



**EB-2012-0300**

**IN THE MATTER OF** the *Ontario Energy Board Act*,  
1998, S.O.1998, c.15, (Schedule B);

**AND IN THE MATTER OF** an Application by Great  
Lakes Power Transmission Inc. on behalf of Great  
Lakes Power Transmission LP seeking changes to  
the uniform provincial transmission rates for 2013 and  
2014.

**BEFORE:** Paula Conboy  
Presiding Member

Ellen Fry  
Member

**DECISION ON PROPOSED SETTLEMENT AGREEMENT  
AND ACCOUNTING ORDER**

November 1, 2012

## THE APPLICATION

Great Lakes Power Transmission Inc. on behalf of Great Lakes Power Transmission LP ("GLPT") filed an Application with the Board on June 29, 2012 under section 78 of the *Ontario Energy Board Act, 1998*, 1998 S.O. c.15, (Schedule B). GLPT is seeking Board approval for updated Uniform Transmission Rates ("UTR") so as to permit GLPT to recover its forecasted revenue requirement for 2013 and for 2014.

### Current Rates Interim Date & New Rates Effective Dates

GLPT requested that the proposed rates be made effective as of January 1, 2013, and January 1, 2014 respectively, and that the current rates be made interim as of January 1, 2013 if necessary. GLPT also requested an accounting order, similar to the approach approved in EB-2010-0291<sup>1</sup>, whereby a sub-account of Account 1574 would be a deferral account to record revenue requirement deficiencies incurred from January 1, 2013 until GLPT's proposed 2013 rates are implemented, if necessary.

### Other Deferral and Variance Accounts

GLPT requests continuation in the test period of the following deferral and variance accounts:

- (i) the sub-account, within deferral account 1508, for Property Tax and Use and Occupation Permit Fees Variances;
- (ii) the sub-account, within deferral account 1508, for costs related to a legal claim made by Comstock Canada Inc;
- (iii) the sub-account, within deferral account 1508, to track and record impacts on test year revenue requirements resulting from any changes to existing IFRS standards or changes in the interpretation of such standards;
- (iv) the sub-account, within deferral account 1508 to record costs in respect of IFRS gains and losses resulting from premature asset component retirements; and
- (v) variance account 1505 for retirement of readily identifiable assets.

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<sup>1</sup> Board Decision and Order for EB-2010-0291, dated February 2, 2011, page 3 where the Board authorized GLPT to establish a deferral account to record revenue requirement deficiency or sufficiency incurred. Appendix B to the Decision further indicated that the purpose of Sub-account "2011 Revenue Deficiency/Sufficiency Deferral" of Account 1574 Deferred Rate Impact Amounts is:

"to record revenue requirement deficiency or sufficiency incurred 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."

In addition, GLPT requests establishing in the test period the following new deferral and variance accounts:

- (i) a new deferral account within account 1508 for recording expenditures related to an upcoming change to the definition of the Bulk Electric System;
- (ii) a new variance account within account 1508 for recording variances related to expenses allocated to East-West Tie Line initiatives; and
- (iii) a new deferral account, for recording expenses relating to the East West Tie proceeding (EB-2011-0140), with respect to (i) the cost of the proceeding apportioned to GLPT by the Board to be recovered through the Uniform Transmission Rates; and (ii) the costs incurred by GLPT to support the Board through the designation process (with this sub-account effective as of January 3, 2012).

GLPT confirmed that based upon the Board's Decision in EB-2009-0409, GLPT will continue to maintain in the test period sub-accounts for Infrastructure Investment, Green Energy Initiatives and Preliminary Planning Costs, within account 1508. Furthermore, based upon the Accounting Procedures Handbook GLPT will continue to maintain in the test period account 1592 for tax variances, accounts 1574 and 1595 related to previously approved regulatory liability repayments and account 1575 related to IFRS-CGAAP Transitional PP&E Amounts.

## **THE PROCEEDING**

The Board issued a Notice of Application and Hearing dated July 17, 2012.

Five intervention requests were granted: (1) Hydro One Networks Inc. ("HONI"); (2) Independent Electricity System Operator ("IESO"); (3) Vulnerable Energy Consumers Coalition ("VECC"); (4) Energy Probe Research Foundation ("Energy Probe"); and (5) Schools Energy Coalition ("SEC"). The IESO and HONI did not submit interrogatories or participate in the settlement conference. Requests for cost eligibility were approved for VECC, Energy Probe, and SEC. PUC Distribution Inc. requested observer status and the Board granted this request.

On August 2, 2012 the Board issued Procedural Order No. 1 which included a schedule for procedural steps and a draft issues list. Procedural Order No.1 also designated on an interim basis certain documents as confidential as per GLPT's request, and set out procedural steps for parties to respond to this request. No intervenor objected to GLPT's request for confidentiality. On August 21, 2012, the Board issued a Decision

and Order on Confidentiality, Issues List and Interim Rate Date. That Decision designated information as confidential as requested. A final issues list was also adopted in that Decision and Order. The Board did not render a decision on the request for interim rates.

On September 21, 2012 in accordance with Procedural Order No. 1, GLPT filed its responses to interrogatories from Board staff and other intervenors.

In accordance with Procedural Order No.1, GLPT and three intervenors - SEC, VECC and Energy Probe - participated in a settlement conference on October 1, 2012 with the assistance of a facilitator. As a result of the settlement conference, the parties prepared a settlement proposal and filed it with the Board on October 18, 2012.

## **BOARD FINDINGS**

Having reviewed the settlement proposal, the Board accepts its cost and rate consequences as being reasonable and hereby approves the Settlement Proposal. The Board commends the parties on achieving settlement of all issues.

The Board wishes to remind the parties to the settlement and others that, as settlements as a whole are the result of negotiations of many separate issues, the settlement terms of a given issue should not be viewed as having any precedential value.

### 2013 Transmission Revenue and Revenue Requirement

For 2013, the Transmission Revenue at current<sup>2</sup> rates is \$36,060,000. In its application, GLPT sought approval of a Transmission Revenue Requirement<sup>3</sup> of \$39,127,700 for 2013. As a result of the approved settlement, the 2013 Transmission Revenue Requirement<sup>4</sup> is set at \$38,379,200. This rate will be adjusted to include future updates to the Board's Cost of Capital parameters for the rate year beginning January 1, 2013.

### 2014 Transmission Revenue Requirement

For 2014, the Transmission Revenue at current rates<sup>5</sup> is \$36,060,000. In its application, GLPT had sought approval of a Transmission Revenue Requirement<sup>6</sup> of \$39,908,300 for 2014. As a result of the approved settlement, the 2014 Transmission Revenue

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<sup>2</sup> Approved Settlement, October 18, 2012, Section 3.3.1, page 17

<sup>3</sup> Ibid

<sup>4</sup> Approved Settlement, October 18, 2012, Section 1.2, page 8

<sup>5</sup> Approved Settlement, October 18, 2012, Section 3.3.1, page 17

<sup>6</sup> Ibid

Requirement<sup>7</sup> is set at \$38,905,100. This rate will be adjusted to include future updates to the Board's Cost of Capital parameters for the rate year beginning January 1, 2014.

#### Current Rate Interim Date and 2013 Revenue Deficiency/Sufficiency Deferral Sub-Account

The Board anticipates that its decision and order in regard to Hydro One Networks Inc's 2013 and 2014 transmission rate proceeding will be issued early in 2013. The Board approves GLPT's current rates on an interim basis as of January 1, 2013, so that there can be a single update to the UTR to reflect the updates to both GLPT's and HONI's rates.

Section 10 of the settlement agreement<sup>8</sup> addresses the revenue deficiency/sufficiency for 2013.

The Board authorizes the establishment of a deferral sub-account to record revenue requirement deficiency or sufficiency incurred for the period commencing January 1, 2013 to the date that the revised 2013 UTR (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.

For that purpose, the Board requires GLPT to use a new sub-account of Account 1574 Deferred Rate Impact Amounts, sub-account "2013 Rates" to record deficiency/sufficiency variances.

#### Continuation of Existing Deferral and Variance Accounts

The Board authorizes continuation of the following deferral and variance accounts:

- the sub-account, within deferral account 1508, for Property Tax and Use and Occupation Permit Fees Variances.
- the sub-account, within deferral account 1508, for costs related to a legal claim made by Comstock Canada Inc.
- the sub-account, within deferral account 1508, to track and record impacts on test year revenue requirements resulting from any changes to existing IFRS standards or changes in the interpretation of such standards.

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<sup>7</sup> Approved Settlement, October 18, 2012, Section 1.2, page 8

<sup>8</sup> Approved Settlement, October 18, 2012, page 38-39

- the sub-account, within deferral account 1508 to record costs in respect of IFRS gains and losses resulting from premature asset component retirements; and
- variance account 1505 for retirement of readily identifiable assets.

