



Revenue Requirement Workform



Version 3.00

Utility Name	Innisfil Hydro Dist. Systems Limited
Service Territory	
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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 the



Revenue Requirement Workform

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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)	\$64,467,293		\$ 60,322,054			\$60,322,054
	Accumulated Depreciation (average)	(\$30,319,374)	(5) \$37,687	(\$30,281,687)			(\$30,281,687)
	Allowance for Working Capital:						
	Controllable Expenses	\$5,477,572		\$ 5,477,572			\$5,477,572
	Cost of Power	\$24,238,088		\$ 24,238,088			\$24,238,088
	Working Capital Rate (%)	13.00%	(9)	13.00%	(9)		13.00% (9)
2	Utility Income						
	Operating Revenues:						
	Distribution Revenue at Current Rates	\$8,100,851		\$8,100,851		\$0	\$8,100,851
	Distribution Revenue at Proposed Rates	\$8,862,687	(\$301,668)	\$8,561,019		\$0	\$8,561,019
	Other Revenue:						
	Specific Service Charges	\$154,100	\$0	\$154,100		\$0	\$154,100
	Late Payment Charges	\$113,700	\$0	\$113,700		\$0	\$113,700
	Other Distribution Revenue	\$222,633	\$0	\$222,633		\$0	\$222,633
	Other Income and Deductions	\$66,515	\$0	\$66,515		\$0	\$66,515
	Total Revenue Offsets	\$556,948	(7) \$0	\$556,948		\$0	\$556,948
	Operating Expenses:						
	OM+A Expenses	\$5,465,072		\$ 5,465,072			\$5,465,072
	Depreciation/Amortization	\$1,451,988	(10) (\$64,973)	\$ 1,387,015			\$1,387,015
	Property taxes	\$12,500		\$ 12,500			\$12,500
	Other expenses						
3	Taxes/PILs						
	Taxable Income:						
	Adjustments required to arrive at taxable income	(\$1,246,052)	(3)	(\$805,837)			(\$805,837)
	Utility Income Taxes and Rates:						
	Income taxes (not grossed up)	\$21,791		\$30,805			\$30,805
	Income taxes (grossed up)	\$25,788		\$36,455			\$36,455
	Federal tax (%)	11.00%		11.00%			11.00%
	Provincial tax (%)	4.50%		4.50%			4.50%
	Income Tax Credits			(\$32,000)			(\$32,000)
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 (%)	5.11%		5.15%			5.15%
	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 (\$)	(\$42,167)	(11) \$42,167	\$ -	(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 (%)
- (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

Rate Base										
Line No.	Particulars		Initial Application		Adjustments		Interrogatory Responses		Adjustments	Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$64,467,293		(\$4,145,239)		\$60,322,054		\$ -	\$60,322,054
2	Accumulated Depreciation (average)	(3)	(\$30,319,374)		\$37,687		(\$30,281,687)		\$ -	(\$30,281,687)
3	Net Fixed Assets (average)	(3)	\$34,147,919		(\$4,107,552)		\$30,040,367		\$ -	\$30,040,367
4	Allowance for Working Capital	(1)	\$3,863,036		\$ -		\$3,863,036		\$ -	\$3,863,036
5	Total Rate Base		\$38,010,954		(\$4,107,552)		\$33,903,403		\$ -	\$33,903,403

Allowance for Working Capital - Derivation

(1)

6	Controllable Expenses		\$5,477,572	\$ -	\$5,477,572	\$ -	\$5,477,572
7	Cost of Power		\$24,238,088	\$ -	\$24,238,088	\$ -	\$24,238,088
8	Working Capital Base		\$29,715,660	\$ -	\$29,715,660	\$ -	\$29,715,660
9	Working Capital Rate %	(2)	13.00%	0.00%	13.00%	0.00%	13.00%
10	Working Capital Allowance		\$3,863,036	\$ -	\$3,863,036	\$ -	\$3,863,036

