

Appendix A

Energy Probe 30B

Revenue Requirement Workform

CGAAP-Extended Lives/Overheads – 2012/3

Welland Hydro EB-2012-0173
Revised Revenue Deficiency Determination - Energy Probe 30b

Description	2013 Test Existing Rates	2013 Test - Required Revenue	Adj	Revised	Revised
				2013 Test Existing Rates	2013 Test - Required Revenue
Revenue					
Revenue Deficiency		187,802			209,407
Distribution Revenue	8,970,789	8,970,789		8,970,789	8,970,789
Other Operating Revenue (Net)	501,089	501,089	18965	520,054	520,054
Total Revenue	9,471,878	9,659,680		9,490,843	9,700,250
Costs and Expenses					
Administrative & General, Billing & Collecting	3,372,191	3,372,191	35415	3,407,606	3,407,606
Operation & Maintenance	3,264,776	3,264,776		3,264,776	3,264,776
Depreciation & Amortization	1,081,618	1,081,618		1,081,618	1,081,618
PPE Return on Rate Base	-35,324	-35,324	35324	0	0
Deemed Interest	754,766	754,766	-8343	746,423	746,423
Total Costs and Expenses	8,438,027	8,438,027		8,500,423	8,500,423
Utility Income Before Income Taxes	1,033,851	1,221,653		990,420	1,199,827
Income Taxes:					
Corporate Income Taxes	25,034	58,513		19,581	60,415
Total Income Taxes	25,034	58,513		19,581	60,415
Utility Net Income	1,008,817	1,163,140		970,839	1,139,412
Income Tax Expense Calculation:					
Deemed Income		1,163,140			1,139,411
Accounting Income	1,033,851			990,420	
Tax Adjustments to Accounting Income	-807,525	-807,525		-792,056	-792,056
Taxable Income	226,326	355,615		198,364	347,356
Income Tax Expense	25,034			19,581	
Grossed Up PILS		58,513			60,415
Tax Rate Reflecting Tax Credits	11.08%	16.45%		9.87%	17.39%
Actual Return on Rate Base:					
Rate Base	31,884,331	31,884,331		31,898,400	31,898,400
Interest Expense	754,766	754,766		746,423	746,423
Net Income	1,008,817	1,163,140		970,839	1,139,412
Total Actual Return on Rate Base	1,763,583	1,917,906		1,717,262	1,885,835
Actual Return on Rate Base	5.53%	6.02%		5.38%	5.91%
Required Return on Rate Base:					
Rate Base	31,884,331	31,884,331		31,898,400	31,898,400
Return Rates:					
Return on Debt (Weighted)	3.95%	3.95%		3.95%	3.95%
Return on Equity	9.12%	9.12%		9.12%	9.12%
Deemed Interest Expense	754,766	754,766		746,423	746,423
Return On Equity	1,163,140	1,163,140		1,139,411	1,139,411
Total Return	1,917,906	1,917,906		1,885,834	1,885,834
Expected Return on Rate Base	6.02%	6.02%		5.91%	5.91%
Revenue Deficiency After Tax	154,323	0		168,572	-1
Revenue Deficiency Before Tax	187,801	0		209,406	-1

Taxable Income	226,326	355,615	198,364	347,355
Tax Rate	19.50%	19.50%	19.50%	19.50%
Tax @ 19.5%	44,134	69,345	38,681	67,734
Less Apprentice Tax Credit	19,100	19,100	19,100	19,100
Tax Payable	25,034	50,245	19,581	48,634
Tax Payable %		14.13%		14.00%
Gross Up PILS - PILS(1-Tax Payable %)		58,512		
Gross Up PILS - PILS(1- Incremental Tax Payable %)				60,415



Income Tax/PILs Workform for 2013 Filers

Taxable Income - Test Year

	Test Year Taxable Income
Net Income Before Taxes	1,139,411

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104	1,228,313
Amortization of intangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P490</i>	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	23,600
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	109,919
Reserves from financial statements- balance at end of year	126	1,715,191
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	

Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		3,864,578
NET INCOME FOR TAX PURPOSES		370,955
Charitable donations	311	23,600
Taxable dividends received under section 112 or 113	320	
Non-capital losses of preceding taxation years from Schedule 7-1	331	
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
REGULATORY TAXABLE INCOME		347,355



Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

1,221,660

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0

0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

0

1,221,660

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal

0

x 3/4 =

0

Cumulative Eligible Capital Balance

1,221,660

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")

1,221,660

x 7% =

85,516

Cumulative Eligible Capital - Closing Balance

1,136,144



Income Tax/PILs Workform for 2013 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	109,919		109,919	113,217	109,919	113,217	3,298	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	109,919	0	109,919	113,217	109,919	113,217	3,298	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	109,919		109,919	113,217	109,919	113,217	3,298	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accumulated Sick Leave	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	1,582,158		1,582,158	1,601,974	1,582,158	1,601,974	19,816	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	1,692,077	0	1,692,077	1,715,191	1,692,077	1,715,191	23,114	0

Revenue Requirement Workform



Version 3.00

Utility Name	Welland Hydro-Electric System Corp.
Service Territory	City of Welland
Assigned EB Number	EB-2012-0173
Name and Title	Wayne Armstrong - Director of Finance
Phone Number	905-732-1381 Ext 234
Email Address	warmstrong@wellandhydro.com

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

While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and

Revenue Requirement Workform

[1. Info](#)

[2. Table of Contents](#)

[3. Data Input Sheet](#)

[4. Rate Base](#)

[5. Utility Income](#)

[6. Taxes PILs](#)

[7. Cost of Capital](#)

[8. Rev Def Suff](#)

[9. Rev Req](#)

Notes:

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

Revenue Requirement Workform

Data Input ⁽¹⁾

	Initial Application	(2) Adjustments	Interrogatory Responses (6)	Adjustments	Per Board Decision
1 Rate Base					
Gross Fixed Assets (average)	\$53,874,400	(\$33,245)	\$ 53,841,155		\$53,841,155
Accumulated Depreciation (average)	(\$28,460,717) (5)	\$42,710	(\$28,418,007)		(\$28,418,007)
Allowance for Working Capital:					
Controllable Expenses	\$6,636,967	\$35,415	\$ 6,672,382		\$6,672,382
Cost of Power	\$43,137,252		\$ 43,137,252		\$43,137,252
Working Capital Rate (%)	13.00% (9)		13.00% (9)		13.00% (9)
2 Utility Income					
Operating Revenues:					
Distribution Revenue at Current Rates	\$8,970,789	\$0	\$8,970,789	\$0	\$8,970,789
Distribution Revenue at Proposed Rates	\$9,158,591	\$21,605	\$9,180,196	\$0	\$9,180,196
Other Revenue:					
Specific Service Charges	\$150,385	\$0	\$150,385	\$0	\$150,385
Late Payment Charges	\$70,849	\$0	\$70,849	\$0	\$70,849
Other Distribution Revenue	\$236,908	\$33	\$236,941	\$0	\$236,941
Other Income and Deductions	\$42,947	\$18,932	\$61,879	\$0	\$61,879
Total Revenue Offsets	\$501,089 (7)	\$18,965	\$520,054	\$0	\$520,054
Operating Expenses:					
OM+A Expenses	\$6,636,967	\$35,415	\$ 6,672,382		\$6,672,382
Depreciation/Amortization	\$1,081,619 (10)		\$ 1,081,619		\$1,081,619
Property taxes					
Other expenses					
3 Taxes/PILs					
Taxable Income:					
Adjustments required to arrive at taxable income	(\$807,525) (3)		(\$792,056)		(\$792,056)
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$50,245		\$48,634		\$48,634
Income taxes (grossed up)	\$62,416		\$60,415		\$60,415
Federal tax (%)	15.00%		15.00%		15.00%
Provincial tax (%)	4.50%		4.50%		4.50%
Income Tax Credits	(\$19,100)		(\$19,100)		(\$19,100)
4 Capitalization/Cost of Capital					
Capital Structure:					
Long-term debt Capitalization Ratio (%)	56.0%		56.0%		56.0%
Short-term debt Capitalization Ratio (%)	4.0% (8)		4.0% (8)		4.0% (8)
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 (%)	4.08%		4.03%		4.03%
Short-term debt Cost Rate (%)	2.08%		2.08%		2.08%
Common Equity Cost Rate (%)	9.12%		8.93%		8.93%
Preferred Shares Cost Rate (%)					
Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS (\$)	(\$35,324) (11)	\$35,324	\$ - (11)	\$0	\$ - (11)

Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (2) Net of addbacks and deductions to arrive at taxable income
- (3) Average of Gross Fixed Assets at beginning and end of the Test Year
- (4) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (5) 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.
- (6) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (7) 4.0% unless an Applicant has proposed or been approved for another amount.
- (8) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.
- (9) Depreciation Expense should include the adjustment resulting from the amortization of the deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.
- (10) Adjustment should include the adjustment to the return on rate base associated with deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.
- (11)

Revenue Requirement Workform

Rate Base and Working Capital

Line No.	Rate Base Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$53,874,400	(\$33,245)	\$53,841,155	\$ -	\$53,841,155
2	Accumulated Depreciation (average) (3)	(\$28,460,717)	\$42,710	(\$28,418,007)	\$ -	(\$28,418,007)
3	Net Fixed Assets (average) (3)	\$25,413,683	\$9,465	\$25,423,148	\$ -	\$25,423,148
4	Allowance for Working Capital (1)	\$6,470,648	\$4,604	\$6,475,252	\$ -	\$6,475,252
5	Total Rate Base	\$31,884,331	\$14,069	\$31,898,400	\$ -	\$31,898,400

Allowance for Working Capital - Derivation

(1)

6	Controllable Expenses	\$6,636,967	\$35,415	\$6,672,382	\$ -	\$6,672,382
7	Cost of Power	\$43,137,252	\$ -	\$43,137,252	\$ -	\$43,137,252
8	Working Capital Base	\$49,774,219	\$35,415	\$49,809,634	\$ -	\$49,809,634
9	Working Capital Rate % (2)	13.00%	0.00%	13.00%	0.00%	13.00%
10	Working Capital Allowance	\$6,470,648	\$4,604	\$6,475,252	\$ -	\$6,475,252

Notes

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

Revenue Requirement Workform

Utility Income

Line No.	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Board Decision
Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)	\$9,158,591	\$21,605	\$9,180,196	\$ -	\$9,180,196
2	Other Revenue	(1) \$501,089	\$18,965	\$520,054	\$ -	\$520,054
3	Total Operating Revenues	\$9,659,680	\$40,570	\$9,700,250	\$ -	\$9,700,250
Operating Expenses:						
4	OM+A Expenses	\$6,636,967	\$35,415	\$6,672,382	\$ -	\$6,672,382
5	Depreciation/Amortization	\$1,081,619	\$ -	\$1,081,619	\$ -	\$1,081,619
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$7,718,586	\$35,415	\$7,754,001	\$ -	\$7,754,001
10	Deemed Interest Expense	\$754,766	(\$8,343)	\$746,423	\$ -	\$746,423
11	Total Expenses (lines 9 to 10)	\$8,473,352	\$27,072	\$8,500,424	\$ -	\$8,500,424
12	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$35,324)	\$35,324	\$ -	\$ -	\$ -
13	Utility income before income taxes	\$1,221,652	(\$21,826)	\$1,199,826	\$ -	\$1,199,826
14	Income taxes (grossed-up)	\$62,416	(\$2,001)	\$60,415	\$ -	\$60,415
15	Utility net income	\$1,159,236	(\$19,824)	\$1,139,412	\$ -	\$1,139,412
Notes						
Other Revenues / Revenue Offsets						
(1)	Specific Service Charges	\$150,385	\$ -	\$150,385	\$ -	\$150,385
	Late Payment Charges	\$70,849	\$ -	\$70,849	\$ -	\$70,849
	Other Distribution Revenue	\$236,908	\$33	\$236,941	\$ -	\$236,941
	Other Income and Deductions	\$42,947	\$18,932	\$61,879	\$ -	\$61,879
	Total Revenue Offsets	\$501,089	\$18,965	\$520,054	\$ -	\$520,054