### Three New Deferral Accounts

The Board authorizes the establishment of the following new deferral accounts:

- New deferral account within account 1508 for recording expenditures related to addressing an upcoming change to the definition of the Bulk Electric System;
- New variance account, within account 1508 for recording variances related to expenses allocated to East-West Tie Line initiatives; and
- New deferral account, effective as of March 22, 2012, for recording expenses relating to the East West Tie proceeding (EB-2011-0140). This account shall be only for the purpose of recording costs incurred by GLPT to support the Board through the designation process, as set out in pages 4-6 of the Board's Decision and Order dated July 12, 2012 for proceeding EB-2012-0180 under the heading "Support Costs for OEB Designation Process".

### Disbursal of Deferral and Variance Accounts

The balance of all Deferral Accounts<sup>9</sup> except the account related to the Comstock Claim, will be disposed of over a three year period beginning January 1, 2013.

### **THE BOARD ORDERS THAT:**

1. Great Lakes Power Transmission LP is granted approval of its 2013-2014 provincial transmission rates based on the terms outlined in the Settlement Agreement filed on October 18, 2012, and attached as Appendix "A" to this Order.
2. Great Lakes Power Transmission LP shall prepare a draft Accounting Order for each of the new sub-accounts listed in Appendix "B", and file it with the Board, and also forward it to intervenors on or before November 15, 2012.

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<sup>9</sup> Exhibit 9/Tab 3/Sch. 1/p. 5, Table 9-3-1

3. Parties eligible for costs shall submit their claims to the Board and serve copies on GLPT, on or before November 20, 2012. The cost claims must conform to the Board's Practice Direction on Cost Awards.
4. GLPT's objections, if any, to the claims for costs must be filed with the Board and a copy of GLPT's objection must be served on each party against whose claim an objection is made, by November 27, 2012.
5. Each party whose cost claim was objected to will have until December 4, 2012 to respond by filing its response submission with the Board and serving a copy on GLPT.
6. GLPT shall pay the Board's costs upon receipt of the Board's invoice.

All filings with the Board pursuant to this Decision and Order must quote file number EB-2012-0300, be made through the Board's web portal at [www.pes.ontarioenergyboard.ca/eservice/](http://www.pes.ontarioenergyboard.ca/eservice/) and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca). If the web portal is not available parties may e-mail their document to [BoardSec@ontarioenergyboard.ca](mailto:BoardSec@ontarioenergyboard.ca). Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file two copies.

**DATED** at Toronto on November 1, 2012

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

**APPENDIX "A"**  
**GREAT LAKES POWER TRANSMISSION INC.**  
**APPROVED SETTLEMENT**  
**BOARD FILE EB-2012-0300**  
**NOVEMBER 1, 2012**

**[The Proposed Settlement Agreement filed on October 18, 2012 by GLPT and Intervenors]**



# **SETTLEMENT AGREEMENT**

**October 18, 2012**

**GREAT LAKES POWER TRANSMISSION LP  
2013 & 2014 RATES APPLICATION  
(EB-2012-0300)**

## TABLE OF CONTENTS

	<b>Page</b>
<b>PREAMBLE.....</b>	<b>3</b>
<b>ISSUES.....</b>	<b>7</b>
<b>1. GENERAL .....</b>	<b>7</b>
1.1 Has GLPT responded appropriately to all relevant Board directions from previous proceedings? .....	7
1.2 Is the overall increase in 2013 and 2014 revenue requirement reasonable? .....	8
<b>2. RATE BASE .....</b>	<b>9</b>
2.1 Is the proposed rate base for 2013 and 2014 appropriate? .....	9
2.2 Is the working capital allowance for 2013 and 2014 appropriate? .....	11
2.3 Is the capital expenditure forecast for 2013 and 2014 appropriate? .....	12
2.4 Is the capitalization policy and allocation procedure appropriate? .....	14
<b>3. LOAD FORECAST AND REVENUE FORECAST.....</b>	<b>15</b>
3.1 Is the load forecast and methodology appropriate? .....	15
3.2 Is the impact of CDM appropriately reflected in the load forecast? .....	16
3.3 Are Other Revenues forecasts appropriate? .....	17
<b>4. OPERATIONS, MAINTENANCE AND ADMINISTRATIVE COSTS .....</b>	<b>19</b>
4.1 Are the overall OM&A forecast in 2013 and 2014 appropriate? .....	19
4.2 Are the proposed spending levels for Shared Services and other costs in 2013 and 2014 appropriate? .....	19
4.4 Are the 2013 and 2014 compensation costs and employee levels appropriate? .....	19
4.3 Is the proposed level of depreciation/amortization expenses for 2013 and 2014 appropriate? .....	22
4.5 Are the 2013 and 2014 forecast of property taxes appropriate? .....	23

4.6	Are the 2013 and 2014 forecast of income tax appropriate? .....	23
5.	COST OF CAPITAL.....	25
5.1	Is the proposed capital structure, rate of return on equity and short term debt rate appropriate?.....	25
5.2	Is the proposed long term debt rate appropriate? .....	25
	Cost of Debt.....	25
	Cost of Equity .....	26
6.	DEFERRAL AND VARIANCE ACCOUNTS .....	28
6.1	Are the proposed amounts, disposition and continuances of GLPT's existing Deferral and Variance Account appropriate?.....	28
6.2	Are the proposed new Deferral and Variance Account appropriate? .....	32
7.	COST ALLOCATION.....	34
7.1	Is the cost allocation proposed by GLPT reasonable? .....	34
8.	RATE DESIGN.....	35
8.1	Is the proposed charge determinate forecast appropriate? .....	35
8.2	Is the proposed calculation of the Uniform Transmission Rates appropriate? .....	36
9.	MODIFIED INTERNATIONAL FINANCIAL REPORT STANDARDS.....	37
9.1	Is the proposed revenue requirement determined using modified IFRS appropriate? .....	37
10.	RATE RECOVERY OF REVENUE REQUIREMENT .....	38
10.1	Rate Implementation Date .....	38
10.2	Rate Effective Date and Implementation of Revenue Deficiency/Sufficiency Deferral Account .....	39

## **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-2012-0300).

Pursuant to Procedural Order No. 1 in this proceeding, a Settlement Conference was held on October 1, 2012 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 2013 and 2014 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**”)
- Hydro One Networks Inc. (“**HONI**”)

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**

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, as applicable, the issues list set out at ‘**Appendix A**’ to this Settlement Agreement, which was approved by the Board in its August 21, 2012 Decision and Order.

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 2013 and 2014 electricity transmission rates, as filed with the Board on June 29, 2012. The most significant matters arising from this Settlement Agreement are as follows:

- **Overall Revenue Requirements:** The Overall Service Revenue requirements as agreed by the parties are \$38,379,200 and \$38,905,100, for 2013 and 2014, respectively.
- **OM&A:** GLPT initially proposed operating costs that included OM&A costs of \$10,715,700 for 2013 and \$11,173,400 for 2014. 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 \$10,100,000 for the 2013 test year and \$10,305,500 for the 2014 test year.
- **Rate Base:** GLPT initially requested approval for an incremental 2011 capital expenditure of \$1,450,100 to be incorporated into GLPT’s calculation of 2013 and 2014 rate base in respect of land transfer tax paid in 2011. However, for the purposes of obtaining a complete settlement of all issues, the Parties have agreed that such amount should not be incorporated in 2013 and 2014 rate base. As a result, the Parties have agreed on a rate base amount of \$226,854,400 and \$222,115,300 for 2013 and 2014, respectively.
- **Disbursal of Deferral and Variance Accounts:** In its application, GLPT proposed to disburse the various account balances by aggregating the

balance of all accounts over a one year period in 2013. As part of this proposal, GLPT proposed to collect the audited December 31, 2011 debit balance of the Comstock Sub-account of Account 1508 over a one year period in 2013 by aggregating it with the balances of GLPT's other proposed deferral and variance account disbursements. However, for the purpose of obtaining a complete settlement of all issues, the Parties have agreed that the balance of the Comstock Sub-account shall not be disbursed as part of the present application, and that as a result, GLPT should be authorized to disburse the balance of all other accounts over a three-year period instead of a one-year period.

- **Rates:** The Parties have agreed that GLPT's rates are effective January 1 of each year with implementation on that date or according to a process established by the Board.

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 a copy of the Revenue Requirement Work Forms updated to reflect the impacts of the proposed settlement as herein described for the 2013 and 2014 Test Years.

Attached at **Appendix ‘C’** are supporting calculations for GLPT’s Depreciation and Amortization Expenses and Property and Income Tax Expenses for the Test Years.

The Parties agree that this Settlement Agreement and the Appendices form part of the record in EB-2012-0300. 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 Settlement Agreement.

## **ISSUES**

### **1. General**

#### **1.1 Has GLPT responded appropriately to all relevant Board directions from previous proceedings?**

**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 has responded appropriately to all relevant Board directions from previous proceedings.

***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: N/A



**1.2 Is the overall increase in 2013 and 2014 revenue requirement reasonable?**

**Complete Settlement:** Subject to section 4 of this Settlement Agreement, there is an agreement to settle this issue as follows:

In its application and evidence, GLPT forecasted its 2013 and 2014 revenue requirement to be \$39,127,700 and \$39,908,300, respectively.

