

## **Appendix B**

### **Energy Probe 30E**

#### **Revenue Requirement Workform**

#### **CGAAP-Extended Lives/Overheads – 2013 Only**

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

Description	2013 Test Existing Rates	2013 Test - Required Revenue
<b>Revenue</b>		
Revenue Deficiency		187,802
Distribution Revenue	8,970,789	8,970,789
Other Operating Revenue (Net)	501,089	501,089
<b>Total Revenue</b>	<b>9,471,878</b>	<b>9,659,680</b>
<b>Costs and Expenses</b>		
Administrative & General, Billing & Collecting	3,372,191	3,372,191
Operation & Maintenance	3,264,776	3,264,776
Depreciation & Amortization	1,081,618	1,081,618
PPE Return on Rate Base	-35,324	-35,324
Deemed Interest	754,766	754,766
<b>Total Costs and Expenses</b>	<b>8,438,027</b>	<b>8,438,027</b>
<b>Utility Income Before Income Taxes</b>	<b>1,033,851</b>	<b>1,221,653</b>
<b>Income Taxes:</b>		
Corporate Income Taxes	25,034	58,513
<b>Total Income Taxes</b>	<b>25,034</b>	<b>58,513</b>
<b>Utility Net Income</b>	<b>1,008,817</b>	<b>1,163,140</b>
<b>Income Tax Expense Calculation:</b>		
Deemed Income		1,163,140
Accounting Income	1,033,851	
Tax Adjustments to Accounting Income	-807,525	-807,525
<b>Taxable Income</b>	<b>226,326</b>	<b>355,615</b>
<b>Income Tax Expense</b>	<b>25,034</b>	<b>58,513</b>
<b>Grossed Up PILS</b>		
<b>Tax Rate Reflecting Tax Credits</b>	<b>11.06%</b>	<b>16.45%</b>
<b>Actual Return on Rate Base:</b>		
Rate Base	31,884,331	31,884,331
Interest Expense	754,766	754,766
Net Income	1,008,817	1,163,140
<b>Total Actual Return on Rate Base</b>	<b>1,763,583</b>	<b>1,917,906</b>
<b>Actual Return on Rate Base</b>	<b>5.53%</b>	<b>6.02%</b>
<b>Required Return on Rate Base:</b>		
Rate Base	31,884,331	31,884,331
<b>Return Rates:</b>		
Return on Debt (Weighted)	3.95%	3.95%
Return on Equity	9.12%	9.12%
Deemed Interest Expense	754,766	754,766
Return On Equity	1,163,140	1,163,140
<b>Total Return</b>	<b>1,917,906</b>	<b>1,917,906</b>
<b>Expected Return on Rate Base</b>	<b>6.02%</b>	<b>6.02%</b>
<b>Revenue Deficiency After Tax</b>	<b>154,323</b>	<b>0</b>
<b>Revenue Deficiency Before Tax</b>	<b>187,801</b>	<b>0</b>

	Revised	Revised
Adj	2013 Test Existing Rates	2013 Test - Required Revenue
		303,846
	8,970,789	8,970,789
18965	520,054	520,054
	<b>9,490,843</b>	<b>9,794,689</b>
35415	3,407,606	3,407,606
	3,264,776	3,264,776
140472	1,222,090	1,222,090
35324	0	0
-22001	732,765	732,765
	<b>8,627,237</b>	<b>8,627,237</b>
	<b>863,606</b>	<b>1,167,452</b>
	-10,360	48,890
	<b>-10,360</b>	<b>48,890</b>
	<b>873,966</b>	<b>1,118,562</b>
		1,118,562
	863,606	
	-818,784	-818,784
	<b>44,822</b>	<b>299,778</b>
	-10,465	
		48,890
	-23.35%	16.31%
	31,314,732	31,314,732
	732,765	732,765
	873,966	1,118,562
	<b>1,606,731</b>	<b>1,851,327</b>
	5.13%	5.91%
	31,314,732	31,314,732
	3.95%	3.95%
	9.12%	9.12%
	732,765	732,765
	1,118,562	1,118,562
	<b>1,851,327</b>	<b>1,851,327</b>
	5.91%	5.91%
	244,596	0
	<b>303,846</b>	<b>0</b>

Taxable Income	226,326	355,615	44,822	299,778
Tax Rate	19.50%	19.50%	19.50%	19.50%
Tax @ 19.5%	44,134	69,345	8,740	58,457
Less Apprentice Tax Credit	19,100	19,100	19,100	19,100
Tax Payable	25,034	50,245	-10,360	39,357
Tax Payable %		14.13%	-23.11%	13.13%
Gross Up PILS - PILS(1-Tax Payable %)		58,512		
Gross Up PILS - PILS(1- Incremental Tax Payable %)				48,890



