

November 27, 2013

**EMAIL, COURIER & RESS**

Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Attention: Board Secretary

Dear Ms. Walli:

**Re: Great Lakes Power Transmission LP - EB-2012-0300 - Revisions to 2014 Revenue Requirement and Updates to Account Balances and Disposition Amounts**

We are counsel to Great Lakes Power Transmission LP ("GLPT"). This letter is in response to Board staff's request that GLPT revise its 2014 Revenue Requirement Work Form and provide various 2014 account balances and disposition amounts.

GLPT filed its 2014 Revenue Requirement Work Form with the Board as part of GLPT's Settlement Agreement in EB-2012-0300. In its Decision and Order in that proceeding (the "Decision and Order"), the Board stated that, as a result of the Settlement Agreement, GLPT's 2014 Transmission Revenue Requirement will be adjusted to include future updates to the Board's Cost of Capital parameters. Subsequently, on November 25, 2013, the Board issued Cost of Capital Parameter Updates for 2014 Cost of Service Applications with Rates Effective in the 2014 Calendar Year (the "Cost of Capital Update"). Further to the Decision and Order, and to reflect the Cost of Capital Update, GLPT has prepared a revised 2014 Revenue Requirement Work Form, which is attached hereto as Appendix A. Also attached as Appendix B is a brief summary calculating (i) GLPT's final 2014 Revenue Requirement and (ii) the Approved 2014 Charge Determinant (MW) for the 3 pools.

Board staff also requested that GLPT provide the account balances and the disposition amounts for use in the 2014 UTR calculation. Those balances and amounts are set out in the table in Appendix C.

Should you have any questions or concerns, please do not hesitate to contact me.

Yours truly,

A handwritten signature in black ink, appearing to read "Tyson Dyck". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Tyson Dyck

Tel 416.865.8136  
Fax 416.865.7380  
tdyck@torys.com

**cc:** N. Mikhail, Board Staff  
S. Seabrook, GLPT LP  
D. Fecteau, GLPT LP  
C. Keizer, Torys LLP  
All intervenors

**APPENDIX A**

**REVISED 2014 REVENUE REQUIREMENT WORK FORM**



## REVENUE REQUIREMENT WORK FORM

Name of LDC:  (1)  
File Number:   
Rate Year:  Version: 2.11

### Table of Content

<u>Sheet</u>	<u>Name</u>
A	<u>Data Input Sheet</u>
1	<u>Rate Base</u>
2	<u>Utility Income</u>
3	<u>Taxes/PILS</u>
4	<u>Capitalization/Cost of Capital</u>
5	<u>Revenue Sufficiency/Deficiency</u>
6	<u>Revenue Requirement</u>
7A	<u>Bill Impacts -Residential</u>
7B	<u>Bill Impacts - GS &lt; 50 kW</u>

#### Notes:

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

#### **Copyright**

*This Revenue Requirement Work Form Model is protected by copyright and is being made available to you solely for the purpose of preparing or reviewing your draft rate order. 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 or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.*



**REVENUE REQUIREMENT WORK FORM**

Version: 2.11

Name of LDC: Great Lakes Power Transmission

File Number:

Rate Year: 2014

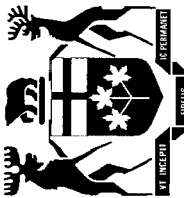
**Data Input** (1)

