



# Revenue Requirement Workform



Version 3.00

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Service Territory	
Assigned EB Number	EB-2012-0139
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# Revenue Requirement Workform

[1. Info](#)

[2. Table of Contents](#)

[3. Data Input Sheet](#)

[4. Rate Base](#)

[5. Utility Income](#)

[6. Taxes PILs](#)

[7. Cost of Capital](#)

[8. Rev Def Suff](#)

[9. Rev Req](#)

## Notes:

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



# Revenue Requirement Workform

## Data Input <sup>(1)</sup>

	Initial Application	(2)	(6)	Per Board Decision
<b>1 Rate Base</b>				
Gross Fixed Assets (average)	\$64,467,293		\$ 64,467,293	\$64,467,293
Accumulated Depreciation (average)	(\$30,319,374)	(5)	(\$30,319,374)	(\$30,319,374)
<b>Allowance for Working Capital:</b>				
Controllable Expenses	\$5,477,572		\$ 5,477,572	\$5,477,572
Cost of Power	\$24,238,088		\$ 24,238,088	\$24,238,088
Working Capital Rate (%)	13.00%	(9)	13.00%	13.00% (9)
<b>2 Utility Income</b>				
Operating Revenues:				
Distribution Revenue at Current Rates	\$8,100,851			
Distribution Revenue at Proposed Rates	\$8,862,687			
<b>Other Revenue:</b>				
Specific Service Charges	\$154,100			
Late Payment Charges	\$113,700			
Other Distribution Revenue	\$222,633			
Other Income and Deductions	\$66,515			
Total Revenue Offsets	\$556,948	(7)		
<b>Operating Expenses:</b>				
OM+A Expenses	\$5,465,072		\$ 5,465,072	\$5,465,072
Depreciation/Amortization	\$1,451,988	(10)	\$ 1,451,988	\$1,451,988
Property taxes	\$12,500		\$ 12,500	\$12,500
Other expenses				
<b>3 Taxes/PILs</b>				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$1,246,052)	(3)		
<b>Utility Income Taxes and Rates:</b>				
Income taxes (not grossed up)	\$21,791			
Income taxes (grossed up)	\$25,788			
Federal tax (%)	11.00%			
Provincial tax (%)	4.50%			
Income Tax Credits				
<b>4 Capitalization/Cost of Capital</b>				
<b>Capital Structure:</b>				
Long-term debt Capitalization Ratio (%)	56.0%			
Short-term debt Capitalization Ratio (%)	4.0%	(8)	(8)	(8)
Common Equity Capitalization Ratio (%)	40.0%			
Preferred Shares Capitalization Ratio (%)	100.0%			
<b>Cost of Capital</b>				
Long-term debt Cost Rate (%)	5.11%			
Short-term debt Cost Rate (%)	2.08%			
Common Equity Cost Rate (%)	9.12%			
Preferred Shares Cost Rate (%)				
Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS (\$)	(\$42,167)	(11)	(11)	(11)

### Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (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) 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.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- (9) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.
- (10) Depreciation Expense should include the adjustment resulting from the amortization of the deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.
- (11) Adjustment should include the adjustment to the return on rate base associated with deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.



# Revenue Requirement Workform

## Rate Base and Working Capital

Rate Base										
Line No.	Particulars		Initial Application						Per Board Decision	
1	Gross Fixed Assets (average)	(3)	\$64,467,293		\$ -		\$64,467,293		\$ -	\$64,467,293
2	Accumulated Depreciation (average)	(3)	(\$30,319,374)		\$ -		(\$30,319,374)		\$ -	(\$30,319,374)
3	Net Fixed Assets (average)	(3)	\$34,147,919		\$ -		\$34,147,919		\$ -	\$34,147,919
4	Allowance for Working Capital	(1)	\$3,863,036		\$ -		\$3,863,036		\$ -	\$3,863,036
5	Total Rate Base		\$38,010,954		\$ -		\$38,010,954		\$ -	\$38,010,954

## Allowance for Working Capital - Derivation

(1)

6	Controllable Expenses	\$5,477,572	\$ -	\$5,477,572	\$ -	\$5,477,572
7	Cost of Power	\$24,238,088	\$ -	\$24,238,088	\$ -	\$24,238,088
8	Working Capital Base	\$29,715,660	\$ -	\$29,715,660	\$ -	\$29,715,660
9	Working Capital Rate % (2)	13.00%	0.00%	13.00%	0.00%	13.00%
10	Working Capital Allowance	\$3,863,036	\$ -	\$3,863,036	\$ -	\$3,863,036

### Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. Default rate for 2013 cost of service applications is 13%.  
 (3) Average of opening and closing balances for the year.