For the purpose of obtaining a complete settlement of all issues, the Parties accept that revenue requirements for 2013 and 2014 of \$38,379,200 and \$38,905,100, respectively, are reasonable, and that these amounts should be adjusted to include future updates to the Board's Cost of Capital parameters for the rate year beginning January 1, 2013 and again for the rate year beginning January 1, 2014.

***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
- 1-2-1 Summary of Application
- 1-2-2 Budget Overview
- 1-2-4 Schedule of Overall Revenue Deficiency/Sufficiency
- 1-2-5 Numerical Description of the Deficiency/Sufficiency
- 1-2-6 Revenue Requirement Work Forms (2013 & 2014)
- 1-2-7 Sensitivity Analysis
- 10-3-1 SEC IR #2
- 10-3-1 SEC IR #3
- 10-4-1 VECC IR #1
- 10-5-1 Energy Probe IR #1
- 10-5-1 Energy Probe IR #2

## **2. Rate Base**

### **2.1 Is the proposed rate base for 2013 and 2014 appropriate?**

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

In its application and evidence, GLPT forecasted its 2013 and 2014 rate base to be \$228,225,000 and \$223,483,000, respectively, as presented in Table 2-1-1A of the pre-filed evidence.

GLPT initially requested approval for an incremental 2011 capital expenditure of \$1,450,100 to be incorporated into GLPT's calculation of 2013 and 2014 rate base in respect of land transfer tax paid in 2011. However, for the purposes of obtaining a complete settlement of all issues, the Parties have agreed that such amount should not form part of the 2013 and 2014 rate base.

As a result of the forgoing, rate base amounts for 2013 and 2014 are amended to be \$226,854,400 and \$222,115,300, 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 2013 and 2014 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	Board Staff IR #42
10-3-1	SEC IR #4
10-3-1	SEC IR #5
10-3-1	SEC IR #6
10-3-1	SEC IR #7
10-4-1	VECC IR #2
10-5-1	Energy Probe IR #3
10-5-1	Energy Probe IR #4
10-5-1	Energy Probe IR #5
10-5-1	Energy Probe IR #6
10-5-1	Energy Probe IR #7

10-5-1	Energy Probe IR #8
10-5-1	Energy Probe IR #9
10-5-1	Energy Probe IR #10
10-5-1	Energy Probe IR #11
10-5-1	Energy Probe IR #12
10-5-1	Energy Probe IR #13
10-5-1	Energy Probe IR #14
10-5-1	Energy Probe IR #15
10-5-1	Energy Probe IR #16

## **2.2 Is the working capital allowance for 2013 and 2014 appropriate?**

**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 capital 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 accept GLPT's working capital allowance calculation, and that the total working capital requirements of \$439,600 for 2013 and \$459,400 for 2014 are appropriate.

***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:

2-4-1	Working Capital Allowances
10-2-1	Board Staff IR #43
10-4-1	VECC IR #3
10-5-1	Energy Probe IR #17

## **2.3 Is the capital expenditure forecast for 2013 and 2014 appropriate**

### **2.3.1 2013**

**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 accept that GLPT's proposed capital addition of \$4,486,700 for 2013 is appropriate.

***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	Capital Expenditures Table
2-1-3	Confidential Filing
2-2-1	Summary and Continuity Statements
10-4-1	VECC IR #4
10-2-1	Board Staff IR #38
10-2-1	Board Staff IR #39
10-2-1	Board Staff IR #40

### **2.3.2 2014**

**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 accept that GLPT's proposed capital addition of \$4,344,800 for 2014 is appropriate.

***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	Capital Expenditures Table
2-1-3	Confidential Filing
2-2-1	Summary and Continuity Statements
10-4-1	VECC IR #4
10-2-1	Board Staff IR #41

## **2.4 Is the capitalization policy and allocation procedure appropriate?**

**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 accept that GLPT's capitalization policy and allocation procedures, as set out in the application, are appropriate.

***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  
10-5-1 Energy Probe IR #18

**3. Load Forecast and Revenue Forecast**

**3.1 Is the load forecast and methodology appropriate?**

**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 accept that GLPT's load forecast and revenue forecast methodology is appropriate.

***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
8-1-1	Charge Determinant Forecast
10-5-1	Energy Probe IR #19



**3.2 Is the impact of CDM appropriately reflected in the load forecast?**

**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 accept that the impact of CDM is appropriately reflected in the load forecast.

***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  
8-1-1 Charge Determinant Forecast

### **3.3 Are Other Revenues forecasts appropriate?**

#### **3.3.1 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 \$36,060,000 in each of 2013 and 2014, 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 accept GLPT's forecasted transmission services revenue for the 2013 and 2014 Test Years as appropriate.

***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	Board Staff IR #44
10-2-1	Board Staff IR #45
10-4-1	VECC IR #5

#### **3.3.2 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 (\$40,100) in 2013 (\$40,700) in 2014, 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 accept GLPT's forecasted other income for the 2013 and 2014 Test Years as appropriate.

***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
10-4-1	VECC IR #5

#### **4. Operations, Maintenance and Administrative Costs**

In its application, GLPT initially proposed total operating costs of \$21,834,400 for 2013 and \$22,641,000 for 2014. As shown in Table 4-1-1A, this was comprised of the following components:

- Operations, Maintenance and Administration (\$10,715,700 for 2013 and \$11,173,400 for 2014)
- Depreciation and Amortization (\$9,185,200 for 2013 and \$9,229,800 for 2014)
- Income Taxes (\$1,690,400 for 2013 and \$1,991,300 for 2014)
- Capital and Property Taxes (\$243,00 for 2013 and \$246,600 for 2014)

Operations, Maintenance & Administration expenses (OM&A) are considered in section 4.1 of this Settlement Agreement, below.

Depreciation and Amortization expenses are considered in section 4.2 of this Settlement Agreement.

Income Taxes, as well as Capital and Property Taxes, are considered together in section 4.3 of this Settlement Agreement.

**4.1 Are the overall OM&A forecast in 2013 and 2014 appropriate?**

**4.2 Are the proposed spending levels for Shared Services and other costs in 2013 and 2014 appropriate?**

**4.4 Are the 2013 and 2014 compensation costs and employee levels appropriate?**

**Complete Settlement:** There is an agreement to settle these issues 4.1, 4.2 and 4.4 as follows:

As indicated above, GLPT initially proposed operating costs that included OM&A costs of \$10,715,700 for 2013 and \$11,173,400 for 2014.

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 \$10,100,000 for the 2013 test year and \$10,305,500 for the 2014 test 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:

4-1-1	Summary of Operating Costs
4-2-1	OM&A Overview
4-2-2	OM&A Variance Analysis
4-2-3	Employee Compensation Breakdown
4-2-4	Shared Services & Corporate Cost Allocation
4-2-5	Purchase of Non-Affiliate Services
10-2-1	Board Staff IR #5
10-2-1	Board Staff IR #6
10-2-1	Board Staff IR #7
10-2-1	Board Staff IR #8
10-2-1	Board Staff IR #9
10-2-1	Board Staff IR #10
10-2-1	Board Staff IR #11
10-2-1	Board Staff IR #12
10-2-1	Board Staff IR #13
10-2-1	Board Staff IR #14
10-2-1	Board Staff IR #15
10-2-1	Board Staff IR #16
10-2-1	Board Staff IR #17
10-2-1	Board Staff IR #18
10-2-1	Board Staff IR #19
10-2-1	Board Staff IR #20
10-2-1	Board Staff IR #21
10-2-1	Board Staff IR #22
10-2-1	Board Staff IR #23
10-2-1	Board Staff IR #24
10-2-1	Board Staff IR #25
10-2-1	Board Staff IR #26
10-2-1	Board Staff IR #27
10-2-1	Board Staff IR #28
10-2-1	Board Staff IR #29
10-2-1	Board Staff IR #30

10-2-1	Board Staff IR #31
10-2-1	Board Staff IR #32
10-2-1	Board Staff IR #33
10-3-1	SEC IR #8
10-3-1	SEC IR #9
10-3-1	SEC IR #10
10-3-1	SEC IR #11
10-4-1	VECC IR #6
10-4-1	VECC IR #7
10-4-1	VECC IR #8
10-4-1	VECC IR #9
10-4-1	VECC IR #10
10-5-1	Energy Probe IR #20
10-5-1	Energy Probe IR #21
10-5-1	Energy Probe IR #22
10-5-1	Energy Probe IR #23
10-5-1	Energy Probe IR #24
10-5-1	Energy Probe IR #25
10-5-1	Energy Probe IR #26
10-5-1	Energy Probe IR #27
10-5-1	Energy Probe IR #28
10-5-1	Energy Probe IR #29
10-5-1	Energy Probe IR #30
10-5-1	Energy Probe IR #31
10-5-1	Energy Probe IR #32
10-5-1	Energy Probe IR #33
10-5-1	Energy Probe IR #35

**4.3 Is the proposed level of depreciation/amortization expenses for 2013 and 2014 appropriate?**

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

As indicated above, GLPT proposed Depreciation and Amortization expenses of \$9,185,200 for 2013 and \$9,229,800 for 2014.