	Initial Application		(7)		Per Board Decision
<b>1 Rate Base</b>					
Gross Fixed Assets (average)	\$245,496,549	(\$1,450,090)	\$ 244,046,459		\$244,046,459
Accumulated Depreciation (average)	(\$22,472,953) (5)	\$82,393	-\$ 22,390,560		(\$22,390,560)
Allowance for Working Capital:					
Controllable Expenses	\$11,173,357	(\$867,822)	\$ 10,305,535		\$10,305,535
Cost of Power	\$ -				\$0
Working Capital Rate (%)	4.11%		4.46%		4.46%
<b>2 Utility Income</b>					
Operating Revenues:					
Distribution Revenue at Current Rates	\$36,060,024	\$0	\$36,060,024	\$0	\$36,060,024
Distribution Revenue at Proposed Rates	\$39,908,324	(\$1,003,221)	\$38,905,103	(\$173,999)	\$38,731,104
Other Revenue:					
Specific Service Charges					
Late Payment Charges					
Other Distribution Revenue					
Other Income and Deductions	\$40,679	\$0	\$40,679	\$0	\$40,679
Operating Expenses:					
OM+A Expenses	\$11,173,357	(\$867,822)	\$ 10,305,535		\$10,305,535
Depreciation/Amortization	\$9,229,841	(\$32,957)	\$ 9,196,884		\$9,196,884
Property taxes	\$246,577	\$ -	\$ 246,577		\$246,577
Capital taxes	\$0		\$0		\$0
Other expenses					
<b>3 Taxes/PILs</b>					
Taxable Income:					
Adjustments required to arrive at taxable income	(\$2,915,756) (3)		(\$2,854,452)		(\$2,854,452)
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$1,463,585		\$1,466,145		\$1,447,309
Income taxes (grossed up)	\$1,991,272		\$1,994,755		\$1,969,129
Capital Taxes	\$ - (6)		\$ - (6)		\$ - (6)
Federal tax (%)	15.00%		15.00%		15.00%
Provincial tax (%)	11.50%		11.50%		11.50%
Income Tax Credits	\$ -		\$ -		\$ -
<b>4 Capitalization/Cost of Capital</b>					
Capital Structure:					
Long-term debt Capitalization Ratio (%)	56.0%		56.0%		56.0%
Short-term debt Capitalization Ratio (%)	4.0% (2)		4.0% (2)		4.0% (2)
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 (%)	6.87%		6.87%		6.87%
Short-term debt Cost Rate (%)	2.98%		2.98%		2.11%
Common Equity Cost Rate (%)	9.44%		9.44%		9.36%
Preferred Shares Cost Rate (%)					

**Notes:**

Data inputs are required on this Sheet A, Data Input Sheet, and on Sheets 7A and 7B, for Bill Impacts. Data on this input sheet complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the data. Notes should be put on the applicable pages to

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (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) Not applicable as of July 1, 2010
- (7) 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.



Ontario

**REVENUE REQUIREMENT WORK FORM**

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2014

Version: 2.11

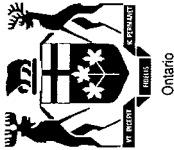
**Rate Base**

Line No.	Particulars	Initial Application	Rate Base	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$245,496,549	\$244,046,459	\$244,046,459
2	Accumulated Depreciation (average) (3)	(\$22,472,953)	(\$22,390,560)	(\$22,390,560)
3	Net Fixed Assets (average) (3)	\$223,023,596	\$221,655,899	\$221,655,899
4	Allowance for Working Capital (1)	\$459,412	\$459,412	\$459,412
5	<b>Total Rate Base</b>	<b>\$223,483,008</b>	<b>\$222,115,311</b>	<b>\$222,115,311</b>

<b>Allowance for Working Capital - Derivation</b>				
(1)	Controllable Expenses	\$11,173,357	(\$867,822)	\$10,305,535
6	Cost of Power	\$ -	\$ -	\$ -
7	Working Capital Base	\$11,173,357	(\$867,822)	\$10,305,535
8	Working Capital Rate % (2)	4.11%	0.35%	4.46%
9	Working Capital Allowance	\$459,412	\$ -	\$459,412
10				

**Notes**

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
- (3) Average of opening and closing balances for the year.



