Exhibit 6:

REVENUE DEFICIENCY OR SUFFICIENCY

Exhibit 6: Revenue Deficiency Or Sufficiency

Tab 1 (of 2): Utility Revenue

REVENUE FROM EXISTING RATES

The rates approved May 1, 2012 along with the 2013 load forecast are indicated in Tables 1 and 2 below, which indicate the distribution revenue assuming the 2013 load forecast with current rates would be $18,420,657.

Table 1 – 2013 Load forecast and Current Variable Rates

Customer Class Name	Variable Distribution Rate	per	Volume	Gross Variable Revenue	Transform. Allowance Rate	Transform. Allowance kW's	Transform. Allowance $'s	Net Variable Revenue
Residential	$0.0188	kWh	255,687,351	4,806,922				4,806,922
General Service < 50 kW	$0.0166	kWh	97,434,167	1,617,407				1,617,407
General Service > 50 to 999 kW	$3.5617	kW	627,074	2,233,449	($0.60)	123,551	(74,131)	2,159,319
General Service 1000 to 4999 kW	$1.2790	kW	337,859	432,122	($0.60)	313,038	(187,823)	244,299
Large Use	$1.4610	kW	392,393	573,286	($0.60)	398,793	(239,276)	334,010
Unmetered Scattered Load	$0.0426	kWh	2,238,935	95,379				95,379
Sentinel Lighting	$22.6299	kW	1,452	32,859	($0.60)			32,859
Street Lighting	$16.5512	kW	24,157	399,827	($0.60)			399,827
TOTAL VARIABLE REVENUE				10,191,251		835,382	(501,229)	9,690,022

Table 2 – 2013 Load forecast and Current Fixed Rates

Customer Class Name	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Revenue	TOTAL
Residential	$13.8000	32,122	5,319,403	4,806,922	10,126,325
General Service < 50 kW	$23.7100	3,544	1,008,339	1,617,407	2,625,746
General Service > 50 to 999 kW	$142.0000	438	746,352	2,159,319	2,905,671
General Service 1000 to 4999 kW	$3,121.6300	12	449,515	244,299	693,814
Large Use	$24,427.6000	3	879,394	334,010	1,213,404
Unmetered Scattered Load	$15.6800	260	48,922	95,379	144,300
Sentinel Lighting	$3.4300	445	18,316	32,859	51,175
Street Lighting	$2.1400	10,140	260,395	399,827	660,223
DISTRIBUTION REVENUE			8,730,635	9,690,022	18,420,657

OVERVIEW OF REVENUE REQUIREMENT

Bluewater Power is proposing a base revenue requirement of $21,876,690 to be recovered through rates as presented in Table 1 below. This compares to the 2009 Board Approved base revenue requirement of $18,660,611. The low voltage amount is not included in the 2013 Test Year revenue requirement because low voltage recovery is now a distinct rate and is calculated at Exhibit 8, Tab 3, Schedule 5.

Table 1 – 2013 Test Year and 2009 Board Approved Revenue Requirements

	2013 Test Year	2009 Approved
OM&A Expenses	13,302,742	10,254,169
Amortization Expense	5,011,623	4,120,022
Total Distribution Expenses	18,314,365	14,374,191
Regulated Return On Capital	4,056,060	3,605,210
PILs (with gross-up)	586,513	1,409,808
Service Revenue Requirement	22,956,938	19,389,209
Less: Revenue Offsets	1,080,249	728,598
Base Revenue Requirement	21,876,690	18,660,611
Add: Transformer ownership allowance	501,229	543,581
Add: Low Voltage		189,602
Total Gross Revenue Requirement	22,377,919	19,393,794

Exhibit 6: Revenue Deficiency Or Sufficiency

Tab 2 (of 2): Deficiency or Sufficiency

CALCULATION OF REVENUE DEFICIENCY

Bluewater Power's net revenue deficiency under MIFRS is $2,618,482 and when grossed up for PILs the resulting gross revenue deficiency is $3,456,032. This deficiency is calculated based on the difference between the 2013 Forecast Test Year base revenue requirement of $21,876,690 and the 2013 Forecast Test Year load forecast and customer count based on the current 2012 approved rates of $18,420,657 as detailed in Exhibit 6, Tab 1, Schedule 1.

The rate base amount is $66,800,816, which is the basis for the calculation for the regulated return on capital amount of $4,056,060.

The revenue deficiency calculation is detailed in Table 1. The current rates are based on the rates approved effective May 1, 2012 through the 2012 IRM proceeding EB-2011-0153. The current rates include the Monthly Service Charge and the Distribution Volumetric rate only.

The drivers of the revenue deficiency are detailed in Table 2. Each driver includes a reference to where the discussion of the specific 2013 Test Year value is discussed, and a discussion of the deficiency is included at the end of Table 2.