As described in section 2.1 above, for the purposes of obtaining a complete settlement of all issues, the Parties have agreed that an incremental 2011 capital expenditure of \$1,450,100 in respect of land transfer tax paid in 2011 should not be incorporated into GLPT's calculation of 2013 and 2014 rate base. As a result, given the removal of this amount from rate base, and for the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should accept revised Depreciation and Amortization expenses of \$9,152,300 and \$9,196,900 for the 2013 and 2014 Test Years, respectively. Support for the Calculation of Depreciation and Amortization Expenses is provided at Appendix 'C'.

***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
4-2-6	Depreciation and Amortization
10-5-1	Energy Probe IR #34

**4.5 Are the 2013 and 2014 forecast of property taxes appropriate?**

**4.6 Are the 2013 and 2014 forecast of income tax appropriate?**

**Complete Settlement:** There is an agreement to settle these issues 4.5 and 4.6 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 4-3-1;
- Calculated its property tax expense as \$243,000 for 2013 and \$246,600 for 2014. The calculation of these amounts is described in 4-3-3; and
- Calculated its income tax expense as \$1,690,400 for 2013 and \$1,991,300 for 2014. 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 accept that GLPT's calculations of capital and property taxes described herein, which total \$243,000 for 2013 and \$246,600 for 2014 are appropriate.

Income Tax

As described in section 2.1 above, for the purposes of obtaining a complete settlement of all issues, the Parties have agreed that an incremental 2011 capital expenditure of \$1,450,100 in respect of land transfer tax paid in 2011 should not be incorporated into GLPT's calculation of 2013 and 2014 rate base. As a result, given the removal of this amount from rate base, and for the purpose of obtaining a complete settlement of all issues, the Parties accept that revised calculations of income tax, totaling \$1,697,000 for 2013 and \$1,994,800 for 2014, are appropriate. Support for the calculation of GLPT's Property and Income Tax Expenses is provided at Appendix C.

***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
- 4-3-5 CCA Calculation

**5. Cost of Capital**

**5.1 Is the proposed capital structure, rate of return on equity and short term debt rate appropriate?**

**5.2 Is the proposed long term debt rate appropriate?**

**Capital Structure**

**Complete Settlement:** There is an agreement to settle these issues 5.1 and 5.2 as follows:

In its application and evidence, GLPT proposed a capital structure for both the 2013 and 2014 Test Years that is 60% deemed debt (comprised of 4% short-term and 56% long-term) and 40% equity, as presented in Tables 5-1-1A and 5-1-1B of the pre-filed evidence. GLPT expressed its intention in EB-2010-0291 to propose this capital structure.

For the purpose of obtaining a complete settlement of all issues, the Parties accept that GLPT's proposed capital structure for the 2013 and 2014 Test Years is appropriate.

***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 Capital

**Cost of Debt**

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

In its application, GLPT proposed a rate of interest on long term debt using its effective rate of interest on its actual debt. The rate proposed by GLPT was 6.87% in both 2013 and 2014, as presented in the Tables at 5-1-1A and 5-1-1B of the pre-filed evidence.

In its application, GLPT acknowledged that the Board has determined that the deemed amount of short term debt that should be factored into rate setting be fixed at 4% of rate

base. For rates effective January 1, 2013 and January 1, 2014, to be consistent with HONI's 2013-2014 rate application (EB-2012-0031), GLPT indicated its deemed short term debt rate to be 2.01% for 2013 and 2.98% for 2014. The deemed short term debt rate for 2013 and 2014 will be updated when the Board issues its approved cost of capital parameters for the rate year beginning January 1, 2013 and then again for the rate year beginning January 1, 2014.

For the purpose of obtaining a complete settlement of all issues, the Parties accept, as appropriate, 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 2013 and 2014 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 Capital
10-3-1	SEC IR #12
10-5-1	Energy Probe IR #37

**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 9.16% for the 2013 test year and 9.44% for the 2014 test year. GLPT stated that it would update the ROE for each test year with the Board-approved figure, in accordance with the Board's Cost of Capital Report.

For the purpose of obtaining a complete settlement of all issues, the Parties accept GLPT's proposed ROE for the 2013 and 2014 test years, as updated when the Board issues its approved cost of capital parameters for the rate year beginning January 1, 2013 and again for the rate year beginning January 1, 2014.

***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 Capital  
10-5-1 Energy Probe IR #36

**6. Deferral and Variance Accounts**

**6.1 Are the proposed amounts, disposition and continuances of GLPT's existing Deferral and Variance Account appropriate?**

**6.1.1 Continuances**

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

In its application, GLPT proposed the following:

- the continuation in the test period of the sub-account for Property Tax and Use and Occupation Permit Fee variances, within account 1508;
- the continuation in the test period of the sub-account for costs related to a legal claim made by Comstock Canada Inc., within account 1508;
- the continuation in the test period of the sub-account to track and record impacts on test year revenue requirements resulting from any changes to existing IFRS standards or changes in the interpretation of such standards, within account 1508;
- the continuation in the test period of the sub-account to record costs in respect of IFRS gains and losses resulting from premature asset component retirements, within account 1508; and
- the continuation in the test period of account 1505 for retirement of readily identifiable assets.

In addition, based upon the Board's Decision in EB-2009-0409, GLPT proposed to continue to maintain in the test period sub-accounts for Infrastructure Investment, Green Energy Initiatives and Preliminary Planning Costs, within account 1508. Based upon the Accounting Procedures Handbook, GLPT proposed to continue to maintain in the test period account 1592 for tax variances, accounts 1574 and 1595 related to previously approved regulatory liability repayments and account 1575 related to IFRS-CGAAP Transitional PP&E Amounts.

**Account 1508 - Other Regulatory Assets**

As at December 31, 2011, GLPT had seven 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; (iv) Comstock Claim;

(v) Property Tax and Use and Occupation Permit Fee Variances; (vi) Changes in IFRS; and (vii) IFRS Gains and Losses.

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. GLPT also proposes to use this account to record 2013 revenue deficiencies, as necessary.

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 1575 - IFRS-CGAAP Transitional PP&E Amounts

The Board created this account to record differences arising as a result of accounting policy changes caused by the transition from previous CGAAP to modified IFRS.

Account 1505 - Unrecovered Plant

This account was established to recover costs resulting from a premature retirement of readily identifiable assets related to the Third Line Redevelopment project.

Account 1595 - Five Year Liability Repayment

This account was established to refund the amount of \$3,063,900 to ratepayers over a five year period beginning in 2011.

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.

***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 1505 - Retirement of Readily Identifiable Assets
9-1-3	Account 1508 - Other Regulatory Assets
9-1-4	Account 1574 - Deferred Rate Impact Amounts
9-1-5	Account 1575 - IFRS-CGAAP Transitional PP&E Amounts
9-1-6	Account 1592 - Changes in Tax Legislation
9-1-7	Account 1595 - Five Year Liability Payback
9-4-1	Continuity of Deferral and Variance Accounts
10-2-1	Board Staff IR #46
10-2-1	Board Staff IR #47
10-2-1	Board Staff IR #48
10-2-1	Board Staff IR #49
10-2-1	Board Staff IR #50
10-2-1	Board Staff IR #51
10-2-1	Board Staff IR #52
10-2-1	Board Staff IR #53
10-3-1	SEC IR #13
10-3-1	SEC IR #14
10-5-1	Energy Probe IR #38

#### 6.1.2 Dispositions

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

In its application, GLPT proposed to disburse the various account balances by aggregating the balance of all accounts, including accounts 1574 and 1595, and disbursing the balance over a one year period in 2013. GLPT proposed to use account 1595 to collect the amounts and track the disbursement of the net amount. The proposed disbursement would have included all of GLPT's existing deferral account balances. With the exception of one sub-account under account 1508, all account balances would have been disbursed by December 31, 2013.

