



File Number: EB-2013-0174

Date Filed: October 31, 2013

Exhibit 6

CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY



File Number: EB-2013-0174

Date Filed: October 31, 2013

Exhibit 6

Tab 1 of 1

Utility Revenue



Overview
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Overview

This exhibit provides a summary of the total revenue required by Veridian in 2014 to continue providing safe and reliable electricity distribution service to its customers in an efficient manner.

Veridian collects its service revenue requirement primarily through distribution rates. Other revenues are collected through specific service charges, rent from electric property, late payment charges, interest and other miscellaneous revenues. These Other Revenues (Exhibit 3, Tab 8, Schedules 1 and 2) are treated as offsets against service revenue requirement when calculating base revenue requirement which must be collected through distribution rates.

The calculation of the revenue deficiency does not include the recovery of Regulatory Assets (Exhibit 9) and Low Voltage Charges (Exhibit 8, Tab 3, Schedule 2). In accordance with the Board's Filing Requirements, costs and revenues related to the Cost of Power are segregated from the calculation of the revenue sufficiency/deficiency.

The calculation of the revenue deficiency/sufficiency for the 2014 Test Year is based on the following information:

- The following elements of Approved 2013 rates; (Exhibit 8, Tab 6, Schedule 1, Attachment 1)
 - Service Charge
 - Distribution Volumetric Rate
 - Rate Rider for Recovery of Smart Meter Incremental Revenue Requirement (SMIRR)
 - Rate Rider for Application of Tax Change



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- The 2014 load forecast and customer count forecast (Exhibit 3, Tab 2, Schedules 1 to 7)
- The 2014 calculated Base Revenue Requirement (Exhibit 6, Tab 1, Schedule 1)

In the 2014 Test Year, Veridian's total service revenue requirement has been calculated as \$55,967,034. Total revenue offsets have been calculated as \$3,767,464. Base revenue requirement has been calculated as \$52,199,570.

Table 1 below summarizes Veridian's service and base revenue requirement for the 2014 Test Year.

Table 1: Service and Base Revenue Requirement

	2014 Test Year
OM&A Expenses	28,283,692
Amortization Expense	10,672,290
Total Distribution Expenses	38,955,982
Regulated Return On Capital	15,906,655
PILs (with gross-up)	1,104,396
Service Revenue Requirement	55,967,034
Less: Revenue Offsets	3,767,464
Base Revenue Requirement	52,199,570

Veridian has determined allowable 2014 utility income before deemed interest expense and taxes to be \$17,011,052. Utility Net Income after interest and taxes is \$8,748,056. The following table 2 provides the detailed net income calculation for the 2014 Test Year at existing rates.



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Table 2: Calculation of Test Year Utility Net Income

	2014 Test Year
Revenue	
Distribution Revenues	52,199,570
Other Revenues	<u>3,767,464</u>
Total Revenue	55,967,034
Expenses	
OM&A Expenses	28,283,692
Amortization	<u>10,672,290</u>
	38,955,982
Utility Income Before Interest and Taxes	17,011,052
Less: Deemed Interest Expense	<u>7,158,599</u>
Utility Income Before Taxes	9,852,453
Income Taxes	1,104,396
Utility Net Income	8,748,056

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1 Table 3 below provides a statement of rate base and requested return on rate base for the 2014
2 Test Year.
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Table 3: Statement of Rate Base and Requested Return on Rate Base

2013 ending Net Fixed Assets	190,725,317	
2014 ending Net Fixed Assets	<u>210,130,625</u>	
Average Net Fixed Assets		200,427,971
Working Capital Allowance Base	312,426,088	
Working Capital Allowance	13.80%	43,114,800
Rate Base		<u>243,542,771</u>

Return On Rate Base

Deemed Short-Term Debt %	4%	9,741,711
Deemed Long-Term Debt %	56%	136,383,952
Deemed Equity %	40%	97,417,108
Short-Term Interest	2.07%	201,653
Long-Term Interest	5.10%	6,956,945
Return On Equity	8.98%	<u>8,748,056</u>
Return On Rate Base		15,906,655

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6 The requested return on rate base represents a 6.53% weighted average cost of capital. The
7 details of the components of the cost of capital are provided in Exhibit 5.
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9 As per the Filing Requirements, Veridian has completed the 2014 Revenue Requirement Work
10 Form ("RRWF"). It is provided as Attachment 1 to this Schedule.