Revenue Requirement Workform

Taxes/PILs

Line No.	Particulars	Application	Interrogatory Responses	Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$1,163,140	\$1,139,411	\$1,139,411
2	Adjustments required to arrive at taxable utility income	(\$807,525)	(\$792,056)	(\$792,056)
3	Taxable income	<u>\$355,615</u>	<u>\$347,355</u>	<u>\$347,355</u>
<u>Calculation of Utility Income Taxes</u>				
4	Income taxes	\$50,245	\$48,634	\$48,634
6	Total taxes	<u>\$50,245</u>	<u>\$48,634</u>	<u>\$48,634</u>
7	Gross-up of Income Taxes	\$12,171	\$11,781	\$11,781
8	Grossed-up Income Taxes	<u>\$62,416</u>	<u>\$60,415</u>	<u>\$60,415</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$62,416</u>	<u>\$60,415</u>	<u>\$60,415</u>
10	Other tax Credits	(\$19,100)	(\$19,100)	(\$19,100)
<u>Tax Rates</u>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	4.50%	4.50%	4.50%
13	Total tax rate (%)	<u>19.50%</u>	<u>19.50%</u>	<u>19.50%</u>

Notes

Revenue Requirement Workform

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$17,855,226	4.08%	\$728,493
2	Short-term Debt	4.00%	\$1,275,373	2.06%	\$26,273
3	Total Debt	60.00%	\$19,130,599	3.95%	\$754,766
	Equity				
4	Common Equity	40.00%	\$12,753,733	9.12%	\$1,163,140
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$12,753,733	9.12%	\$1,163,140
7	Total	100.00%	\$31,884,331	6.02%	\$1,917,906
Interrogatory Responses					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$17,863,104	4.03%	\$719,883
2	Short-term Debt	4.00%	\$1,275,936	2.08%	\$26,539
3	Total Debt	60.00%	\$19,139,040	3.90%	\$746,423
	Equity				
4	Common Equity	40.00%	\$12,759,360	8.93%	\$1,139,411
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$12,759,360	8.93%	\$1,139,411
7	Total	100.00%	\$31,898,400	5.91%	\$1,885,833
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	56.00%	\$17,863,104	4.03%	\$719,883
9	Short-term Debt	4.00%	\$1,275,936	2.08%	\$26,539
10	Total Debt	60.00%	\$19,139,040	3.90%	\$746,423
	Equity				
11	Common Equity	40.00%	\$12,759,360	8.93%	\$1,139,411
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	40.00%	\$12,759,360	8.93%	\$1,139,411
14	Total	100.00%	\$31,898,400	5.91%	\$1,885,833