As part of this proposal, GLPT proposed to collect the audited December 31, 2011 debit balance of the Comstock Sub-account of Account 1508 over a one year period in 2013 by aggregating it with the balances of GLPT's other proposed deferral and variance account disbursements. However, for the purpose of obtaining a complete settlement of all issues, the Parties agree that the balance of the Comstock Sub-account shall not be disbursed as part of the present application. This means that, in disbursing its various accounts at this time, GLPT will not be able to apply the balance in the Comstock sub-account against its other account balances. As a result, for the purpose of obtaining a complete settlement of all issues, the Parties agree that GLPT should dispose the balance of all accounts, including

accounts 1574 and 1595, but excluding the Comstock Sub-account at this time, over a three-year period instead of a one-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
9-1-2	Account 1505 - Retirement of Readily Identifiable Assets
9-1-3	Account 1508 - Other Regulatory Assets
9-1-4	Account 1574 - Deferred Rate Impact Amounts
9-1-5	Account 1575 - IFRS-CGAAP Transitional PP&E Amounts
9-1-6	Account 1592 - Changes in Tax Legislation
9-1-7	Account 1595 - Five Year Liability Payback
9-3-1	Disbursal of Existing Deferral and Variance Accounts
10-2-1	Board Staff IR #46
10-2-1	Board Staff IR #47
10-2-1	Board Staff IR #48
10-2-1	Board Staff IR #49
10-2-1	Board Staff IR #50
10-2-1	Board Staff IR #51
10-2-1	Board Staff IR #52
10-2-1	Board Staff IR #53
10-3-1	SEC IR #13
10-3-1	SEC IR #14
10-5-1	Energy Probe IR #38



## **6.2 Are the proposed new Deferral and Variance Account appropriate?**

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

In its application, GLPT requested approval to establish the following in the test years:

- a new deferral account for recording incremental costs related to addressing an upcoming change to the definition of the Bulk Electric System (“BES”), within account 1508;
- a variance account to track and record variances related to expenses allocated to East-West Tie Line initiatives, within account 1508; and
- a new deferral account, effective as of January 3, 2012, for the purpose of recording expenses relating to the East West Tie proceeding (EB-2011-0140), particularly with respect to (i) the cost of the proceeding apportioned to GLPT by the Board to be recovered through the Uniform Transmission Rates; and (ii) the costs incurred by GLPT to support the Board through the designation process. However, in its response to Board Staff Interrogatory 55, GLPT confirmed, further to the Board’s decision in EB-2012-0180, that it would only be requesting the account to record costs relating to (ii) above.

For the purpose of obtaining a complete settlement of all issues, the Parties accept that it is appropriate that GLPT establish and record costs in the requested accounts, as described in the evidence filed by GLPT in support of these requests, except as follows:

- The deferral account for the purpose of recording expenses relating to the East West Tie proceeding shall be only for the purpose of recording costs incurred by GLPT to support the Board through the designation process, as set out in pages 4-6 of the Board’s Decision and Order dated July 12, 2012 for proceeding EB-2012-0180 under the heading “Support Costs for OEB Designation Process”.

### ***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  
10-2-1 Board Staff IR #54  
10-2-1 Board Staff IR #55  
10-2-1 Board Staff IR #56  
10-5-1 Energy Probe IR #39  
Pages 4-6 Board's Decision and Order dated July 12, 2012 for proceeding EB-  
2012-0180 under the heading "Support Costs for OEB Designation  
Process"

**7. Cost Allocation**

**7.1 Is the cost allocation proposed by GLPT reasonable?**

**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 2012 Ontario Transmission Rate Schedule, which was filed with the Board on December 20, 2011 as part of the EB-2011-0268 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
8-2-2	Uniform Transmission Rate Reconciliation
8-2-3	Ontario Transmission Rate Schedule
10-5-1	Energy Probe IR #40

## 8. Rate Design

### 8.1 Is the proposed charge determinate forecast appropriate?

**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>	3,445.341	2,461.434	455.652
<b>All Transmitters</b>	242,349.928	234,777.452	201,208.690

For the purpose of obtaining a complete settlement of all issues, the Parties accept that the proposed charge determinants presented in the above table are appropriate.

#### ***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  
10-5-1 Energy Probe IR #41

**8.2 Is the proposed calculation of the Uniform Transmission Rates appropriate?**

**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 accept that GLPT's calculation of the Uniform Transmission Rates is appropriate, subject to the changes agreed to in 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:

- 8-2-1 Calculation of Uniform Transmission Rates
- 8-2-2 Uniform Transmission Rate Reconciliation
- 8-2-3 Ontario Transmission Rate Schedule

**9. Modified International Financial Report Standards**

**9.1 Is the proposed revenue requirement determined using modified IFRS appropriate?**

**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 accept that GLPT's proposed revenue requirement determined using modified IFRS is appropriate.

***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:

1-2-3	Methodology and Changes to Methodology
4-2-6	Depreciation and Amortization
10-2-1	Board Staff IR #1
10-2-1	Board Staff IR #2
10-2-1	Board Staff IR #3
10-2-1	Board Staff IR #4
10-2-1	Board Staff IR #34
10-2-1	Board Staff IR #35
10-2-1	Board Staff IR #36
10-2-1	Board Staff IR #37

**10. Rate Recovery of Revenue Requirement**

**10.1 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, 2013, if necessary. GLPT also requested that its proposed rates for 2013 and 2014 test years be made effective as of January 1, 2013 and January 1, 2014, respectively.

For the purpose of obtaining a complete settlement of all issues, the Parties accept that GLPT's revised 2013 and 2014 rates should be made effective as of January 1, 2013 and January 1, 2014, 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
- 1-2-1 Summary of the Application

**10.2 Rate Effective Date and Implementation of Revenue  
Deficiency/Sufficiency Deferral Account**

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

As noted in section 10.1 of this Settlement Agreement, GLPT requested that its existing rates be made interim effective January 1, 2013, if necessary. In its application, GLPT also requested that its proposed rates for the 2013 and 2014 test years be made effective as of January 1, 2013 and January 1, 2014, respectively.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that GLPT's revised 2013 and 2014 rates should be made effective as of January 1, 2013 and January 1, 2014, respectively. The Parties have also agreed, subject to the Board's process for implementing changes to the Uniform Transmission Rate, that the rates be implemented on January 1, 2013. However, if rates are not implemented on that date, the Parties agree that a sub-account within deferral account 1574 should be established to record any deficiency or sufficiency for the period commencing January 1, 2013 to the date that the revised 2013 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.

GLPT proposes to recover the balance of the Revenue Deficiency/Sufficiency Deferral Account, as at the date of implementation, by adding the balance to the 2013 revenue requirement, and thus recovering it through the remainder of 2013. In the event that 2013 rates are not implemented before January 1, 2014, GLPT proposes to recover the balance of the account over a two year period, offsetting the repayment of the 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:

- |       |  |
|-------|--|
| 1-1-2 | Application  |
| 1-2-1 | Summary of the Application                           |
| 9-3-1 | Disbursal of Existing Deferral and Variance Accounts |



## **APPENDIX 'A'**

### **ISSUES LIST**

**BOARD APPROVED ISSUES LIST**

1. General
  - 1.1 Has GLPT responded appropriately to all relevant Board directions from previous proceedings?
  - 1.2 Is the overall increase in 2013 and 2014 revenue requirement reasonable?
2. Rate Base
  - 2.1 Is the proposed rate base for 2013 and 2014 appropriate?
  - 2.2 Is the working capital allowance for 2013 and 2014 appropriate?
  - 2.3 Is the capital expenditure forecast for 2013 and 2014 appropriate?
  - 2.4 Is the capitalization policy and allocation procedure appropriate?
3. Load Forecast and Revenue Forecast
  - 3.1 Is the load forecast and methodology appropriate?
  - 3.2 Is the impact of CDM appropriately reflected in the load forecast?
  - 3.3 Are Other Revenues forecasts appropriate?
4. Operations, Maintenance & Administration Costs
  - 4.1 Are the overall OM&A forecast in 2013 and 2014 appropriate?
  - 4.2 Are the proposed spending levels for Share Services and other costs in 2013 and 2014 appropriate?
  - 4.3 Is the proposed level of depreciation/amortization expense for 2013 and 2014 appropriate?
  - 4.4 Are the 2013 and 2014 compensation costs and employee levels appropriate?
  - 4.5 Is the 2013 and 2014 forecast of property taxes appropriate?
  - 4.6 Is the 2013 and 2014 forecast of income taxes appropriate?

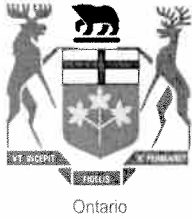
5. Cost of Capital
  - 5.1 Is the proposed capital structure, rate of return on equity and short term debt rate appropriate?
  - 5.2 Is the proposed long term debt rate appropriate?
6. Deferral/Variance Accounts
  - 6.1 Are the proposed amounts, disposition and continuances of GLPT's existing Deferral and Variance Account appropriate?
  - 6.2 Are the proposed new Deferral and Variance Account appropriate?
7. Cost Allocation
  - 7.1 Is the cost allocation proposed by GLPT appropriate?
8. Rate Design
  - 8.1 Is the proposed charge determinate forecast appropriate?
  - 8.2 Is the proposed calculation of the Uniform Transmission Rates appropriate?
9. Modified International Financial Reporting Standards
  - 9.1 Is the proposed revenue requirement determined using modified IFRS appropriate?

