



Ontario Energy Board

Incremental Capital Module for 2015 Filers

VERSION 1.1

Applicant Name	Innisfil Hydro Distribution Systems Limited
Service Territory Name	
Application Type	IRM4
LDC Licence Number	ED-2002-0520
Applied for Effective Date	January 1, 2015
Stretch Factor Group	III
Stretch Factor Value	0.30%
Last COS Re-based Year	2013
Last COS OEB Application Number	EB-2012-0139
ICM Billing Determinants for Growth - Numerator	2013 Re-Based Forecast
ICM Billing Determinants for Growth - Denominator	2012 Actual



Incremental Capital Module for 2015 Filers

Table of Contents

Sheet Name	Purpose of Sheet
A1.1 LDC Information	Enter LDC Data
A2.1 Table of Contents	Table of Contents
B1.1 Re-Based Bill Det & Rates	Set Up Rate Classes and enter Re-Based Billing Determinants and Tariff Rates
B1.2 Removal of Rate Adders	Removal of Rate Adders
B1.3 Re-Based Rev From Rates	Calculated Re-Based Revenue From Rates
B1.4 Re-Based Rev Req	Detailed Re-Based Revenue From Rates
C1.1 Ld Act-Mst Rcent Yr	Enter Billing Determinants for most recent actual year
D1.1 Current Revenue from Rates	Enter Current Rates to calculate current rate allocation
E1.1 Threshold Parameters	Shows calculation of Price Cap and Growth used for incremental capital threshold calculation
E2.1 Threshold Test	Input sheet to calculate Threshold and Incremental Capital
E3.1 Summary of I C Projects	Summary of Incremental Capital Projects
E4.1 IncrementalCapitalAdjust	Shows Calculation of Incremental Capital Revenue Requirement
F1.1 Incr Cap RRider Opt A FV	Option A - Calculation of Incremental Capital Rate Rider - Fixed & Variable Split
F1.2 Incr Cap RRider Opt B Var	Option B - Calculation of Incremental Capital Rate Rider - Variable Allocation



Incremental Capital Module for 2015 Filers

Rate Class and Re-Based Billing Determinants & Rates

Select the appropriate Rate Groups and Rate Classes from the drop-down menus in Columns C and D respectively. Following your selection, all appropriate input cells will be shaded green. Please input the billing determinants and base distribution rates from your last cost of service based rate application.

Last COS Re-based Year				2013					
Last COS OEB Application Number				EB-2012-0139					
Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Re-based Tariff Service Charge D	Re-based Tariff Distribution Volumetric Rate kWh E	Re-based Tariff Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	14,189	148,148,873		19.91	0.0178	
GSLT50	General Service Less Than 50 kW	Customer	kWh	910	31,781,016		32.83	0.0080	
GSGT50	General Service 50 to 499 kW	Customer	kW	66	51,329,341	147,666	144.98		2.9773
USL	Unmetered Scattered Load	Connection	kWh	78	474,652		10.11	0.0170	
Sen	Sentinel Lighting	Connection	kW	237	104,942	292	10.71		48.7891
SL	Street Lighting	Connection	kW	2,889	1,516,831	4,432	5.47		37.8268
NA	Rate Class 7	NA	NA						
NA	Rate Class 8	NA	NA						
NA	Rate Class 9	NA	NA						
NA	Rate Class 10	NA	NA						
NA	Rate Class 11	NA	NA						
NA	Rate Class 12	NA	NA						
NA	Rate Class 13	NA	NA						
NA	Rate Class 14	NA	NA						
NA	Rate Class 15	NA	NA						
NA	Rate Class 16	NA	NA						
NA	Rate Class 17	NA	NA						
NA	Rate Class 18	NA	NA						
NA	Rate Class 19	NA	NA						
NA	Rate Class 20	NA	NA						
NA	Rate Class 21	NA	NA						
NA	Rate Class 22	NA	NA						
NA	Rate Class 23	NA	NA						
NA	Rate Class 24	NA	NA						
NA	Rate Class 25	NA	NA						



