468,339</b>	<b>\$8,376,148</b>
14	<b>Utility Rate Base</b>	<b>\$226,120,451</b>	<b>\$226,120,451</b>	<b>\$226,120,451</b>	<b>\$226,120,451</b>	<b>\$216,774,013</b>	<b>\$216,774,013</b>
	Deemed Equity Portion of Rate Base	\$90,448,180	\$90,448,180	\$90,448,180	\$90,448,180	\$86,709,605	\$86,709,605
15	Income/Equity Rate Base (%)	7.80%	10.41%	7.94%	9.66%	8.61%	9.66%
16	Target Return - Equity on Rate Base	10.41%	10.41%	9.66%	9.66%	9.66%	9.66%
17	Sufficiency/Deficiency in Return on Equity	-2.61%	0.00%	-1.72%	0.00%	-1.05%	0.00%
18	Indicated Rate of Return	7.14%	8.18%	7.12%	7.81%	7.39%	7.81%
19	Requested Rate of Return on Rate Base	8.18%	8.18%	7.81%	7.81%	7.81%	7.81%
20	Sufficiency/Deficiency in Rate of Return	-1.04%	0.00%	-0.69%	0.00%	-0.42%	0.00%
21	Target Return on Equity	\$9,415,656	\$9,415,656	\$8,737,294	\$8,737,294	\$8,376,148	\$8,376,148
22	Revenue Deficiency/(Sufficiency)	\$2,356,944	\$ -	\$1,557,579	\$ -	\$907,809	\$ -
23	<b>Gross Revenue</b>	<b>\$3,195,856 (1)</b>		<b>\$2,111,971 (1)</b>		<b>\$1,230,928 (1)</b>	
	Deficiency/(Sufficiency)						

### Notes:

(1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)



# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2012

## Revenue Requirement

Line No.	Particulars	Application	Close of Discovery	Per Board Decision
1	OM&A Expenses	\$9,455,625	\$9,455,625	\$9,455,625
2	Amortization/Depreciation	\$8,615,893	\$8,615,893	\$8,408,468
3	Property Taxes	\$271,271	\$271,271	\$271,271
4	Capital Taxes	\$ -	\$ -	\$ -
5	Income Taxes (Grossed up)	\$1,521,897	\$1,280,446	\$1,336,844
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$9,088,233	\$8,924,160	\$8,555,290
	Return on Deemed Equity	\$9,415,656	\$8,737,294	\$8,376,148
8	Distribution Revenue Requirement before Revenues	<u>\$38,368,574</u>	<u>\$37,284,689</u>	<u>\$36,403,646</u>
9	Distribution revenue	\$38,337,474	\$37,253,589	\$36,372,546
10	Other revenue	<u>\$31,100</u>	<u>\$31,100</u>	<u>\$31,100</u>
11	Total revenue	<u>\$38,368,574</u>	<u>\$37,284,689</u>	<u>\$36,403,646</u>
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ - (1)</u>	<u>\$ - (1)</u>	<u>\$ - (1)</u>

### Notes

(1) Line 11 - Line 8