For the purposes of this Settlement Agreement, the following issues were also included:

10. Rate Recovery of Revenue Requirement
  - 10.1 Rate Implementation Date
  - 10.2 Rate Effective Date and Implementation of Revenue Deficiency/Sufficiency Deferral Account

**APPENDIX 'B'**

**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.**

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# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission

File Number:

Rate Year: 2013

## Data Input (1)

	Initial Application		(7)		Per Board Decision
<b>1 Rate Base</b>					
Gross Fixed Assets (average)	\$241,080,832	(\$1,450,089)	\$ 239,630,743		\$239,630,743
Accumulated Depreciation (average)	(\$13,265,420) (5)	\$49,435	-\$ 13,215,985		(\$13,215,985)
Allowance for Working Capital:					
Controllable Expenses	\$10,715,748	(\$615,748)	\$ 10,100,000		\$10,100,000
Cost of Power	\$ -				\$0
Working Capital Rate (%)	4.10%		4.35%		4.35%
<b>2 Utility Income</b>					
Operating Revenues:					
Distribution Revenue at Current Rates	\$36,060,024	\$0	\$36,060,024	\$0	\$36,060,024
Distribution Revenue at Proposed Rates	\$39,127,669	(\$748,514)	\$38,379,155	\$0	\$38,379,155
Other Revenue:					
Specific Service Charges					
Late Payment Charges					
Other Distribution Revenue					
Other Income and Deductions	\$40,081	\$0	\$40,081	\$0	\$40,081
Operating Expenses:					
OM+A Expenses	\$10,715,748	(\$615,748)	\$ 10,100,000		\$10,100,000
Depreciation/Amortization	\$9,185,224	(\$32,957)	\$ 9,152,267		\$9,152,267
Property taxes	\$243,040	\$ -	\$ 243,040		\$243,040
Capital taxes	\$0		\$0		\$0
Other expenses					
<b>3 Taxes/PILs</b>					
Taxable Income:					
Adjustments required to arrive at taxable income	(\$3,674,747) (3)		(\$3,605,247)		(\$3,605,247)
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$1,242,457		\$1,247,275		\$1,247,275
Income taxes (grossed up)	\$1,690,418		\$1,696,972		\$1,696,972
Capital Taxes	\$ - (6)		\$ - (6)		\$ - (6)
Federal tax (%)	15.00%		15.00%		15.00%
Provincial tax (%)	11.50%		11.50%		11.50%
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 (%)	6.87%		6.87%		6.87%
Short-term debt Cost Rate (%)	2.01%		2.01%		2.01%
Common Equity Cost Rate (%)	9.16%		9.16%		9.16%
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.



Ontario

# REVENUE REQUIREMENT WORK FORM

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2013

Version: 2.11

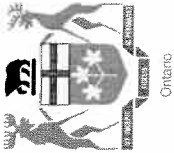
## Rate Base

Line No.	Particulars	Initial Application	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$241,080,832	\$239,630,743
2	Accumulated Depreciation (average) (3)	(\$13,265,420)	(\$13,215,985)
3	Net Fixed Assets (average) (3)	\$227,815,412	\$226,414,758
4	Allowance for Working Capital (1)	\$439,600	\$439,600
5	<b>Total Rate Base</b>	<b>\$228,255,012</b>	<b>\$226,854,358</b>

(1) Allowance for Working Capital - Derivation			
6	Controllable Expenses	\$10,715,748	\$10,100,000
7	Cost of Power	\$ -	\$ -
8	Working Capital Base	\$10,715,748	\$10,100,000
9	Working Capital Rate % (2)	4.10%	4.35%
10	Working Capital Allowance	\$439,600	\$439,600

## 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.

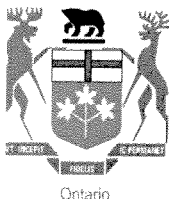


**REVENUE REQUIREMENT WORK FORM**  
Name of LDC: Great Lakes Power Transmission LP  
File Number:  
Rate Year: 2013

Version: 2.11

Utility Income			
Line No.	Particulars	Initial Application	Per Board Decision
<b>Operating Revenues:</b>			
1	Distribution Revenue (at Proposed Rates)	\$39,127,669	\$38,379,155
2	Other Revenue	\$40,081	\$40,081
(1)			
3	Total Operating Revenues	\$39,167,750	\$38,419,236
<b>Operating Expenses:</b>			
4	OM+A Expenses	\$10,715,748	\$10,100,000
5	Depreciation/Amortization	\$9,185,224	\$9,152,267
6	Property taxes	\$243,040	\$243,040
7	Capital taxes	\$ -	\$ -
8	Other expense	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$20,144,012	\$19,495,307
10	Deemed Interest Expense	\$8,970,057	\$8,915,013
11	Total Expenses (lines 9 to 10)	\$29,114,069	\$28,410,320
12	Utility income before income taxes	\$10,053,681	\$10,008,916
13	Income taxes (grossed-up)	\$1,690,418	\$1,696,972
14	Utility net income	\$8,363,264	\$8,311,943
<b>Notes</b>			
(1)	<b>Other Revenues / Revenue Offsets</b>		
	Specific Service Charges	\$ -	\$ -
	Late Payment Charges	\$ -	\$ -
	Other Distribution Revenue	\$ -	\$ -
	Other Income and Deductions	\$40,081	\$40,081
	Total Revenue Offsets	\$40,081	\$40,081





# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2013

## Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$8,363,264	\$8,311,944	\$8,311,944
2	Adjustments required to arrive at taxable utility income	(\$3,674,747)	(\$3,605,247)	(\$3,605,247)
3	Taxable income	<u>\$4,688,517</u>	<u>\$4,706,697</u>	<u>\$4,706,697</u>
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	\$1,242,457	\$1,247,275	\$1,247,275
5	Capital taxes	<u>\$ - (1)</u>	<u>\$ - (1)</u>	<u>\$ - (1)</u>
6	Total taxes	<u>\$1,242,457</u>	<u>\$1,247,275</u>	<u>\$1,247,275</u>
7	Gross-up of Income Taxes	<u>\$447,961</u>	<u>\$449,698</u>	<u>\$449,698</u>
8	Grossed-up Income Taxes	<u>\$1,690,418</u>	<u>\$1,696,972</u>	<u>\$1,696,972</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$1,690,418</u>	<u>\$1,696,972</u>	<u>\$1,696,972</u>
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	<u>11.50%</u>	<u>11.50%</u>	<u>11.50%</u>
13	Total tax rate (%)	<u>26.50%</u>	<u>26.50%</u>	<u>26.50%</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: 2013

## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio	Cost Rate	Return	
Initial Application					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$127,822,807	6.87%	\$8,786,540
2	Short-term Debt	4.00%	\$9,130,200	2.01%	\$183,517
3	Total Debt	60.00%	\$136,953,007	6.55%	\$8,970,057
	Equity				
4	Common Equity	40.00%	\$91,302,005	9.16%	\$8,363,264
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$91,302,005	9.16%	\$8,363,264
7	Total	100.00%	\$228,255,012	7.59%	\$17,333,320

		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$127,038,440	6.87%	\$8,732,622
2	Short-term Debt	4.00%	\$9,074,174	2.01%	\$182,391
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$136,112,615</b>	<b>6.55%</b>	<b>\$8,915,013</b>
	<b>Equity</b>				
4	Common Equity	40.00%	\$90,741,743	9.16%	\$8,311,944
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$90,741,743</b>	<b>9.16%</b>	<b>\$8,311,944</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$226,854,358</b>	<b>7.59%</b>	<b>\$17,226,957</b>

Per Board Decision					
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
8	Long-term Debt	56.00%	\$127,038,440	6.87%	\$8,732,622
9	Short-term Debt	4.00%	\$9,074,174	2.01%	\$182,391
10	<b>Total Debt</b>	<b>60.00%</b>	<b>\$136,112,615</b>	<b>6.55%</b>	<b>\$8,915,013</b>
	<b>Equity</b>				
11	Common Equity	40.00%	\$90,741,743	9.16%	\$8,311,944
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	<b>Total Equity</b>	<b>40.00%</b>	<b>\$90,741,743</b>	<b>9.16%</b>	<b>\$8,311,944</b>
14	<b>Total</b>	<b>100.00%</b>	<b>\$226,854,358</b>	<b>7.59%</b>	<b>\$17,226,957</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: 2013