Ontario Energy Board

Incremental Capital Module for 2015 Filers

Removal of Rate Adders

Last COS Re-based Year

2013

Last COS OEB Application Number

EB-2012-0139

Rate Class	Re-based Tariff Service Charge A	Re-based Tariff Distribution Volumetric Rate kWh B	Re-based Tariff Distribution Volumetric Rate kW C	Service Charge Rate Adders D	Distribution Volumetric kWh Rate Adders E	Distribution Volumetric kW Rate Adders F
Residential	19.91	0.0178	0.0000	0.00	0.0000	0.0000
General Service Less Than 50 kW	32.83	0.0080	0.0000	0.00	0.0000	0.0000
General Service 50 to 499 kW	144.98	0.0000	2.9773	0.00	0.0000	0.0000
Unmetered Scattered Load	10.11	0.0170	0.0000	0.00	0.0000	0.0000
Sentinel Lighting	10.71	0.0000	48.7891	0.00	0.0000	0.0000
Street Lighting	5.47	0.0000	37.8268	0.00	0.0000	0.0000



Incremental Capital Module for 2015 Filers

Calculated Re-Based Revenue From Rates

Last COS Re-based Year

2013

Last COS OEB Application Number

EB-2012-0139

Rate Class	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Re-based Base Service Charge D	Re-based Base Distribution Volumetric Rate kWh E	Re-based Base Distribution Volumetric Rate kW F	Service Charge Revenue *12 G	Distribution Volumetric Rate Revenue kWh H = B * E	Distribution Volumetric Rate Revenue kW I = C * F	Revenue Requireme nt from Rates J
Residential	14,189	148,148,873	0	19.91	0.0178	0.0000	3,390,036	2,637,050	0	6,027,086
General Service Less Than 50 kW	910	31,781,016	0	32.83	0.0080	0.0000	358,504	254,248	0	612,752
General Service 50 to 499 kW	66	51,329,341	147,666	144.98	0.0000	2.9773	114,824	0	439,646	554,470
Unmetered Scattered Load	78	474,652	0	10.11	0.0170	0.0000	9,463	8,069	0	17,532
Sentinel Lighting	237	104,942	292	10.71	0.0000	48.7891	30,459	0	14,246	44,706
Street Lighting	2,889	1,516,831	4,432	5.47	0.0000	37.8268	189,634	0	167,648	357,282
							4,092,920	2,899,367	621,541	7,613,828

Incremental Capital Module for 2015 Filers

Detailed Re-Based Revenue From Rates

Last COS Re-based Year
2013
Last COS OEB Application Number
EB-2012-0139

Applicants Rate Base

Average Net Fixed Assets

Gross Fixed Assets - Re-based Opening
 Add: CWIP Re-based Opening
 Re-based Capital Additions
 Re-based Capital Disposals
 Re-based Capital Retirements
 Deduct: CWIP Re-based Closing
 Gross Fixed Assets - Re-based Closing
 Average Gross Fixed Assets

\$ 56,421,107
 \$ 1,288,668
 \$ 9,163,866
 -\$ 325,500
 -\$ 5,288,668
 \$ 61,259,473

Last Rate Re-based Amount

\$ 58,840,290 $H = (A + G) / 2$

Accumulated Depreciation - Re-based Opening
 Re-based Depreciation Expense
 Re-based Disposals
 Re-based Retirements
 Accumulated Depreciation - Re-based Closing
 Average Accumulated Depreciation