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Attachment 1 of 1

2014 Revenue Requirement Work Form



Revenue Requirement Workform



Version 4.00

Utility Name	Veridian Connections Inc.
Service Territory	Harmonized
Assigned EB Number	EB-2013-0174
Name and Title	Laurie McLorg, VP Financial Services
Phone Number	905-427-9870 X2230
Email Address	lmclorg@veridian.on.ca



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***



Data Input ⁽¹⁾

	Initial Application	(2)		(6)		Per Board Decision
1	Rate Base					
	Gross Fixed Assets (average)	\$425,051,718		\$ 425,051,718		\$425,051,718
	Accumulated Depreciation (average)	(\$224,623,747)	(5)	(\$224,623,747)		(\$224,623,747)
	Allowance for Working Capital:					
	Controllable Expenses	\$28,283,692		\$ 28,283,692		\$28,283,692
	Cost of Power	\$284,142,396		\$ 284,142,396		\$284,142,396
	Working Capital Rate (%)	13.80%	(9)	13.80%	(9)	13.80% (9)
2	Utility Income					
	Operating Revenues:					
	Distribution Revenue at Current Rates	\$49,080,522				
	Distribution Revenue at Proposed Rates	\$52,199,570				
	Other Revenue:					
	Specific Service Charges	\$1,789,404				
	Late Payment Charges	\$494,459				
	Other Distribution Revenue	\$969,428				
	Other Income and Deductions	\$514,173				
	Total Revenue Offsets	\$3,767,464	(7)			
	Operating Expenses:					
	OM+A Expenses	\$28,283,692		\$ 28,283,692		\$28,283,692
	Depreciation/Amortization	\$10,672,290		\$ 10,672,290		\$10,672,290
	Property taxes					
	Other expenses					
3	Taxes/PILs					
	Taxable Income:					
		(\$5,142,079)	(3)			
	Adjustments required to arrive at taxable income					
	Utility Income Taxes and Rates:					
	Income taxes (not grossed up)	\$822,451				
	Income taxes (grossed up)	\$1,104,395				
	Federal tax (%)	15.00%				
	Provincial tax (%)	10.53%				
	Income Tax Credits	(\$98,133)				
4	Capitalization/Cost of Capital					
	Capital Structure:					
	Long-term debt Capitalization Ratio (%)	56.0%				
	Short-term debt Capitalization Ratio (%)	4.0%	(8)	(8)		(8)
	Common Equity Capitalization Ratio (%)	40.0%				
	Preferred Shares Capitalization Ratio (%)					
		100.0%				
	Cost of Capital					
	Long-term debt Cost Rate (%)	5.10%				
	Short-term debt Cost Rate (%)	2.07%				
	Common Equity Cost Rate (%)	8.98%				
	Preferred Shares Cost Rate (%)					

- 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.



Rate Base and Working Capital

Rate Base										
Line No.	Particulars		Initial Application				Per Board Decision			
1	Gross Fixed Assets (average)	(3)	\$425,051,718		\$ -	\$425,051,718		\$ -		\$425,051,718
2	Accumulated Depreciation (average)	(3)	(\$224,623,747)		\$ -	(\$224,623,747)		\$ -		(\$224,623,747)
3	Net Fixed Assets (average)	(3)	\$200,427,971		\$ -	\$200,427,971		\$ -		\$200,427,971
4	Allowance for Working Capital	(1)	\$43,114,800		\$ -	\$43,114,800		\$ -		\$43,114,800
5	Total Rate Base		\$243,542,771		\$ -	\$243,542,771		\$ -		\$243,542,771

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$28,283,692	\$ -	\$28,283,692	\$ -	\$28,283,692
7	Cost of Power	\$284,142,396	\$ -	\$284,142,396	\$ -	\$284,142,396
8	Working Capital Base	\$312,426,088	\$ -	\$312,426,088	\$ -	\$312,426,088
9	Working Capital Rate % (2)	13.80%	0.00%	13.80%	0.00%	13.80%
10	Working Capital Allowance	\$43,114,800	\$ -	\$43,114,800	\$ -	\$43,114,800

Notes

- (2)

Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2014 cost of service applications is 13%.
- (3)

Average of opening and closing balances for the year.