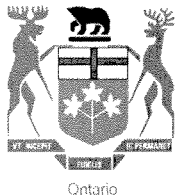
Version: 2.11

## Revenue Sufficiency/Deficiency

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		\$3,067,645		\$2,319,131
2	Distribution Revenue	\$36,060,024	\$36,060,024	\$36,060,024	\$36,060,024
3	Other Operating Revenue	\$40,081	\$40,081	\$40,081	\$40,081
	Offsets - net				
4	<b>Total Revenue</b>	<b>\$36,100,105</b>	<b>\$39,167,750</b>	<b>\$36,100,105</b>	<b>\$38,419,236</b>
5	Operating Expenses	\$20,144,012	\$20,144,012	\$19,495,307	\$19,495,307
6	Deemed Interest Expense	\$8,970,057	\$8,970,057	\$8,915,013	\$8,915,013
	<b>Total Cost and Expenses</b>	<b>\$29,114,069</b>	<b>\$29,114,069</b>	<b>\$28,410,320</b>	<b>\$28,410,320</b>
7	<b>Utility Income Before Income Taxes</b>	<b>\$6,986,036</b>	<b>\$10,053,681</b>	<b>\$7,689,785</b>	<b>\$10,008,916</b>
8	Tax Adjustments to Accounting Income per 2009 PILs	(\$3,674,747)	(\$3,674,747)	(\$3,605,247)	(\$3,605,247)
9	<b>Taxable Income</b>	<b>\$3,311,289</b>	<b>\$6,378,934</b>	<b>\$4,084,538</b>	<b>\$6,403,669</b>
10	Income Tax Rate	26.50%	26.50%	26.50%	26.50%
11	<b>Income Tax on Taxable Income</b>	<b>\$877,492</b>	<b>\$1,690,418</b>	<b>\$1,082,402</b>	<b>\$1,696,972</b>
12	<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
13	<b>Utility Net Income</b>	<b>\$6,108,545</b>	<b>\$8,363,264</b>	<b>\$6,607,382</b>	<b>\$8,311,943</b>
14	<b>Utility Rate Base</b>	<b>\$228,255,012</b>	<b>\$228,255,012</b>	<b>\$226,854,358</b>	<b>\$226,854,358</b>
	Deemed Equity Portion of Rate Base	\$91,302,005	\$91,302,005	\$90,741,743	\$90,741,743
15	Income/Equity Rate Base (%)	6.69%	9.16%	7.28%	9.16%
16	Target Return - Equity on Rate Base	9.16%	9.16%	9.16%	9.16%
17	Sufficiency/Deficiency in Return on Equity	-2.47%	0.00%	-1.88%	0.00%
18	Indicated Rate of Return	6.61%	7.59%	6.84%	7.59%
19	Requested Rate of Return on Rate Base	7.59%	7.59%	7.59%	7.59%
20	Sufficiency/Deficiency in Rate of Return	-0.99%	0.00%	-0.75%	0.00%
21	Target Return on Equity	\$8,363,264	\$8,363,264	\$8,311,944	\$8,311,944
22	Revenue Deficiency/(Sufficiency)	\$2,254,719	\$0	\$1,704,561	(\$0)
23	<b>Gross Revenue</b>	<b>\$3,067,645 (1)</b>		<b>\$2,319,131 (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: 2013

## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision
1	OM&A Expenses	\$10,715,748	\$10,100,000	\$10,100,000
2	Amortization/Depreciation	\$9,185,224	\$9,152,267	\$9,152,267
3	Property Taxes	\$243,040	\$243,040	\$243,040
4	Capital Taxes	\$ -	\$ -	\$ -
5	Income Taxes (Grossed up)	\$1,690,418	\$1,696,972	\$1,696,972
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$8,970,057	\$8,915,013	\$8,915,013
	Return on Deemed Equity	\$8,363,264	\$8,311,944	\$8,311,944
8	Distribution Revenue Requirement before Revenues	<u>\$39,167,750</u>	<u>\$38,419,236</u>	<u>\$38,419,236</u>
9	Distribution revenue	\$39,127,669	\$38,379,155	\$38,379,155
10	Other revenue	<u>\$40,081</u>	<u>\$40,081</u>	<u>\$40,081</u>
11	Total revenue	<u>\$39,167,750</u>	<u>\$38,419,236</u>	<u>\$38,419,236</u>
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$0 (1)</u>	<u>(\$0) (1)</u>	<u>(\$0) (1)</u>

### Notes

(1) Line 11 - Line 8



## 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
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- (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: 2014

Data Input									
Initial Application		(7)						Per Board Decision	
<b>1 Rate Base</b>									
Gross Fixed Assets (average)	\$245,496,549		(\$1,450,090)	\$	244,046,459			\$244,046,459	
Accumulated Depreciation (average)	(\$22,472,953)	(5)	\$82,393	-\$	22,390,560			(\$22,390,560)	
Allowance for Working Capital:									
Controllable Expenses	\$11,173,357		(\$867,822)	\$	10,305,535			\$10,305,535	
Cost of Power	\$ -							\$0	
Working Capital Rate (%)	4.11%				4.46%			4.46%	
<b>2 Utility Income</b>									
Operating Revenues:									
Distribution Revenue at Current Rates	\$36,060,024		\$0	\$36,060,024		\$0		\$36,060,024	
Distribution Revenue at Proposed Rates	\$39,908,324		(\$1,003,221)	\$38,905,103		\$0		\$38,905,103	
Other Revenue:									
Specific Service Charges									
Late Payment Charges									
Other Distribution Revenue									
Other Income and Deductions	\$40,679		\$0	\$40,679		\$0		\$40,679	
Operating Expenses:									
OM+A Expenses	\$11,173,357		(\$867,822)	\$	10,305,535			\$10,305,535	
Depreciation/Amortization	\$9,229,841		(\$32,957)	\$	9,196,884			\$9,196,884	
Property taxes	\$246,577		\$ -	\$	246,577			\$246,577	
Capital taxes	\$0			\$0				\$0	
Other expenses									
<b>3 Taxes/PILs</b>									
Taxable Income:									
Adjustments required to arrive at taxable income	(\$2,915,756)	(3)		(\$2,854,452)				(\$2,854,452)	
Utility Income Taxes and Rates:									
Income taxes (not grossed up)	\$1,463,585			\$1,466,145				\$1,466,145	
Income taxes (grossed up)	\$1,991,272			\$1,994,755				\$1,994,755	
Capital Taxes	\$ -	(6)		\$ -	(6)			\$ -	(6)
Federal tax (%)	15.00%			15.00%				15.00%	
Provincial tax (%)	11.50%			11.50%				11.50%	
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 (%)	6.87%			6.87%				6.87%	
Short-term debt Cost Rate (%)	2.98%			2.98%				2.98%	
Common Equity Cost Rate (%)	9.44%			9.44%				9.44%	
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.



Ontario

# REVENUE REQUIREMENT WORK FORM

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2014

Version: 2.11

## Rate Base

Line No.	Particulars	Initial Application		Per Board Decision
1	Gross Fixed Assets (average) (3)	\$245,496,549		\$244,046,459
2	Accumulated Depreciation (average) (3)	(\$22,472,953)		(\$22,390,560)
3	Net Fixed Assets (average) (3)	\$223,023,596		\$221,655,899
4	Allowance for Working Capital (1)	\$459,412		\$459,412
5	<b>Total Rate Base</b>	<b>\$223,483,008</b>		<b>\$222,115,311</b>

Allowance for Working Capital - Derivation				
(1)				
6	Controllable Expenses	\$11,173,357		\$10,305,535
7	Cost of Power	\$ -		\$ -
8	Working Capital Base	\$11,173,357		\$10,305,535
9	Working Capital Rate % (2)	4.11%		4.46%
10	Working Capital Allowance	\$459,412		\$459,412

### 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: 2014

Version: 2.11

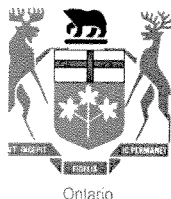
Ontario

Utility Income			
Line No.	Particulars	Initial Application	Per Board Decision
<b>Operating Revenues:</b>			
1	Distribution Revenue (at Proposed Rates)	\$39,908,324	\$38,905,103
2	Other Revenue	(1) \$40,679	\$40,679
3	Total Operating Revenues	\$39,949,003	\$38,945,782
<b>Operating Expenses:</b>			
4	OM+A Expenses	\$11,173,357	\$10,305,535
5	Depreciation/Amortization	\$9,229,841	\$9,196,884
6	Property taxes	\$246,577	\$246,577
7	Capital taxes	\$ -	\$ -
8	Other expense	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$20,649,775	\$19,748,996
10	Deemed Interest Expense	\$8,869,236	\$8,814,957
11	Total Expenses (lines 9 to 10)	\$29,519,011	\$28,563,953
12	Utility Income before income taxes	\$10,429,992	\$10,381,829
13	Income taxes (grossed-up)	\$1,991,272	\$1,994,755
14	Utility net income	\$8,438,720	\$8,387,074

**Notes**

(1)	<b>Other Revenues / Revenue Offsets</b>		
	Specific Service Charges	\$ -	\$ -
	Late Payment Charges	\$ -	\$ -
	Other Distribution Revenue	\$ -	\$ -
	Other Income and Deductions	\$40,679	\$40,679
	Total Revenue Offsets	\$40,679	\$40,679





# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2014

## Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$8,438,718	\$8,387,074	\$8,387,074
2	Adjustments required to arrive at taxable utility income	(\$2,915,756)	(\$2,854,452)	(\$2,854,452)
3	Taxable income	<u>\$5,522,962</u>	<u>\$5,532,622</u>	<u>\$5,532,622</u>
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	\$1,463,585	\$1,466,145	\$1,466,145
5	Capital taxes	\$ - (1)	\$ - (1)	\$ - (1)
6	Total taxes	<u>\$1,463,585</u>	<u>\$1,466,145</u>	<u>\$1,466,145</u>
7	Gross-up of Income Taxes	<u>\$527,687</u>	<u>\$528,610</u>	<u>\$528,610</u>
8	Grossed-up Income Taxes	<u>\$1,991,272</u>	<u>\$1,994,755</u>	<u>\$1,994,755</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$1,991,272</u>	<u>\$1,994,755</u>	<u>\$1,994,755</u>
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%	11.50%
13	Total tax rate (%)	<u>26.50%</u>	<u>26.50%</u>	<u>26.50%</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: 2014