# Income Tax/PILs Workform for 2013 Filers

## Taxable Income - Test Year

		<b>Test Year Taxable Income</b>
<b>Net Income Before Taxes</b>		<b>1,118,562</b>

	<b>T2 S1 line #</b>	
<b>Additions:</b>		
Interest and penalties on taxes	103	
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104	1,222,090
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	

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
<i>Other Additions: (please explain in detail the nature of the item)</i>		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
Apprentice Tax Credits	295	19,100
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
<b>Total Additions</b>		<b>3,089,900</b>
<b>Deductions:</b>		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	1,994,274
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	85,516
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	113,217
Reserves from financial statements - balance at beginning of year	414	1,692,077
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	

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)		
<b>Total Deductions</b>		<b>3,885,084</b>
<b>NET INCOME FOR TAX PURPOSES</b>		<b>323,378</b>
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	
<b>REGULATORY TAXABLE INCOME</b>		<b>299,778</b>






Class	Class Description	UCC Regulated Historic Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
1	Distribution System - post 1987	\$ 16,988,704			\$ 16,988,704	\$ -	\$ 16,988,704	4%	\$ 679,548	\$ 16,309,156
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	\$ 340,981	\$ 275,000		\$ 615,981	\$ 137,500	\$ 478,481	6%	\$ 28,709	\$ 587,272
2	Distribution System - pre 1988				\$ -	\$ -	\$ -	6%	\$ -	\$ -
8	General Office/Stores Equip	\$ 402,344	\$ 30,500		\$ 432,844	\$ 15,250	\$ 417,594	20%	\$ 83,519	\$ 349,325
10	Computer Hardware/ Vehicles	\$ 176,499			\$ 176,499	\$ -	\$ 176,499	30%	\$ 52,950	\$ 123,549
10.1	Certain Automobiles				\$ -	\$ -	\$ -	30%	\$ -	\$ -
12	Computer Software	\$ 128,367	\$ 90,000		\$ 218,367	\$ 45,000	\$ 173,367	100%	\$ 173,367	\$ 45,000
13 1	Lease # 1				\$ -	\$ -	\$ -		\$ -	\$ -
13 2	Lease #2				\$ -	\$ -	\$ -		\$ -	\$ -
13 3	Lease # 3				\$ -	\$ -	\$ -		\$ -	\$ -
13 4	Lease # 4				\$ -	\$ -	\$ -		\$ -	\$ -
14	Franchise				\$ -	\$ -	\$ -		\$ -	\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	\$ 15,427			\$ 15,427	\$ -	\$ 15,427	8%	\$ 1,234	\$ 14,193
42	Fibre Optic Cable				\$ -	\$ -	\$ -	12%	\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$ -
43.2	Certain Clean Energy Generation Equipment				\$ -	\$ -	\$ -	50%	\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	\$ 2,007			\$ 2,007	\$ -	\$ 2,007	45%	\$ 903	\$ 1,104
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				\$ -	\$ -	\$ -	30%	\$ -	\$ -
47	Distribution System - post February 2005	\$ 11,526,181	\$ 1,669,500		\$ 13,195,681	\$ 834,750	\$ 12,360,931	8%	\$ 988,874	\$ 12,206,807
50	Data Network Infrastructure Equipment - post Mar 2007	\$ 25,214	\$ 35,000		\$ 60,214	\$ 17,500	\$ 42,714	55%	\$ 23,493	\$ 36,721
52	Computer Hardware and system software				\$ -	\$ -	\$ -	100%	\$ -	\$ -
95	CWIP				\$ -	\$ -	\$ -		\$ -	\$ -
					\$ -	\$ -	\$ -		\$ -	\$ -
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	TOTAL	\$ 29,605,724	\$ 2,100,000	\$ -	\$ 31,705,724	\$ 1,050,000	\$ 30,655,724		\$ 2,032,597	\$ 29,673,127