**REVENUE REQUIREMENT WORK FORM**  
 Name of LDC: Great Lakes Power Transmission LP  
 File Number:  
 Rate Year: 2014

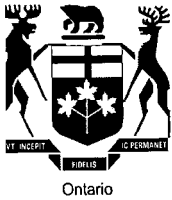
Version: 2.11

**Utility Income**

Line No.	Particulars	Initial Application		Per Board Decision
<b>Operating Revenues:</b>				
1	Distribution Revenue (at Proposed Rates)	\$39,908,324	(\$1,003,221)	\$38,905,103
2	Other Revenue	\$40,679	(\$81,358)	\$40,679
3	Total Operating Revenues	\$39,949,003	(\$1,084,579)	\$38,945,782
<b>Operating Expenses:</b>				
4	OM+A Expenses	\$11,173,357	(\$867,822)	\$10,305,535
5	Depreciation/Amortization	\$9,229,841	(\$32,957)	\$9,196,884
6	Property taxes	\$246,577	\$ -	\$246,577
7	Capital taxes	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$20,649,775	(\$900,779)	\$19,748,996
10	Deemed Interest Expense	\$8,869,236	(\$54,279)	\$8,814,957
11	Total Expenses (lines 9 to 10)	\$29,519,011	(\$955,058)	\$28,563,953
12	Utility income before income taxes	\$10,429,992	(\$129,521)	\$10,381,829
13	Income taxes (grossed-up)	\$1,991,272	\$3,483	\$1,994,755
14	Utility net income	\$8,438,720	(\$133,004)	\$8,387,074

**Notes**

(1)	<b>Other Revenues / Revenue Offsets</b>			
	Specific Service Charges	\$ -		\$ -
	Late Payment Charges	\$ -		\$ -
	Other Distribution Revenue	\$ -		\$ -
	Other Income and Deductions	\$40,679	\$ -	\$40,679
	Total Revenue Offsets	\$40,679	\$ -	\$40,679



**REVENUE REQUIREMENT WORK FORM**

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2014

**Taxes/PILs**

Line No.	Particulars	Application		Per Board Decision
<b><u>Determination of Taxable Income</u></b>				
1	Utility net income before taxes	\$8,438,718	\$8,387,074	\$8,315,997
2	Adjustments required to arrive at taxable utility income	(\$2,915,756)	(\$2,854,452)	(\$2,854,452)
3	<b>Taxable income</b>	<b>\$5,522,962</b>	<b>\$5,532,622</b>	<b>\$5,461,545</b>
<b><u>Calculation of Utility income Taxes</u></b>				
4	Income taxes	\$1,463,585	\$1,466,145	\$1,447,309
5	Capital taxes	\$ - (1)	\$ - (1)	\$ - (1)
6	<b>Total taxes</b>	<b>\$1,463,585</b>	<b>\$1,466,145</b>	<b>\$1,447,309</b>
7	Gross-up of Income Taxes	\$527,687	\$528,610	\$521,819
8	<b>Grossed-up Income Taxes</b>	<b>\$1,991,272</b>	<b>\$1,994,755</b>	<b>\$1,969,129</b>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$1,991,272	\$1,994,755	\$1,969,129
10	Other tax Credits	\$ -	\$ -	\$ -
<b><u>Tax Rates</u></b>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%	11.50%
13	<b>Total tax rate (%)</b>	<b>26.50%</b>	<b>26.50%</b>	<b>26.50%</b>

**Notes**

(1) Capital Taxes not applicable after July 1, 2010 (i.e. for 2011 and later test years)





**REVENUE REQUIREMENT WORK FORM**

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2014

**Capitalization/Cost of Capital**

Line No.	Particulars	Capitalization Ratio	Cost Rate	Return
<b>Initial Application</b>				
		(%)	(\$)	(%)
	<b>Debt</b>			(\$)
1	Long-term Debt	56.00%	\$125,150,484	6.87%
2	Short-term Debt	4.00%	\$8,939,320	2.98%
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$134,089,805</b>	<b>6.61%</b>
	<b>Equity</b>			
4	Common Equity	40.00%	\$89,393,203	9.44%
5	Preferred Shares	0.00%	\$ -	0.00%
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$89,393,203</b>	<b>9.44%</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$223,483,008</b>	<b>7.74%</b>
		(%)	(\$)	(%)
	<b>Debt</b>			(\$)
1	Long-term Debt	56.00%	\$124,384,574	6.87%
2	Short-term Debt	4.00%	\$8,884,612	2.98%
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$133,269,187</b>	<b>6.61%</b>
	<b>Equity</b>			
4	Common Equity	40.00%	\$88,846,124	9.44%
5	Preferred Shares	0.00%	\$ -	0.00%
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$88,846,124</b>	<b>9.44%</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$222,115,311</b>	<b>7.74%</b>
<b>Per Board Decision</b>				
		(%)	(\$)	(%)
	<b>Debt</b>			(\$)
8	Long-term Debt	56.00%	\$124,384,574	6.87%
9	Short-term Debt	4.00%	\$8,884,612	2.11%
10	<b>Total Debt</b>	<b>60.00%</b>	<b>\$133,269,187</b>	<b>6.56%</b>
	<b>Equity</b>			
11	Common Equity	40.00%	\$88,846,124	9.36%
12	Preferred Shares	0.00%	\$ -	0.00%
13	<b>Total Equity</b>	<b>40.00%</b>	<b>\$88,846,124</b>	<b>9.36%</b>
14	<b>Total</b>	<b>100.00%</b>	<b>\$222,115,311</b>	<b>7.68%</b>

**Notes**

(1) 4.0% unless an Applicant has proposed or been approved for another amount.



# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2014

## Revenue Sufficiency/Deficiency

Line No.	Particulars	Initial Application		Per Board Decision		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		\$3,848,299		\$2,845,079		\$2,671,080
2	Distribution Revenue	\$36,060,024	\$36,060,025	\$36,060,024	\$36,060,024	\$36,060,024	\$36,060,024
3	Other Operating Revenue	\$40,679	\$40,679	\$40,679	\$40,679	\$40,679	\$40,679
	Offsets - net						
4	<b>Total Revenue</b>	<b>\$36,100,703</b>	<b>\$39,949,003</b>	<b>\$36,100,703</b>	<b>\$38,945,782</b>	<b>\$36,100,703</b>	<b>\$38,771,783</b>
5	Operating Expenses	\$20,649,775	\$20,649,775	\$19,748,996	\$19,748,996	\$19,748,996	\$19,748,996
6	Deemed Interest Expense	\$8,869,236	\$8,869,236	\$8,814,957	\$8,814,957	\$8,737,661	\$8,737,661
	<b>Total Cost and Expenses</b>	<b>\$29,519,011</b>	<b>\$29,519,011</b>	<b>\$28,563,953</b>	<b>\$28,563,953</b>	<b>\$28,486,657</b>	<b>\$28,486,657</b>
7	<b>Utility Income Before Income Taxes</b>	<b>\$6,581,692</b>	<b>\$10,429,992</b>	<b>\$7,536,750</b>	<b>\$10,381,829</b>	<b>\$7,614,046</b>	<b>\$10,285,126</b>
8	Tax Adjustments to Accounting Income per 2009 PILs	(\$2,915,756)	(\$2,915,756)	(\$2,854,452)	(\$2,854,452)	(\$2,854,452)	(\$2,854,452)
9	<b>Taxable Income</b>	<b>\$3,665,936</b>	<b>\$7,514,236</b>	<b>\$4,682,298</b>	<b>\$7,527,377</b>	<b>\$4,759,594</b>	<b>\$7,430,674</b>
10	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
11	<b>Income Tax on Taxable Income</b>	<b>\$971,473</b>	<b>\$1,991,273</b>	<b>\$1,240,809</b>	<b>\$1,994,755</b>	<b>\$1,261,292</b>	<b>\$1,969,129</b>
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	<b>Utility Net Income</b>	<b>\$5,610,219</b>	<b>\$8,438,720</b>	<b>\$6,295,941</b>	<b>\$8,387,074</b>	<b>\$6,352,754</b>	<b>\$8,315,997</b>
14	<b>Utility Rate Base</b>	<b>\$223,483,008</b>	<b>\$223,483,008</b>	<b>\$222,115,311</b>	<b>\$222,115,311</b>	<b>\$222,115,311</b>	<b>\$222,115,311</b>
	Deemed Equity Portion of Rate Base	\$89,393,203	\$89,393,203	\$88,846,124	\$88,846,124	\$88,846,124	\$88,846,124
15	Income/Equity Rate Base (%)	6.28%	9.44%	7.09%	9.44%	7.15%	9.36%
16	Target Return - Equity on Rate Base	9.44%	9.44%	9.44%	9.44%	9.36%	9.36%
17	Sufficiency/Deficiency in Return on Equity	-3.16%	0.00%	-2.35%	0.00%	-2.21%	0.00%
18	Indicated Rate of Return	6.48%	7.74%	6.80%	7.74%	6.79%	7.68%
19	Requested Rate of Return on Rate Base	7.74%	7.74%	7.74%	7.74%	7.68%	7.68%
20	Sufficiency/Deficiency in Rate of Return	-1.27%	0.00%	-0.94%	0.00%	-0.88%	0.00%
21	Target Return on Equity	\$8,438,718	\$8,438,718	\$8,387,074	\$8,387,074	\$8,315,997	\$8,315,997
22	Revenue Deficiency/(Sufficiency)	\$2,828,499	\$1	\$2,091,133	(\$0)	\$1,963,244	\$0
23	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$3,848,299 (1)</b>		<b>\$2,845,079 (1)</b>		<b>\$2,671,080 (1)</b>	