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)	\$8,862,687	(\$301,668)	\$8,561,019	\$ -	\$8,561,019
2	Other Revenue (1)	\$556,948	\$ -	\$556,948	\$ -	\$556,948
3	Total Operating Revenues	\$9,419,635	(\$301,668)	\$9,117,967	\$ -	\$9,117,967
	Operating Expenses:					
4	OM+A Expenses	\$5,465,072	\$ -	\$5,465,072	\$ -	\$5,465,072
5	Depreciation/Amortization	\$1,451,988	(\$64,973)	\$1,387,015	\$ -	\$1,387,015
6	Property taxes	\$12,500	\$ -	\$12,500	\$ -	\$12,500
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$6,929,560	(\$64,973)	\$6,864,587	\$ -	\$6,864,587
10	Deemed Interest Expense	\$1,119,814	(\$113,919)	\$1,005,895	\$ -	\$1,005,895
11	Total Expenses (lines 9 to 10)	\$8,049,374	(\$178,892)	\$7,870,482	\$ -	\$7,870,482
12	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$42,167)	\$42,167	\$ -	\$ -	\$ -
13	Utility income before income taxes	\$1,412,428	(\$164,943)	\$1,247,485	\$ -	\$1,247,485
14	Income taxes (grossed-up)	\$25,788	\$10,667	\$36,455	\$ -	\$36,455
15	Utility net income	\$1,386,640	(\$175,610)	\$1,211,030	\$ -	\$1,211,030

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$154,100	\$ -	\$154,100	\$ -	\$154,100
	Late Payment Charges	\$113,700	\$ -	\$113,700	\$ -	\$113,700
	Other Distribution Revenue	\$222,633	\$ -	\$222,633	\$ -	\$222,633
	Other Income and Deductions	\$66,515	\$ -	\$66,515	\$ -	\$66,515
	Total Revenue Offsets	\$556,948	\$ -	\$556,948	\$ -	\$556,948



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	\$1,386,640	\$1,211,030	\$1,211,030
2	Adjustments required to arrive at taxable utility income	(\$1,246,052)	(\$805,837)	(\$805,837)
3	Taxable income	<u>\$140,588</u>	<u>\$405,193</u>	<u>\$405,193</u>
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	<u>\$21,791</u>	<u>\$30,805</u>	<u>\$30,805</u>
6	Total taxes	<u>\$21,791</u>	<u>\$30,805</u>	<u>\$30,805</u>
7	Gross-up of Income Taxes	<u>\$3,997</u>	<u>\$5,651</u>	<u>\$5,651</u>
8	Grossed-up Income Taxes	<u>\$25,788</u>	<u>\$36,455</u>	<u>\$36,455</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$25,788</u>	<u>\$36,455</u>	<u>\$36,455</u>
10	Other tax Credits	\$ -	(\$32,000)	(\$32,000)
<u>Tax Rates</u>				
11	Federal tax (%)	11.00%	11.00%	11.00%
12	Provincial tax (%)	4.50%	4.50%	4.50%
13	Total tax rate (%)	<u>15.50%</u>	<u>15.50%</u>	<u>15.50%</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%	\$21,286,134	5.11%		\$1,088,189
2	Short-term Debt	4.00%	\$1,520,438	2.08%		\$31,625
3	Total Debt	60.00%	\$22,806,573	4.91%		\$1,119,814
	Equity					
4	Common Equity	40.00%	\$15,204,382	9.12%		\$1,386,640
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	40.00%	\$15,204,382	9.12%		\$1,386,640
7	Total	100.00%	\$38,010,954	6.59%		\$2,506,454
		Interrogatory Responses				
		(%)	(\$)	(%)		(\$)
	Debt					
1	Long-term Debt	56.00%	\$18,985,906	5.15%		\$977,688
2	Short-term Debt	4.00%	\$1,356,136	2.08%		\$28,208
3	Total Debt	60.00%	\$20,342,042	4.94%		\$1,005,895
	Equity					
4	Common Equity	40.00%	\$13,561,361	8.93%		\$1,211,030
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	40.00%	\$13,561,361	8.93%		\$1,211,030
7	Total	100.00%	\$33,903,403	6.54%		\$2,216,925
		Per Board Decision				
		(%)	(\$)	(%)		(\$)
	Debt					
8	Long-term Debt	56.00%	\$18,985,906	5.15%		\$977,688
9	Short-term Debt	4.00%	\$1,356,136	2.08%		\$28,208
10	Total Debt	60.00%	\$20,342,042	4.94%		\$1,005,895
	Equity					
11	Common Equity	40.00%	\$13,561,361	8.93%		\$1,211,030
12	Preferred Shares	0.00%	\$ -	0.00%		\$ -
13	Total Equity	40.00%	\$13,561,361	8.93%		\$1,211,030
14	Total	100.00%	\$33,903,403	6.54%		\$2,216,925