Utility Income

Line No.	Particulars	Initial Application						Per Board Decision
	Operating Revenues:							
1	Distribution Revenue (at Proposed Rates)	\$52,199,570	(\$52,199,570)	\$ -	\$ -	\$ -		\$ -
2	Other Revenue (1)	\$3,767,464	(\$3,767,464)	\$ -	\$ -	\$ -		\$ -
3	Total Operating Revenues	\$55,967,034	(\$55,967,034)	\$ -	\$ -	\$ -		\$ -
	Operating Expenses:							
4	OM+A Expenses	\$28,283,692	\$ -	\$28,283,692	\$ -	\$28,283,692		\$28,283,692
5	Depreciation/Amortization	\$10,672,290	\$ -	\$10,672,290	\$ -	\$10,672,290		\$10,672,290
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
9	Subtotal (lines 4 to 8)	\$38,955,982	\$ -	\$38,955,982	\$ -	\$38,955,982		\$38,955,982
10	Deemed Interest Expense	\$7,158,599	(\$7,158,599)	\$ -	\$ -	\$ -		\$ -
11	Total Expenses (lines 9 to 10)	\$46,114,581	(\$7,158,599)	\$38,955,982	\$ -	\$38,955,982		\$38,955,982
12	Utility income before income taxes	\$9,852,453	(\$48,808,435)	(\$38,955,982)	\$ -	(\$38,955,982)		(\$38,955,982)
13	Income taxes (grossed-up)	\$1,104,395	\$ -	\$1,104,395	\$ -	\$1,104,395		\$1,104,395
14	Utility net income	\$8,748,058	(\$48,808,435)	(\$40,060,377)	\$ -	(\$40,060,377)		(\$40,060,377)
Notes								
	Other Revenues / Revenue Offsets							
(1)	Specific Service Charges	\$1,789,404		\$ -		\$ -		\$ -
	Late Payment Charges	\$494,459		\$ -		\$ -		\$ -
	Other Distribution Revenue	\$969,428		\$ -		\$ -		\$ -
	Other Income and Deductions	\$514,173		\$ -		\$ -		\$ -
	Total Revenue Offsets	\$3,767,464	\$ -	\$ -	\$ -	\$ -		\$ -



Revenue Requirement Workform

Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$8,748,056		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$5,142,079)		\$ -		(\$5,142,079)	
3	Taxable income	\$3,605,977		\$ -		(\$5,142,079)	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$822,451		\$822,451		\$822,451	
6	Total taxes	\$822,451		\$822,451		\$822,451	
7	Gross-up of Income Taxes	\$281,944		\$281,944		\$281,944	
8	Grossed-up Income Taxes	\$1,104,395		\$1,104,395		\$1,104,395	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$1,104,395		\$1,104,395		\$1,104,395	
10	Other tax Credits	(\$98,133)		(\$98,133)		(\$98,133)	
<u>Tax Rates</u>							
11	Federal tax (%)	15.00%		15.00%		15.00%	
12	Provincial tax (%)	10.53%		10.53%		10.53%	
13	Total tax rate (%)	25.53%		25.53%		25.53%	

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%	\$136,383,952	5.10%	\$6,956,945
2	Short-term Debt	4.00%	\$9,741,711	2.07%	\$201,653
3	Total Debt	60.00%	\$146,125,663	4.90%	\$7,158,599
	Equity				
4	Common Equity	40.00%	\$97,417,108	8.98%	\$8,748,056
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$97,417,108	8.98%	\$8,748,056
7	Total	100.00%	\$243,542,771	6.53%	\$15,906,655
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	\$ -
7	Total	0.00%	\$243,542,771	0.00%	\$ -
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	5.10%	\$ -
9	Short-term Debt	0.00%	\$ -	2.07%	\$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
11	Common Equity	0.00%	\$ -	8.98%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$243,542,771	0.00%	\$ -