Class	Class Description	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	\$ 16,309,156			\$ 16,309,156	\$ -	\$ 16,309,156	4%	\$ 652,366	\$ 15,656,790
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	\$ 587,272	20,000		\$ 607,272	\$ 10,000	\$ 597,272	6%	\$ 35,836	\$ 571,436
2	Distribution System - pre 1988	\$ -			\$ -	\$ -	\$ -	6%	\$ -	\$ -
8	General Office/Stores Equip	\$ 349,325	5,000		\$ 354,325	\$ 2,500	\$ 351,825	20%	\$ 70,365	\$ 283,960
10	Computer Hardware/ Vehicles	\$ 123,549	350,000		\$ 473,549	\$ 175,000	\$ 298,549	30%	\$ 89,565	\$ 383,985
10.1	Certain Automobiles	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$ -
12	Computer Software	\$ 45,000	58,500		\$ 103,500	\$ 29,250	\$ 74,250	100%	\$ 74,250	\$ 29,250
13.1	Lease # 1	\$ -	-		\$ -	\$ -	\$ -		\$ -	\$ -
13.2	Lease #2	\$ -	-		\$ -	\$ -	\$ -		\$ -	\$ -
13.3	Lease # 3	\$ -	-		\$ -	\$ -	\$ -		\$ -	\$ -
13.4	Lease # 4	\$ -	-		\$ -	\$ -	\$ -		\$ -	\$ -
14	Franchise	\$ -	-		\$ -	\$ -	\$ -		\$ -	\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than B	\$ 14,193			\$ 14,193	\$ -	\$ 14,193	8%	\$ 1,135	\$ 13,057
42	Fibre Optic Cable	\$ -			\$ -	\$ -	\$ -	12%	\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$ -
43.2	Certain Clean Energy Generation Equipment	\$ -			\$ -	\$ -	\$ -	50%	\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	\$ 1,104			\$ 1,104	\$ -	\$ 1,104	45%	\$ 497	\$ 607
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	\$ -			\$ -	\$ -	\$ -	30%	\$ -	\$ -
47	Distribution System - post February 2005	\$ 12,206,807	1,521,700		\$ 13,728,507	\$ 760,850	\$ 12,967,657	8%	\$ 1,037,413	\$ 12,691,094
50	Data Network Infrastructure Equipment - post Mar 2007	\$ 36,721	46,000		\$ 82,721	\$ 23,000	\$ 59,721	55%	\$ 32,847	\$ 49,875
52	Computer Hardware and system software	\$ -			\$ -	\$ -	\$ -	100%	\$ -	\$ -
95	CWIP	\$ -			\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
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					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
					\$ -	\$ -	\$ -	0%	\$ -	\$ -
	TOTAL	\$ 29,673,127	\$ 2,001,200	\$ -	\$ 31,674,327	\$ 1,000,600	\$ 30,673,727		\$ 1,994,274	\$ 29,680,053



# 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**

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	
<b>Tax Reserves Not Deducted for accounting purposes</b>								
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	
<b>Total</b>	<b>109,919</b>	<b>0</b>	<b>109,919</b>	<b>113,217</b>	<b>109,919</b>	<b>113,217</b>	<b>3,298</b>	<b>0</b>
<b>Financial Statement Reserves (not deductible for Tax Purposes)</b>								
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	
<b>Total</b>	<b>1,692,077</b>	<b>0</b>	<b>1,692,077</b>	<b>1,715,191</b>	<b>1,692,077</b>	<b>1,715,191</b>	<b>23,114</b>	<b>0</b>

# 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

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***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

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[6. Taxes PILs](#)

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[8. Rev Def Suff](#)

[9. Rev Req](#)

## Notes:

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

# Revenue Requirement Workform

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

	Initial Application	(2)	Adjustments	Interrogatory Responses	(6)	Adjustments	Per Board Decision
<b>1</b>	<b>Rate Base</b>						
Gross Fixed Assets (average)	\$53,874,400		\$233,754	\$ 54,108,154			\$54,108,154
Accumulated Depreciation (average)	(\$28,460,717)	(5)	(\$807,957)	(\$29,268,674)			(\$29,268,674)
<b>Allowance for Working Capital:</b>							
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)
<b>2</b>	<b>Utility Income</b>						
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		\$116,044	\$9,274,635	\$0		\$9,274,635
<b>Other Revenue:</b>							
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
<b>Operating Expenses:</b>							
OM+A Expenses	\$6,636,967		\$35,415	\$ 6,672,382			\$6,672,382
Depreciation/Amortization	\$1,081,619	(10)	\$140,471	\$ 1,222,090			\$1,222,090
Property taxes							
Other expenses							
<b>3</b>	<b>Taxes/P/Ls</b>						
Taxable Income:							
Adjustments required to arrive at taxable income	(\$807,525)	(3)		(\$818,784)			(\$818,784)
<b>Utility Income Taxes and Rates:</b>							
Income taxes (not grossed up)	\$50,245			\$39,357			\$39,357
Income taxes (grossed up)	\$62,416			\$48,891			\$48,891
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)
<b>4</b>	<b>Capitalization/Cost of Capital</b>						
<b>Capital Structure:</b>							
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%
<b>Cost of Capital:</b>							
Long-term debt Cost Rate (%)	4.08%			4.03%			4.03%
Short-term debt Cost Rate (%)	2.06%			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)		(11)

### Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
  - (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
  - (3) Net of addbacks and deductions to arrive at taxable income.
  - (4) Average of Gross Fixed Assets at beginning and end of the Test Year
  - (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
  - (6) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
  - (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
  - (8) 4.0% unless an Applicant has proposed or been approved for another amount.
  - (9) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.
  - (10) Depreciation Expense should include the adjustment resulting from the amortization of the deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.
  - (11) Adjustment should include the adjustment to the return on rate base associated with deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.



# Revenue Requirement Workform

## Rate Base and Working Capital

Line No.	Rate Base					
	Particulars		Initial Application	Adjustments	Interrogatory Responses	Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$53,874,400	\$233,754	\$54,108,154	\$ -
2	Accumulated Depreciation (average)	(3)	(\$28,460,717)	(\$807,957)	(\$29,268,674)	(\$29,268,674)
3	Net Fixed Assets (average)	(3)	\$25,413,683	(\$574,203)	\$24,839,480	\$24,839,480
4	Allowance for Working Capital	(1)	\$6,470,648	\$4,604	\$6,475,252	\$ -
5	<b>Total Rate Base</b>		<b>\$31,884,331</b>	<b>(\$569,599)</b>	<b>\$31,314,732</b>	<b>\$ -</b>

## 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
<b>Operating Revenues:</b>						
1	Distribution Revenue (at Proposed Rates)	\$9,158,591	\$116,044	\$9,274,635	\$ -	\$9,274,635
2	Other Revenue (1)	\$501,089	\$18,965	\$520,054	\$ -	\$520,054
3	Total Operating Revenues	\$9,659,680	\$135,009	\$9,794,689	\$ -	\$9,794,689
<b>Operating Expenses:</b>						
4	OM+A Expenses	\$6,636,967	\$35,415	\$6,672,382	\$ -	\$6,672,382
5	Depreciation/Amortization	\$1,081,619	\$140,471	\$1,222,090	\$ -	\$1,222,090
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$7,718,586	\$175,886	\$7,894,472	\$ -	\$7,894,472
10	Deemed Interest Expense	\$754,766	(\$522,001)	\$732,765	\$ -	\$732,765
11	Total Expenses (lines 9 to 10)	\$8,473,352	\$153,885	\$8,627,237	\$ -	\$8,627,237
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	(\$54,200)	\$1,167,452	\$ -	\$1,167,452
14	Income taxes (grossed-up)	\$62,416	(\$13,525)	\$48,891	\$ -	\$48,891
15	Utility net income	\$1,159,236	(\$40,674)	\$1,118,562	\$ -	\$1,118,562

### 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	\$1,118,562	\$1,118,562
2	Adjustments required to arrive at taxable utility income	(\$807,525)	(\$818,784)	(\$818,784)
3	Taxable income	<u>\$355,615</u>	<u>\$299,778</u>	<u>\$299,778</u>
<u>Calculation of Utility Income Taxes</u>				
4	Income taxes	<u>\$50,245</u>	<u>\$39,357</u>	<u>\$39,357</u>
6	Total taxes	<u>\$50,245</u>	<u>\$39,357</u>	<u>\$39,357</u>
7	Gross-up of Income Taxes	<u>\$12,171</u>	<u>\$9,534</u>	<u>\$9,534</u>
8	Grossed-up Income Taxes	<u>\$62,416</u>	<u>\$48,891</u>	<u>\$48,891</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$62,416</u>	<u>\$48,891</u>	<u>\$48,891</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%	\$17,536,250	4.03%	\$706,711
2	Short-term Debt	4.00%	\$1,252,589	2.08%	\$26,054
3	Total Debt	60.00%	\$18,788,839	3.90%	\$732,765
	Equity				
4	Common Equity	40.00%	\$12,525,893	8.93%	\$1,118,562
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$12,525,893	8.93%	\$1,118,562
7	Total	100.00%	\$31,314,732	5.91%	\$1,851,327
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	56.00%	\$17,536,250	4.03%	\$706,711
9	Short-term Debt	4.00%	\$1,252,589	2.08%	\$26,054
10	Total Debt	60.00%	\$18,788,839	3.90%	\$732,765
	Equity				
11	Common Equity	40.00%	\$12,525,893	8.93%	\$1,118,562
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	40.00%	\$12,525,893	8.93%	\$1,118,562
14	Total	100.00%	\$31,314,732	5.91%	\$1,851,327