1 **Table 1 – Calculation of Revenue Deficiency**

Description	2013 Test (MIFRS) at Current Rates and 2103 Load Forecast	2013 Test (MIFRS) at Proposed Rates and 2013 Load Forecast
Revenue Deficiency from Below		$3,456,032
Distribution Revenue	$18,420,657	$18,420,658
Other Operating Revenue Offsets - net	$1,080,249	$1,080,249
Total Revenue	$19,500,906	$22,956,939
OM&A	$13,078,828	$13,078,828
Depreciation and Amortization	$5,011,623	$5,011,623
Taxes other than Income Tax	$223,914	$223,914
Total Operating Expenses	$18,314,365	$18,314,365
Deemed Interest Expense	$1,619,166	$1,619,166
Total Cost and Expenses	$19,933,531	$19,933,531
Utility Income Before Income Taxes	($432,625)	$3,023,408
Tax Adjustments to Accounting	($892,023)	($892,023)
Taxable Income	($1,324,648)	$2,131,385
Income Tax Rate	24.23%	24.23%
Income Tax on Taxable Income	($321,021)	$516,529
One Time PILs adjustment (not grossed up)	$69,984	$69,984
Utility Net Income	($181,588)	$2,436,895
Utility Rate Base	$66,800,816	$66,800,816
Deemed Equity Portion of Rate Base	$26,720,327	$26,720,327
Income/(Equity Portion of Rate Base)	-0.68%	9.12%
Target Return - Equity on Rate Base	9.12%	9.12%
Deficiency/Sufficiency in Return on Equity	-9.80%	0.00%
Indicated Rate of Return (WACC)	2.15%	6.07%
Requested Rate of Return on Rate Base	6.07%	6.07%
Deficiency/Sufficiency in Rate of Return	-3.92%	0.00%
Target Return on Equity	$2,436,894	$2,436,894
Revenue Deficiency/(Sufficiency)	$2,618,482	
Gross Revenue Deficiency/(Sufficiency)	$3,456,032	

Table 2 – Drivers of the 2013 Revenue Deficiency

	Impact on 2013 Revenue Requirement	Reference in Evidence
Increases in OM&A (excluding amortization)		
Progressions and Cost of Living	1,311,000	Exhibit 4, Tab 3
Net Change in FTE's	764,000	Exhibit 4, Tab 3
Other	591,178	Exhibit 4, Tab 3
Change to capitalization of overhead	432,000	Exhibit 4, Tab 3
Monthly Billing	322,000	Exhibit 4, Tab 3
Benefit increases attributable to payroll changes	305,000	Exhibit 4, Tab 3
OMERS Rate Increase	277,000	Exhibit 4, Tab 3
Net Smart Meter Incremental OM&A	191,000	Exhibit 4, Tab 3
Bad Debt Expense	86,231	Exhibit 4, Tab 3
Allocation of Labour and Costs to Billable Work	39,000	Exhibit 4, Tab 3
Allocation of costs to Smart Meter project	16,000	Exhibit 4, Tab 3
Overtime	(130,000)	Exhibit 4, Tab 3
Employee Future Benefit Obligation	(136,000)	Exhibit 4, Tab 3
Allocation of Labour and Costs to Capital Projects	(981,000)	Exhibit 4, Tab 3
Total OM&A change	3,087,409	
Decrease related to an increase in Revenue Offsets	(351,651)	Exhibit 3, Tab 2
Increase in Depreciation and Amortization	891,601	Exhibit 2, Tab 3
Decrease in Taxes other than Income Tax	(38,836)	Exhibit 4, Tab 1
Decrease in Deemed Interest Expense	(325,832)	Exhibit 5, Tab 1
Decrease in Income Taxes	(823,295)	Exhibit 4, Tab 8
Increase in Return on Capital	776,683	Exhibit 5, Tab 1
Increase related to declining Load Forecast/Customer Growth	239,953	Exhibit 3, Tab 1
Total Deficiency	3,456,032	

Drivers of Revenue Deficiency

The increase in the revenue requirement for 2013 is due to the following factors:

1. The increase in the OM&A requirements from the 2009 Board approved levels of approximately $3 million based on the main cost drivers identified in Table 1 above. Bluewater Power has provided a full discussion on the increases to the OM&A in Exhibit 4, Tab 3, Schedule 1.

2. The increase in revenue offsets mainly due to an increase related to the Dividend and Interest Income Account 4405, has the effect of decreasing revenue requirement.

3. An increase in depreciation and amortization related to an overall increase to rate base; and that is partially offset by reduced amortization due to the change to MIFRS which extended the useful lives of the assets.

4. A decrease to Income taxes related to the following:

    a. A decrease of approximately $400,000 related to the overall corporate tax rate decrease from 33% to 24.23%

    b. A net decrease of approximately $400,000 related to the depreciation add-back and CCA deduction for the capital assets.

    c. An increase of approximately $100,000 related to the one-time adjustment to PILs as discussed in Exhibit 4, Tab 1.

    d. A decrease of approximately $100,000 related to the employee future benefit obligation expense.

5. A decrease related to the deemed interest expense. The long term debt rate approved in 2009 was 7.62% and in the 2013 Test Year the long term debt rate is 4.14%; the decrease being the main driver to the decrease in the deemed interest expense.

6. An increase related to the deemed return on equity. The equity rate approved in 2009 was 8.01% and in the 2013 Test Year is 9.12%. The increase in the rate combined with an increase in rate base leads to an overall increase to the equity component.

7. An overall decrease in consumption since the last approved load forecast in 2009 by approximately -6% on kWh throughput, and -1.8% on kW demand leads, combined with a change to the customer count leads to an overall revenue

deficiency of approximately $240,000 at the current rates. A full discussion of the changes to the load forecast is at Exhibit 3, Tab 1, Schedule 1.