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		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$3,119,042		(\$12,019,070)
2	Distribution Revenue	\$49,080,522	\$49,080,528	\$49,080,522	\$64,218,640
3	Other Operating Revenue	\$3,767,464	\$3,767,464	\$ -	\$ -
	Offsets - net				
4	Total Revenue	<u>\$52,847,986</u>	<u>\$55,967,034</u>	<u>\$49,080,522</u>	<u>\$52,199,570</u>
5	Operating Expenses	\$38,955,982	\$38,955,982	\$38,955,982	\$38,955,982
6	Deemed Interest Expense	\$7,158,599	\$7,158,599	\$ -	\$ -
8	Total Cost and Expenses	<u>\$46,114,581</u>	<u>\$46,114,581</u>	<u>\$38,955,982</u>	<u>\$38,955,982</u>
9	Utility Income Before Income Taxes	\$6,733,405	\$9,852,453	\$10,124,540	\$13,243,588
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$5,142,079)	(\$5,142,079)	(\$5,142,079)	(\$5,142,079)
11	Taxable Income	<u>\$1,591,326</u>	<u>\$4,710,374</u>	<u>\$4,982,461</u>	<u>\$8,101,509</u>
12	Income Tax Rate	25.53%	25.53%	25.53%	25.53%
13	Income Tax on Taxable Income	\$406,254	\$1,202,526	\$1,271,987	\$2,068,259
14	Income Tax Credits	(\$98,133)	(\$98,133)	(\$98,133)	(\$98,133)
15	Utility Net Income	<u>\$6,425,284</u>	<u>\$8,748,058</u>	<u>\$8,950,686</u>	<u>(\$40,060,377)</u>
16	Utility Rate Base	\$243,542,771	\$243,542,771	\$243,542,771	\$243,542,771
17	Deemed Equity Portion of Rate Base	\$97,417,108	\$97,417,108	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	6.60%	8.98%	0.00%	0.00%
19	Target Return - Equity on Rate Base	8.98%	8.98%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-2.38%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	5.58%	6.53%	3.68%	0.00%
22	Requested Rate of Return on Rate Base	6.53%	6.53%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-0.95%	0.00%	3.68%	0.00%
24	Target Return on Equity	\$8,748,056	\$8,748,056	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$2,322,773	\$1	(\$8,950,686)	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	<u>\$3,119,042 (1)</u>		<u>(\$12,019,070) (1)</u>	<u>\$38,955,982 (1)</u>

Notes:

(1) Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)



Revenue Requirement

Line No.	Particulars	Application				Per Board Decision	
1	OM&A Expenses	\$28,283,692		\$28,283,692		\$28,283,692	
2	Amortization/Depreciation	\$10,672,290		\$10,672,290		\$10,672,290	
3	Property Taxes	\$ -					
5	Income Taxes (Grossed up)	\$1,104,395		\$1,104,395		\$1,104,395	
6	Other Expenses	\$ -					
7	Return						
	Deemed Interest Expense	\$7,158,599		\$ -		\$ -	
	Return on Deemed Equity	\$8,748,056		\$ -		\$ -	
8	Service Revenue Requirement (before Revenues)	\$55,967,033		\$40,060,377		\$40,060,377	
9	Revenue Offsets	\$3,767,464		\$ -		\$ -	
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	\$52,199,569		\$40,060,377		\$40,060,377	
11	Distribution revenue	\$52,199,570		\$ -		\$ -	
12	Other revenue	\$3,767,464		\$ -		\$ -	
13	Total revenue	\$55,967,034		\$ -		\$ -	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$1	(1)	(\$40,060,377)	(1)	(\$40,060,377)	(1)

Notes							
(1)	Line 11 - Line 8						



Calculation of Revenue Deficiency

The revenue deficiency in the 2014 Test Year is the difference between the revenue that Veridian would earn in the test year using current rates and the base revenue requirement for the test year.

As Veridian currently maintains two tariff zones, the 2014 revenue at current rates is calculated using the existing 2013 distribution rates for each of the tariff zones; Veridian_Main and Veridian_Gravenhurst and the forecasted 2014 customer counts and load volumes by tariff zone.

The methodologies and assumptions used in developing the forecast customer counts and load volumes are provided in Exhibit 3.

The table below shows the 2014 distribution revenues at current rates, for each tariff zone.