**Notes:**

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



# REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number:

Rate Year: 2014

## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision
1	OM&A Expenses	\$11,173,357	\$10,305,535	\$10,305,535
2	Amortization/Depreciation	\$9,229,841	\$9,196,884	\$9,196,884
3	Property Taxes	\$246,577	\$246,577	\$246,577
4	Capital Taxes	\$ -	\$ -	\$ -
5	Income Taxes (Grossed up)	\$1,991,272	\$1,994,755	\$1,969,129
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$8,869,236	\$8,814,957	\$8,737,661
	Return on Deemed Equity	\$8,438,718	\$8,387,074	\$8,315,997
8	Distribution Revenue Requirement before Revenues	<u>\$39,949,002</u>	<u>\$38,945,782</u>	<u>\$38,771,783</u>
9	Distribution revenue	\$39,908,324	\$38,905,103	\$38,731,104
10	Other revenue	\$40,679	\$40,679	\$40,679
11	<b>Total revenue</b>	<u>\$39,949,003</u>	<u>\$38,945,782</u>	<u>\$38,771,783</u>
12	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$1 (1)</u>	<u>(\$0) (1)</u>	<u>\$0 (1)</u>

**Notes**

(1) Line 11 - Line 8

**APPENDIX B**

**FINAL 2014 GLPT REVENUE REQUIREMENT**

**&**

**APPROVED 2014 CHARGE DETERMINANTS**

**EB-2012-0300 Great Lakes Power Transmission (GLPT)**

**Reference: OEB Decision and Order dated Nov 1, 2012**

**Approved Charge Determinant (MW)**

	Network	Line Connection	Transformation Connection
	3,445.341	2,461.434	455.652

<b>A</b>	<b>Approved 2014 Rev Req</b>	<b>38,731,104</b>
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<b>Rates Rev Req for UTR effective Jan 1 2014</b>		
<b>A</b>	<i>Approved 2014 rev req</i>	38,731,104
<b>B</b>	<i>Less D&amp;VA annual disposition</i>	(748,608)
<b>C = A+B</b>	<b>2014 Rates Rev Req =</b>	<b>37,982,496</b>

**APPENDIX C**

**2014 ACCOUNT BALANCES AND DISPOSITION AMOUNTS**

<b>GLPT 2014 Account Balances and Disposition Amounts (\$'s)</b>					
<b>Account Number</b>	<b>Account Description</b>	<b>2013 Balance for Disposition</b>	<b>Forecast 2013 Disposition</b>	<b>Forecast 2014 Carrying Charges</b>	<b>Forecast 2014 Balance for Disposition</b>
1508	IFRS Transition Costs	\$288,055	(\$96,018)	\$2,117	\$194,154
1508	Green Energy Deferral	257,094	(85,698)	1,890	173,286
1508	OEB Cost Assessment Variances	21,920	(7,307)	161	14,774
1508	Property Tax Variances	(23,194)	7,731	(170)	(15,633)
1575	IFRS-CGAAP Transitional PP&E Amounts	308,769	(102,923)	11,857	217,703
1592	Changes in Tax Legislation	16,593	(5,531)	122	11,184
1574	Three Year Liability Amount (1 Yr Remaining)	(1,172,049)	390,683	(8,615)	(789,981)
1595	Five Year Liability Amount (3 Yr Remaining)	(1,932,747)	644,249	(14,206)	(1,302,704)
<b>Total Deferral Accounts</b>		<b>(\$2,235,559)</b>	<b>\$745,186</b>	<b>(\$6,844)</b>	<b>(\$1,497,217)</b>
<b>Annual Disposal - Year 2 of 3 year payback - Subtract from GLPT's Rev Req for annual UTR in 2014</b>					<b>(\$748,608)</b>