\$ 29,418,106
 \$ 1,612,044
 -\$ 276,675
 \$ 30,753,475

\$ 30,085,791 $N = (I + M) / 2$

Average Net Fixed Assets

\$ 28,754,500 $O = H - N$

Working Capital Allowance

Working Capital Allowance Base
 Working Capital Allowance Rate

\$ 29,375,212
 12.0%

\$ 3,525,025 $R = P * Q$

Working Capital Allowance

Rate Base

\$ 32,279,525 $S = O + R$

Return on Rate Base

Deemed ShortTerm Debt %
 Deemed Long Term Debt %
 Deemed Equity %

4.00%
 56.00%
 40.00%

\$ 1,291,181 $W = S * T$
 \$ 18,076,534 $X = S * U$
 \$ 12,911,810 $Y = S * V$

Short Term Interest

2.07% Z

\$ 26,727 $AC = W * Z$

Long Term Interest

4.36% AA

\$ 788,889 $AD = X * AA$

Return on Equity

8.98% AB

\$ 1,159,481 $AE = Y * AB$

Return on Rate Base

\$ 1,975,097 $AF = AC + AD + AE$

Distribution Expenses

OM&A Expenses
 Amortization
 Ontario Capital Tax (F1.1 Z-Factor Tax Changes)
 Grossed Up PILS (F1.1 Z-Factor Tax Changes)
 Low Voltage
 Transformer Allowance
 Property Taxes
 Adj to ROR deferred PP&E

\$ 4,900,000
 \$ 1,280,461
 \$ 16,715
 \$ 12,500
 -\$ 40,414

\$ 6,169,262 $AP = \text{SUM} (AG : AO)$

Revenue Offsets

Specific Service Charges
 Late Payment Charges
 Other Distribution Income
 Other Income and Deductions

-\$ 154,100
 -\$ 113,700
 -\$ 252,633
 -\$ 16,515

\$ 536,948 $AU = \text{SUM} (AQ : AT)$

Revenue Requirement from Distribution Rates

\$ 7,607,411 $AV = AF + AP + AU$

Rate Classes Revenue

Rate Classes Revenue - Total (B1.1 Re-based Revenue - Gen)

\$ 7,613,828 AW

Incremental Capital Module for 2015 Filers

Load Actual - 2012 Actual

Rate Class	Fixed Metric	Vol Metric	Billed Customers or Connections	Billed kWh	Billed kW	Base Service Charge	Base Distribution Volumetric Rate kWh	Base Distribution Volumetric Rate kW	Service Charge Revenue	Distribution Volumetric Rate Revenue kWh	Distribution Volumetric Rate Revenue kW	Total Revenue by Rate Class
			A	B	C	D	E	F	12	H = B * E	I = C * F	J = G + H + I
Residential	Customer	kWh	14,061	144,455,148	0	\$19.91	\$0.0178	\$0.0000	\$3,359,454	\$2,571,302	\$0	\$5,930,756
General Service Less Than 50 kW	Customer	kWh	932	30,500,366	0	\$32.83	\$0.0080	\$0.0000	\$367,171	\$244,003	\$0	\$611,174
General Service 50 to 499 kW	Customer	kW	69	0	145,696	\$144.98	\$0.0000	\$2.9773	\$120,043	\$0	\$433,781	\$553,824
Unmetered Scattered Load	Connection	kWh	78	480,532	0	\$10.11	\$0.0170	\$0.0000	\$9,463	\$8,169	\$0	\$17,632
Sentinel Lighting	Connection	kW	223	0	312	\$10.71	\$0.0000	\$48.7891	\$28,660	\$0	\$15,222	\$43,882
Street Lighting	Connection	kW	2,728	0	4,450	\$5.47	\$0.0000	\$37.8268	\$179,066	\$0	\$168,329	\$347,395
									\$4,063,857	\$2,823,474	\$617,332	\$7,504,663

This sheet is used to determine the applicants most current allocation of revenues (after the most recent revenue to cost ratio adjustment, if applicable) to be used to calculate the incremental capital rate riders.