### 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		\$303,846		\$303,846
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	\$501,089	\$501,089	\$520,054	\$520,054	\$520,054	\$520,054
	Offsets - net						
4	<b>Total Revenue</b>	<b>\$9,471,878</b>	<b>\$9,659,680</b>	<b>\$9,490,843</b>	<b>\$9,794,689</b>	<b>\$9,490,843</b>	<b>\$9,794,689</b>
5	Operating Expenses	\$7,718,586	\$7,718,586	\$7,894,472	\$7,894,472	\$7,894,472	\$7,894,472
6	Deemed Interest Expense	\$754,766	\$754,766	\$732,765	\$732,765	\$732,765	\$732,765
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	<b>Total Cost and Expenses</b>	<b>\$8,438,028</b>	<b>\$8,438,028</b>	<b>\$8,627,237</b>	<b>\$8,627,237</b>	<b>\$8,627,237</b>	<b>\$8,627,237</b>
9	<b>Utility Income Before Income Taxes</b>	<b>\$1,033,850</b>	<b>\$1,221,652</b>	<b>\$863,606</b>	<b>\$1,167,452</b>	<b>\$863,606</b>	<b>\$1,167,452</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$807,525)	(\$807,525)	(\$818,784)	(\$818,784)	(\$818,784)	(\$818,784)
11	<b>Taxable Income</b>	<b>\$226,325</b>	<b>\$414,127</b>	<b>\$44,822</b>	<b>\$348,668</b>	<b>\$44,822</b>	<b>\$348,668</b>
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	\$8,740	\$67,990	\$8,740	\$67,990
14	Income Tax Credits	(\$19,100)	(\$19,100)	(\$19,100)	(\$19,100)	(\$19,100)	(\$19,100)
15	<b>Utility Net Income</b>	<b>\$1,008,817</b>	<b>\$1,159,236</b>	<b>\$873,966</b>	<b>\$1,118,562</b>	<b>\$873,966</b>	<b>\$1,118,562</b>
16	<b>Utility Rate Base</b>	<b>\$31,884,331</b>	<b>\$31,884,331</b>	<b>\$31,314,732</b>	<b>\$31,314,732</b>	<b>\$31,314,732</b>	<b>\$31,314,732</b>
17	Deemed Equity Portion of Rate Base	\$12,753,733	\$12,753,733	\$12,525,893	\$12,525,893	\$12,525,893	\$12,525,893
18	Income/(Equity Portion of Rate Base)	7.91%	9.09%	6.98%	8.93%	6.98%	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%	-1.95%	0.00%	-1.95%	0.00%
21	Indicated Rate of Return	5.53%	6.00%	5.13%	5.91%	5.13%	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%	-0.78%	0.00%	-0.78%	0.00%
24	Target Return on Equity	\$1,163,140	\$1,163,140	\$1,118,562	\$1,118,562	\$1,118,562	\$1,118,562
25	Revenue Deficiency/(Sufficiency)	\$154,324	(\$3,904)	\$244,596	(\$1)	\$244,596	(\$1)
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$191,706 (1)</b>		<b>\$303,846 (1)</b>		<b>\$303,846 (1)</b>	

### Notes:

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

# Revenue Requirement Workform

## Revenue Requirement

Line No.	Particulars	Application	Interrogatory Responses	Per Board Decision
1	OM&A Expenses	\$6,636,967	\$6,672,382	\$6,672,382
2	Amortization/Depreciation	\$1,081,619	\$1,222,090	\$1,222,090
3	Property Taxes	\$ -		
5	Income Taxes (Grossed up)	\$62,416	\$48,891	\$48,891
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$754,766	\$732,765	\$732,765
	Return on Deemed Equity	\$1,163,140	\$1,118,562	\$1,118,562
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$35,324)	\$ -	\$ -
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$9,663,584</u>	<u>\$9,794,690</u>	<u>\$9,794,690</u>
9	Revenue Offsets	\$501,089	\$520,054	\$520,054
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$9,162,495</u>	<u>\$9,274,636</u>	<u>\$9,274,636</u>
11	Distribution revenue	\$9,158,591	\$9,274,635	\$9,274,635
12	Other revenue	\$501,089	\$520,054	\$520,054
13	<b>Total revenue</b>	<u>\$9,659,680</u>	<u>\$9,794,689</u>	<u>\$9,794,689</u>
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>(\$3,904)</u>	(1) <u>(\$1)</u>	(1) <u>(\$1)</u>

### Notes

(1) Line 11 - Line 8