## 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%	\$125,150,484	6.87%
2	Short-term Debt	4.00%	\$8,939,320	2.98%
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$134,089,805</b>	<b>6.61%</b>
	<b>Equity</b>			
4	Common Equity	40.00%	\$89,393,203	9.44%
5	Preferred Shares	0.00%	\$ -	0.00%
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$89,393,203</b>	<b>9.44%</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$223,483,008</b>	<b>7.74%</b>

		(%)	(%)	(%)
	<b>Debt</b>			
1	Long-term Debt	56.00%	\$124,384,574	6.87%
2	Short-term Debt	4.00%	\$8,884,612	2.98%
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$133,269,187</b>	<b>6.61%</b>
	<b>Equity</b>			
4	Common Equity	40.00%	\$88,846,124	9.44%
5	Preferred Shares	0.00%	\$ -	0.00%
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$88,846,124</b>	<b>9.44%</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$222,115,311</b>	<b>7.74%</b>

<b>Per Board Decision</b>				
		(%)	(%)	(%)
	<b>Debt</b>			
8	Long-term Debt	56.00%	\$124,384,574	6.87%
9	Short-term Debt	4.00%	\$8,884,612	2.98%
10	<b>Total Debt</b>	<b>60.00%</b>	<b>\$133,269,187</b>	<b>6.61%</b>
	<b>Equity</b>			
11	Common Equity	40.00%	\$88,846,124	9.44%
12	Preferred Shares	0.00%	\$ -	0.00%
13	<b>Total Equity</b>	<b>40.00%</b>	<b>\$88,846,124</b>	<b>9.44%</b>
14	<b>Total</b>	<b>100.00%</b>	<b>\$222,115,311</b>	<b>7.74%</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: 2014

Version: 2.11

## Revenue Sufficiency/Deficiency

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		\$3,848,299		\$2,845,079
2	Distribution Revenue	\$36,060,024	\$36,060,025	\$36,060,024	\$36,060,024
3	Other Operating Revenue	\$40,679	\$40,679	\$40,679	\$40,679
	Offsets - net				
4	<b>Total Revenue</b>	<b>\$36,100,703</b>	<b>\$39,949,003</b>	<b>\$36,100,703</b>	<b>\$38,945,782</b>
5	Operating Expenses	\$20,649,775	\$20,649,775	\$19,748,996	\$19,748,996
6	Deemed Interest Expense	\$8,869,236	\$8,869,236	\$8,814,957	\$8,814,957
	<b>Total Cost and Expenses</b>	<b>\$29,519,011</b>	<b>\$29,519,011</b>	<b>\$28,563,953</b>	<b>\$28,563,953</b>
7	<b>Utility Income Before Income Taxes</b>	<b>\$6,581,692</b>	<b>\$10,429,992</b>	<b>\$7,536,750</b>	<b>\$10,381,829</b>
8	Tax Adjustments to Accounting Income per 2009 PILs	(\$2,915,756)	(\$2,915,756)	(\$2,854,452)	(\$2,854,452)
9	<b>Taxable Income</b>	<b>\$3,665,936</b>	<b>\$7,514,236</b>	<b>\$4,682,298</b>	<b>\$7,527,377</b>
10	Income Tax Rate	26.50%	26.50%	26.50%	26.50%
11	<b>Income Tax on Taxable Income</b>	<b>\$971,473</b>	<b>\$1,991,273</b>	<b>\$1,240,809</b>	<b>\$1,994,755</b>
12	<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
13	<b>Utility Net Income</b>	<b>\$5,610,219</b>	<b>\$8,438,720</b>	<b>\$6,295,941</b>	<b>\$8,387,074</b>
14	<b>Utility Rate Base</b>	<b>\$223,483,008</b>	<b>\$223,483,008</b>	<b>\$222,115,311</b>	<b>\$222,115,311</b>
	Deemed Equity Portion of Rate Base	\$89,393,203	\$89,393,203	\$88,846,124	\$88,846,124
15	Income/Equity Rate Base (%)	6.28%	9.44%	7.09%	9.44%
16	Target Return - Equity on Rate Base	9.44%	9.44%	9.44%	9.44%
17	Sufficiency/Deficiency in Return on Equity	-3.16%	0.00%	-2.35%	0.00%
18	Indicated Rate of Return	6.48%	7.74%	6.80%	7.74%
19	Requested Rate of Return on Rate Base	7.74%	7.74%	7.74%	7.74%
20	Sufficiency/Deficiency in Rate of Return	-1.27%	0.00%	-0.94%	0.00%
21	Target Return on Equity	\$8,438,718	\$8,438,718	\$8,387,074	\$8,387,074
22	Revenue Deficiency/(Sufficiency)	\$2,828,499	\$1	\$2,091,133	(\$0)
23	<b>Gross Revenue</b>	<b>\$3,848,299 (1)</b>		<b>\$2,845,079 (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: 2014

## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$11,173,357	\$10,305,535	\$10,305,535	
2	Amortization/Depreciation	\$9,229,841	\$9,196,884	\$9,196,884	
3	Property Taxes	\$246,577	\$246,577	\$246,577	
4	Capital Taxes	\$ -	\$ -	\$ -	
5	Income Taxes (Grossed up)	\$1,991,272	\$1,994,755	\$1,994,755	
6	Other Expenses	\$ -			
7	Return				
	Deemed Interest Expense	\$8,869,236	\$8,814,957	\$8,814,957	
	Return on Deemed Equity	\$8,438,718	\$8,387,074	\$8,387,074	
8	Distribution Revenue Requirement before Revenues	\$39,949,002	\$38,945,782	\$38,945,782	
9	Distribution revenue	\$39,908,324	\$38,905,103	\$38,905,103	
10	Other revenue	\$40,679	\$40,679	\$40,679	
11	Total revenue	\$39,949,003	\$38,945,782	\$38,945,782	
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$1 (1)	(\$0) (1)	(\$0) (1)	

### Notes

(1) Line 11 - Line 8

**APPENDIX 'C'**

**SUPPORTING CALCULATIONS FOR GLPT'S  
DEPRECIATION AND AMORTIZATION EXPENSES  
AND PROPERTY AND INCOME TAX EXPENSES  
FOR THE TEST YEARS**

Great Lakes Power Transmission LP

Support for Settlement Figures in EB-2012-0300

Depreciation Expense	2013	2014
Depreciation Expense - per Application	\$ 9,185,224	\$ 9,229,841
Depreciation Expense on Land Transfer Tax	(32,957)	(32,957)
Depreciation Expense - per Settlement	<u>\$ 9,152,267</u>	<u>\$ 9,196,884</u>
Depreciation is calculated using an average useful life of 44 years based on existing Assets		

Taxable Income	2013	2014
Adjustments required to arrive at taxable income - per Application:		
Depreciation	\$ 9,185,224	\$ 9,229,841
Deferred Financing Fees	(4,800)	-
Capital Cost Allowance	(12,855,171)	(12,145,597)
Total	<u>(3,674,747)</u>	<u>(2,915,756)</u>
Depreciation Expense on Land Transfer Tax	(32,957)	(32,957)
CCA on Land Transfer Tax	Settlement Adj 102,458	Settlement Adj 94,261
Adjustments required to arrive at taxable income - per Settlement:	<u>\$ (3,605,246)</u>	<u>\$ (2,854,452)</u>
Depreciation adjustment calculated per above, CCA calculated assuming Class 47 for a rate of 8%		

**APPENDIX "B"**  
**GREAT LAKES POWER TRANSMISSION INC.**  
**ACCOUNTING ORDER**  
**NEW SUB-ACCOUNTS**  
**BOARD FILE EB-2012-0300**  
**NOVEMBER 1, 2012**

**ACCOUNTING ORDER**  
**NEW SUB-ACCOUNTS**

1. Sub-account "2013 Revenue Deficiency/Sufficiency Deferral" of Account 1574 Deferred Rate Impact Amounts.

Purpose:

To record revenue requirement deficiency or sufficiency incurred for the period commencing January 1, 2013 to the date that the revised 2013 UTR (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.

2. New deferral account for recording expenditures related to addressing an upcoming change to the definition of the Bulk Electric System, within account 1508
3. New variance account for recording variances related to expenses allocated to East-West Tie Line initiatives, within account 1508.
4. New deferral account, effective as of March 22, 2012, for recording expenses relating to the East West Tie proceeding (EB-2011-0140), within account 1508.

Purpose:

To record costs incurred by GLPT only to support the Board through the designation process, as set out in pages 4-6 of the Board's Decision and Order dated July 12, 2012 for proceeding EB-2012-0180 under the heading "Support Costs for OEB Designation Process".