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		\$761,836		\$460,168		\$460,168
2	Distribution Revenue	\$8,100,851	\$8,100,851	\$8,100,851	\$8,100,851	\$8,100,851	\$8,100,851
3	Other Operating Revenue	\$556,948	\$556,948	\$556,948	\$556,948	\$556,948	\$556,948
	Offsets - net						
4	Total Revenue	\$8,657,799	\$9,419,635	\$8,657,799	\$9,117,967	\$8,657,799	\$9,117,967
5	Operating Expenses	\$6,929,560	\$6,929,560	\$6,864,587	\$6,864,587	\$6,864,587	\$6,864,587
6	Deemed Interest Expense	\$1,119,814	\$1,119,814	\$1,005,895	\$1,005,895	\$1,005,895	\$1,005,895
7		(\$42,167) (2)	(\$42,167)	\$ - (2)	\$ -	\$ - (2)	\$ -
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS						
8	Total Cost and Expenses	\$8,007,207	\$8,007,207	\$7,870,482	\$7,870,482	\$7,870,482	\$7,870,482
9	Utility Income Before Income Taxes	\$650,592	\$1,412,428	\$787,317	\$1,247,485	\$787,317	\$1,247,485
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$1,246,052)	(\$1,246,052)	(\$805,837)	(\$805,837)	(\$805,837)	(\$805,837)
11	Taxable Income	(\$595,460)	\$166,376	(\$18,520)	\$441,648	(\$18,520)	\$441,648
12	Income Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
13	Income Tax on Taxable Income	(\$92,296)	\$25,788	(\$2,871)	\$68,455	(\$2,871)	\$68,455
14	Income Tax Credits	\$ -	\$ -	(\$32,000)	(\$32,000)	(\$32,000)	(\$32,000)
15	Utility Net Income	\$742,888	\$1,386,640	\$822,187	\$1,211,030	\$822,187	\$1,211,030
16	Utility Rate Base	\$38,010,954	\$38,010,954	\$33,903,403	\$33,903,403	\$33,903,403	\$33,903,403
17	Deemed Equity Portion of Rate Base	\$15,204,382	\$15,204,382	\$13,561,361	\$13,561,361	\$13,561,361	\$13,561,361
18	Income/(Equity Portion of Rate Base)	4.89%	9.12%	6.06%	8.93%	6.06%	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	-4.23%	0.00%	-2.87%	0.00%	-2.87%	0.00%
21	Indicated Rate of Return	4.90%	6.59%	5.39%	6.54%	5.39%	6.54%
22	Requested Rate of Return on Rate Base	6.59%	6.59%	6.54%	6.54%	6.54%	6.54%
23	Deficiency/Sufficiency in Rate of Return	-1.69%	0.00%	-1.15%	0.00%	-1.15%	0.00%
24	Target Return on Equity	\$1,386,640	\$1,386,640	\$1,211,030	\$1,211,030	\$1,211,030	\$1,211,030
25	Revenue Deficiency/(Sufficiency)	\$643,752	\$ -	\$388,842	\$0	\$388,842	\$0
26	Gross Revenue Deficiency/(Sufficiency)	\$761,836 (1)		\$460,168 (1)		\$460,168 (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	\$5,465,072	\$5,465,072	\$5,465,072
2	Amortization/Depreciation	\$1,451,988	\$1,387,015	\$1,387,015
3	Property Taxes	\$12,500	\$12,500	\$12,500
5	Income Taxes (Grossed up)	\$25,788	\$36,455	\$36,455
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$1,119,814	\$1,005,895	\$1,005,895
	Return on Deemed Equity	\$1,386,640	\$1,211,030	\$1,211,030
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$42,167)	\$ -	\$ -
8	Service Revenue Requirement (before Revenues)	<u>\$9,419,635</u>	<u>\$9,117,967</u>	<u>\$9,117,967</u>
9	Revenue Offsets	\$556,948	\$556,948	\$556,948
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$8,862,687</u>	<u>\$8,561,019</u>	<u>\$8,561,019</u>
11	Distribution revenue	\$8,862,687	\$8,561,019	\$8,561,019
12	Other revenue	\$556,948	\$556,948	\$556,948
13	Total revenue	<u>\$9,419,635</u>	<u>\$9,117,967</u>	<u>\$9,117,967</u>
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ - (1)</u>	<u>\$0 (1)</u>	<u>\$0 (1)</u>

Notes

(1) Line 11 - Line 8