# Revenue Requirement Workform

## Utility Income

Line No.	Particulars	Initial Application				Per Board Decision			
	<b>Operating Revenues:</b>								
1	Distribution Revenue (at Proposed Rates)	\$8,862,687		(\$8,862,687)		\$ -		\$ -	
2	Other Revenue (1)	\$556,948		(\$556,948)		\$ -		\$ -	
3	Total Operating Revenues	\$9,419,635		(\$9,419,635)		\$ -		\$ -	
	<b>Operating Expenses:</b>								
4	OM+A Expenses	\$5,465,072		\$ -		\$5,465,072		\$ -	
5	Depreciation/Amortization	\$1,451,988		\$ -		\$1,451,988		\$ -	
6	Property taxes	\$12,500		\$ -		\$12,500		\$ -	
7	Capital taxes	\$ -		\$ -		\$ -		\$ -	
8	Other expense	\$ -		\$ -		\$ -		\$ -	
9	Subtotal (lines 4 to 8)	\$6,929,560		\$ -		\$6,929,560		\$ -	
10	Deemed Interest Expense	\$1,119,814		(\$1,119,814)		\$ -		\$ -	
11	Total Expenses (lines 9 to 10)	\$8,049,374		(\$1,119,814)		\$6,929,560		\$ -	
12	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$42,167)		\$42,167		\$ -		\$ -	
13	Utility income before income taxes	\$1,412,428		(\$8,341,988)		(\$6,929,560)		\$ -	
14	Income taxes (grossed-up)	\$25,788		\$ -		\$25,788		\$ -	
15	Utility net income	\$1,386,640		(\$8,341,988)		(\$6,955,348)		\$ -	

### Notes

#### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$154,100				\$ -			
	Late Payment Charges	\$113,700				\$ -			
	Other Distribution Revenue	\$222,633				\$ -			
	Other Income and Deductions	\$66,515				\$ -			
	Total Revenue Offsets	\$556,948		\$ -		\$ -		\$ -	



# Revenue Requirement Workform

## Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$1,386,640		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$1,246,052)		\$ -		(\$1,246,052)	
3	Taxable income	<u>\$140,588</u>		<u>\$ -</u>		<u>(\$1,246,052)</u>	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	<u>\$21,791</u>		<u>\$21,791</u>		<u>\$21,791</u>	
6	Total taxes	<u>\$21,791</u>		<u>\$21,791</u>		<u>\$21,791</u>	
7	Gross-up of Income Taxes	<u>\$3,997</u>		<u>\$3,997</u>		<u>\$3,997</u>	
8	Grossed-up Income Taxes	<u>\$25,788</u>		<u>\$25,788</u>		<u>\$25,788</u>	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$25,788</u>		<u>\$25,788</u>		<u>\$25,788</u>	
10	Other tax Credits	\$ -		\$ -		\$ -	
<u>Tax Rates</u>							
11	Federal tax (%)	11.00%		11.00%		11.00%	
12	Provincial tax (%)	4.50%		4.50%		4.50%	
13	Total tax rate (%)	<u>15.50%</u>		<u>15.50%</u>		<u>15.50%</u>	

## Notes



# Revenue Requirement Workform

## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return
		Initial Application				
		(%)	(\$)	(%)		(\$)
	Debt					
1	Long-term Debt	56.00%	\$21,286,134	5.11%		\$1,088,189
2	Short-term Debt	4.00%	\$1,520,438	2.08%		\$31,625
3	Total Debt	60.00%	\$22,806,573	4.91%		\$1,119,814
	Equity					
4	Common Equity	40.00%	\$15,204,382	9.12%		\$1,386,640
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	40.00%	\$15,204,382	9.12%		\$1,386,640
7	Total	100.00%	\$38,010,954	6.59%		\$2,506,454
		Per Board Decision				
		(%)	(\$)	(%)		(\$)
	Debt					
1	Long-term Debt	0.00%	\$ -	0.00%		\$ -
2	Short-term Debt	0.00%	\$ -	0.00%		\$ -
3	Total Debt	0.00%	\$ -	0.00%		\$ -
	Equity					
4	Common Equity	0.00%	\$ -	0.00%		\$ -
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	0.00%	\$ -	0.00%		\$ -
7	Total	0.00%	\$38,010,954	0.00%		\$ -
		(%)	(\$)	(%)		(\$)
	Debt					
8	Long-term Debt	0.00%	\$ -	5.11%		\$ -
9	Short-term Debt	0.00%	\$ -	2.08%		\$ -
10	Total Debt	0.00%	\$ -	0.00%		\$ -
	Equity					
11	Common Equity	0.00%	\$ -	9.12%		\$ -
12	Preferred Shares	0.00%	\$ -	0.00%		\$ -
13	Total Equity	0.00%	\$ -	0.00%		\$ -
14	Total	0.00%	\$38,010,954	0.00%		\$ -

