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6 - Calculation of Revenue Deficiency or Surplus

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	2	Determination of Net Utility Income and Calculation of Revenue Deficiency or Surplus

OVERVIEW OF REVENUE DEFICIENCY OR SURPLUS

The information in this Exhibit supports West Coast Huron Energy request in this Application for an increase in its 2013 Revenue Requirement. West Coast Huron Energy requires a distribution revenue requirement of \$2,648,930 (proposed revenue of \$2,753,530 less other revenue of \$104,600) to continue to provide its customers a safe reliable supply of electricity, service its debt and pay its deemed PILS.

West Coast Huron Energy target return on Rate Base is calculated using 40% of Rate Base with a target Return on Rate base of \$378,323 (based on Equity return of 9.12%). Utilizing current rates and 2013 forecasted customer data West Coast Huron Energy would expect \$2,128,678 in distribution revenue which creates a revenue deficiency of \$520,252

West Coast Huron Energy 2013 revenue deficiency is outlined in detail below in the Determination of Net Utility Income Table.

DETERMINATION OF NET UTILITY

Particulars	Initial Application	
	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below Distribution Revenue	\$2,128,678	\$520,253
Other Operating Revenue	\$104,600	\$104,600
Offsets - net		
Total Revenue	\$2,233,278	\$2,753,530
Operating Expenses	\$2,102,933	\$2,102,933
Deemed Interest Expense	\$264,743	\$264,743
Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$12,506) (2)	(\$12,506)
Total Cost and Expenses	\$2,355,170	\$2,355,170
Utility Income Before Income Taxes	(\$121,892)	\$398,360
Tax Adjustments to Accounting Income per 2013 PILs model	(\$269,087)	(\$269,087)
Taxable Income	(\$390,979)	\$129,273
Income Tax Rate	15.50%	15.50%
Income Tax on Taxable Income	(\$60,602)	\$20,037
Income Tax Credits	\$ -	\$ -
Utility Net Income	(\$61,290)	\$378,323
Utility Rate Base	\$10,370,699	\$10,370,699
Deemed Equity Portion of Rate Base	\$4,148,280	\$4,148,280
Income/(Equity Portion of Rate Base)	-1.48%	9.12%
Target Return - Equity on Rate Base	9.12%	9.12%
Deficiency/Sufficiency in Return on Equity	-10.60%	0.00%
Indicated Rate of Return	1.96%	6.20%
Requested Rate of Return on Rate Base	6.20%	6.20%
Deficiency/Sufficiency in Rate of Return	-4.24%	0.00%
Target Return on Equity	\$378,323	\$378,323
Revenue Deficiency/(Sufficiency)	\$439,614	(\$0)
Gross Revenue	\$520,253 (1)	
Deficiency/(Sufficiency)		