Table 1: 2014 Revenue at Current Rates

	2014 Revenue at Current Rates		
	Main	Gravenhurst	Total
Fixed Charge Revenue	19,535,380	1,309,564	20,844,944
Variable Charge Revenue	26,674,758	1,560,850	28,235,608
Total Distribution Revenues	46,210,138	2,870,414	49,080,552



1 The tables below summarize the calculation of the 2014 revenue deficiency.

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Table 2 - Net Income at Existing Rates

Revenue	
Distribution Revenues	49,080,552
Other Revenues	<u>3,767,464</u>
Total Revenue	52,848,016
Expenses	
OM&A Expenses	28,283,692
Amortization	<u>10,672,290</u>
	38,955,982
Net Income before Interest and taxes	13,892,034

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Table 3: Rate of Return / Gross and Net Revenue Deficiency

Utility Income before interest and taxes	13,892,034
Utility Rate Base	243,542,771
Indicated Rate of Return	5.70%
Requested / Approved Rate of Return	6.53%
Sufficiency / (Deficiency) in Return	(0.83%)
Net Revenue Deficiency*	(2,014,621)
Provision for PILs/Taxes	<u>(1,104,396)</u>
Gross Revenue Deficiency	(3,119,018)

* deficiency in rate of return X rate base

Distribution Revenues at Existing Rates	49,080,552
2014 Base Revenue Requirement	<u>52,199,570</u>
Gross Revenue Deficiency	(3,119,018)

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Calculation of Revenue Deficiency
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1

Equity Portion of Rate Base (from Statement of Rate Base)	97,417,108
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Income/Equity Portion of Rate Base	6.91%
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Target Return-Deemed Return on Equity Portion	8.98%
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Deficiency in Return on Equity	-2.07%
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Drivers of Revenue Deficiency

The drivers of the calculated revenue deficiency are provided in the table below.

Summary of the Components of Revenue Deficiency

Driver	Impact	Reference
Increases in OM&A due to		
Changes in Accounting Policy	(1,553,065)	Exhibit 2, Tab 2, Schedule 3
Smart Metering Expenses	(727,102)	Exhibit 4, Tab 2
Other Increases in OM&A Expenses	(4,517,203)	Exhibit 4
SMIRR	1,901,495	Exhibit 9, Tab 1, Schedule 4
Decrease in Amortization	2,074,000	Exhibit 4, Tab 7
Increase in Return on Rate Base	(2,582,788)	Exhibit 2
Decrease in PILs	1,960,807	Exhibit 4, Tab 9, Schedule 5
Decrease in Revenue Offsets	(695,636)	Exhibit 3, Tab 8, Schedule 3
Load Growth, IRM Adjustments	<u>1,020,475</u>	Exhibit 3
Total Revenue Deficiency	(3,119,017)	

The impacts of the drivers are derived by the differences between the 2010 Board Approved values and the 2014 Test Year forecast.

The change in 2014 revenue requirement is primarily due to:

- Inclusion of smart meter operating and capital costs in revenue requirement – these costs were previously recorded in variance and deferral accounts. These costs are offset in 2013 by revenue collected through the Smart Meter Incremental Revenue Rate Rider (SMIRR)



- 1 • The increase in Return on Rate Base due to continued investment in the distribution
2 infrastructure and the resulting increase in Net Fixed Assets from 2010 to 2014. The
3 forecasted value of rate base in 2013 is \$243.5 million; an increase of \$56.9 million over
4 2010 Board Approved values. The impact of increased rate base is offset in part by the
5 forecast decrease in rate of return on rate base from 7.14% in 2010 to 6.53% in 2014.
- 6 • Changes in Accounting Policy for capitalization of overheads implemented January 1st,
7 2012 increased OM&A expenses by \$1.6 million and contributed to the revenue
8 deficiency
- 9 • A decrease in amortization as a result of the change in useful lives, partially offset by an
10 increase in amortization due to additions to rate base in 2010 through 2014, resulting in
11 an overall reduced contribution to revenue deficiency
- 12 • Increases in OM&A related to:
 - 13 ○ increases in cost of labour
 - 14 ○ increased OM&A program costs for critical asset maintenance, pole and cable
15 testing, Asset Condition Assessments and Distribution Automation
 - 16 ○ increases in the cost of distributor obligations for cable locates, customer service
17 standards and meter standards
 - 18 ○ increase in costs for business integrity programs such as records management,
19 business continuity, insurance and telecommunications
 - 20 ○ increases in operations of technology platforms
 - 21 ○ cost increases in other expenses beyond the Price Cap Index increases under IRM
- 22 • A decrease in PILs, primarily due to lower tax rates
- 23 • A decrease in revenue offsets
- 24 • An increase in revenues from load growth from 2010 through 2014 and IRM adjustments