Notes

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

Revenue Requirement Workform

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Interrogatory Responses		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$191,706		\$209,407		\$209,407
2	Distribution Revenue	\$8,970,789	\$8,966,885	\$8,970,789	\$8,970,789	\$8,970,789	\$8,970,789
3	Other Operating Revenue Offsets - net	\$501,089	\$501,089	\$520,054	\$520,054	\$520,054	\$520,054
4	Total Revenue	\$9,471,878	\$9,659,680	\$9,490,843	\$9,700,250	\$9,490,843	\$9,700,250
5	Operating Expenses	\$7,718,586	\$7,718,586	\$7,754,001	\$7,754,001	\$7,754,001	\$7,754,001
6	Deemed Interest Expense	\$754,766	\$754,766	\$746,423	\$746,423	\$746,423	\$746,423
7	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$35,324) (2)	(\$35,324)	\$ - (2)	\$ -	\$ - (2)	\$ -
8	Total Cost and Expenses	\$8,438,028	\$8,438,028	\$8,500,424	\$8,500,424	\$8,500,424	\$8,500,424
9	Utility Income Before Income Taxes	\$1,033,850	\$1,221,652	\$990,419	\$1,199,826	\$990,419	\$1,199,826
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$807,525)	(\$807,525)	(\$792,056)	(\$792,056)	(\$792,056)	(\$792,056)
11	Taxable Income	\$226,325	\$414,127	\$198,363	\$407,770	\$198,363	\$407,770
12	Income Tax Rate	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%
13	Income Tax on Taxable Income	\$44,133	\$80,755	\$38,681	\$79,515	\$38,681	\$79,515
14	Income Tax Credits	(\$19,100)	(\$19,100)	(\$19,100)	(\$19,100)	(\$19,100)	(\$19,100)
15	Utility Net Income	\$1,008,817	\$1,159,236	\$970,839	\$1,139,412	\$970,839	\$1,139,412
16	Utility Rate Base	\$31,884,331	\$31,884,331	\$31,898,400	\$31,898,400	\$31,898,400	\$31,898,400
17	Deemed Equity Portion of Rate Base	\$12,753,733	\$12,753,733	\$12,759,360	\$12,759,360	\$12,759,360	\$12,759,360
18	Income/(Equity Portion of Rate Base)	7.91%	9.09%	7.61%	8.93%	7.61%	8.93%
19	Target Return - Equity on Rate Base	9.12%	9.12%	8.93%	8.93%	8.93%	8.93%
20	Deficiency/Sufficiency in Return on Equity	-1.21%	-0.03%	-1.32%	0.00%	-1.32%	0.00%
21	Indicated Rate of Return	5.53%	6.00%	5.38%	5.91%	5.38%	5.91%
22	Requested Rate of Return on Rate Base	6.02%	6.02%	5.91%	5.91%	5.91%	5.91%
23	Deficiency/Sufficiency in Rate of Return	-0.48%	-0.01%	-0.53%	0.00%	-0.53%	0.00%
24	Target Return on Equity	\$1,163,140	\$1,163,140	\$1,139,411	\$1,139,411	\$1,139,411	\$1,139,411
25	Revenue Deficiency/(Sufficiency)	\$154,324	(\$3,904)	\$168,572	\$1	\$168,572	\$1
26	Gross Revenue Deficiency/(Sufficiency)	\$191,706 (1)		\$209,407 (1)		\$209,407 (1)	

Notes:

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

Revenue Requirement Workform

Revenue Requirement

Line No.	Particulars	Application	Interrogatory Responses	Per Board Decision
1	OM&A Expenses	\$6,636,967	\$6,672,382	\$6,672,382
2	Amortization/Depreciation	\$1,081,619	\$1,081,619	\$1,081,619
3	Property Taxes	\$ -		
5	Income Taxes (Grossed up)	\$62,416	\$60,415	\$60,415
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$754,766	\$746,423	\$746,423
	Return on Deemed Equity	\$1,163,140	\$1,139,411	\$1,139,411
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$35,324)	\$ -	\$ -
8	Service Revenue Requirement (before Revenues)	<u>\$9,663,584</u>	<u>\$9,700,249</u>	<u>\$9,700,249</u>
9	Revenue Offsets	\$501,089	\$520,054	\$520,054
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$9,162,495</u>	<u>\$9,180,195</u>	<u>\$9,180,195</u>
11	Distribution revenue	\$9,158,591	\$9,180,196	\$9,180,196
12	Other revenue	\$501,089	\$520,054	\$520,054
13	Total revenue	<u>\$9,659,680</u>	<u>\$9,700,250</u>	<u>\$9,700,250</u>
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>(\$3,904)</u>	<u>\$1</u>	<u>\$1</u>

Notes

(1) Line 11 - Line 8