### Notes

(1)

Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I





# Revenue Requirement Workform

## Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$761,836		(\$1,399,857)
2	Distribution Revenue	\$8,100,851	\$8,100,851	\$8,100,851	\$10,262,544
3	Other Operating Revenue	\$556,948	\$556,948	\$ -	\$ -
	Offsets - net				
4	<b>Total Revenue</b>	<b>\$8,657,799</b>	<b>\$9,419,635</b>	<b>\$8,100,851</b>	<b>\$8,862,687</b>
5	Operating Expenses	\$6,929,560	\$6,929,560	\$6,929,560	\$6,929,560
6	Deemed Interest Expense	\$1,119,814	\$1,119,814	\$ -	\$ -
7		(\$42,167) (2)	(\$42,167)	\$ - (2)	\$ -
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS				
8	<b>Total Cost and Expenses</b>	<b>\$8,007,207</b>	<b>\$8,007,207</b>	<b>\$6,929,560</b>	<b>\$6,929,560</b>
9	<b>Utility Income Before Income Taxes</b>	\$650,592	\$1,412,428	\$1,171,291	\$1,933,127
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$1,246,052)	(\$1,246,052)	(\$1,246,052)	(\$1,246,052)
11	<b>Taxable Income</b>	<b>(\$595,460)</b>	<b>\$166,376</b>	<b>(\$74,761)</b>	<b>\$687,075</b>
12	Income Tax Rate	15.50%	15.50%	15.50%	15.50%
13	<b>Income Tax on Taxable Income</b>	<b>(\$92,296)</b>	<b>\$25,788</b>	<b>(\$11,588)</b>	<b>\$106,497</b>
14	<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
15	<b>Utility Net Income</b>	<b>\$742,888</b>	<b>\$1,386,640</b>	<b>\$1,182,879</b>	<b>(\$6,955,348)</b>
16	<b>Utility Rate Base</b>	<b>\$38,010,954</b>	<b>\$38,010,954</b>	<b>\$38,010,954</b>	<b>\$38,010,954</b>
17	Deemed Equity Portion of Rate Base	\$15,204,382	\$15,204,382	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	4.89%	9.12%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.12%	9.12%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-4.23%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	4.90%	6.59%	3.11%	0.00%
22	Requested Rate of Return on Rate Base	6.59%	6.59%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-1.69%	0.00%	3.11%	0.00%
24	Target Return on Equity	\$1,386,640	\$1,386,640	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$643,752	\$ -	(\$1,182,879)	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$761,836 (1)</b>		<b>(\$1,399,857) (1)</b>	<b>\$6,929,560 (1)</b>

### Notes:

- (1) Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)  
 (2) Treated as an adjustment pre-tax to avoid an impact on taxes/PILs and hence on revenue sufficiency deficiency





# Revenue Requirement Workform

## Revenue Requirement

Line No.	Particulars	Application				Per Board Decision	
1	OM&A Expenses	\$5,465,072		\$5,465,072		\$5,465,072	
2	Amortization/Depreciation	\$1,451,988		\$1,451,988		\$1,451,988	
3	Property Taxes	\$12,500		\$12,500		\$12,500	
5	Income Taxes (Grossed up)	\$25,788		\$25,788		\$25,788	
6	Other Expenses	\$ -					
7	Return						
	Deemed Interest Expense	\$1,119,814		\$ -		\$ -	
	Return on Deemed Equity	\$1,386,640		\$ -		\$ -	
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$42,167)		\$ -		\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$9,419,635</u>		<u>\$6,955,348</u>		<u>\$6,955,348</u>	
9	Revenue Offsets	\$556,948		\$ -		\$ -	
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$8,862,687</u>		<u>\$6,955,348</u>		<u>\$6,955,348</u>	
11	Distribution revenue	\$8,862,687		\$ -		\$ -	
12	Other revenue	\$556,948		\$ -		\$ -	
13	<b>Total revenue</b>	<u>\$9,419,635</u>		<u>\$ -</u>		<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$ -</u>	(1)	<u>(\$6,955,348)</u>	(1)	<u>(\$6,955,348)</u>	(1)

### Notes

(1) Line 11 - Line 8