Current Revenue from Rates

Rate Class	Fixed Metric	Vol Metric	Current Base	Current Base	Current Base	Re-based	Re-based	Re-based	Current Base	Current Base	Current Base	Total Current	Service	Distribution	Distribution	Total %
			Service Charge A	Distribution Volumetric Rate kWh B	Distribution Volumetric Rate kW C	Customers or Connections D	Billed kWh E	Billed kW F	Revenue G = A * D * 12	Distribution Volumetric Rate kWh Revenue H = B * E	Distribution Volumetric Rate kW Revenue I = C * F	Base Revenue J = G + H + I	Charge % Total Revenue L = G / \$K	Rate % Total Revenue M = H / \$K	Rate % Total Revenue N = I / \$K	Revenue \$K
Residential	Customer	kWh	20.19	0.0180		14,189	148,148,873	0	3,437,711	2,666,680	0	6,104,391	44.6%	34.6%	0.0%	79.1%
General Service Less Than 50 kW	Customer	kWh	33.29	0.0081		910	31,781,016	0	363,527	257,426	0	620,953	4.7%	3.3%	0.0%	8.1%
General Service 50 to 499 kW	Customer	kW	147.01		3.0190	66	51,329,341	147,666	116,432	0	445,804	562,236	1.5%	0.0%	5.8%	7.3%
Unmetered Scattered Load	Connection	kWh	10.25	0.0172		78	474,652	0	9,594	8,164	0	17,758	0.1%	0.1%	0.0%	0.2%
Sentinel Lighting	Connection	kW	10.86		49.4721	237	104,942	292	30,886	0	14,446	45,332	0.4%	0.0%	0.2%	0.6%
Street Lighting	Connection	kW	5.55		38.3564	2,889	1,516,831	4,432	192,407	0	169,996	362,403	2.5%	0.0%	2.2%	4.7%
									4,150,557	2,932,270	630,245	7,713,072	53.8%	38.0%	8.2%	100.0%

Incremental Capital Module for 2015 Filers

Threshold Parameters

Price Cap Index

Price Escalator (GDP-IPI)	1.60%
Less Productivity Factor	-0.72%
Less Stretch Factor	-0.30%

Price Cap Index **0.58%**

Growth

ICM Billing Determinants for Growth - Numerator : 2013 Re-Based Forecast	<u>\$7,613,828</u>	A
ICM Billing Determinants for Growth - Denominator : 2012 Actual	<u>\$7,504,663</u>	B

Growth **1.45%** C = A / B



Incremental Capital Module for 2015 Filers

Threshold Test

Year	2013	
Price Cap Index	0.58%	A
Growth	1.45%	B
Dead Band	20%	C
Average Net Fixed Assets		
Gross Fixed Assets Opening	\$56,421,107	
Add: CWIP Opening	\$ 1,288,668	
Capital Additions	\$ 9,163,866	
Capital Disposals	-\$ 325,500	
Capital Retirements	\$ -	
Deduct: CWIP Closing	-\$ 5,288,668	
Gross Fixed Assets - Closing	\$61,259,473	
Average Gross Fixed Assets	<u>\$58,840,290</u>	
Accumulated Depreciation - Opening	\$29,418,106	
Depreciation Expense	\$ 1,612,044	D
Disposals	-\$ 276,675	
Retirements	\$ -	
Accumulated Depreciation - Closing	\$30,753,475	
Average Accumulated Depreciation	<u>\$30,085,791</u>	
Average Net Fixed Assets	<u>\$28,754,500</u>	E
Working Capital Allowance		
Working Capital Allowance Base	\$29,375,212	
Working Capital Allowance Rate	12%	
Working Capital Allowance	<u>\$ 3,525,025</u>	F
Rate Base	<u>\$32,279,525</u>	G = E + F
Depreciation	D \$ 1,612,044	H
Threshold Test	160.91%	I = 1 + (G / H) * (B + A * (1 + B)) + C
Threshold CAPEX	\$ 2,593,944	J = H *I



Incremental Capital Module for 2015 Filers

Summary of Incremental Capital Projects (ICPs)

Calculation of Eligible Incremental Capital Amount

2015 Non-Discretionary Capital Budget (Including ICM Projects)	\$18,146,704.00	A
Threshold CAPEX (as calculated on sheet E2.1)	\$2,593,944.05	B
Eligible Incremental Capital Amount	= \$15,552,759.95	C = A - B

Summary of Proposed Incremental Capital Projects

Number of ICPs

1

Project ID #	Incremental Capital Non-Discretionary Project Description	Incremental Capital CAPEX	Amortization Expense	CCA
ICP 1	IHDSL New Corporate Headquarters/Operations Facility	\$13,246,704.00	\$282,902.00	\$749,511.00
Total Proposed Incremental Capital CAPEX		\$13,246,704.00	\$282,902.00	\$749,511.00

Total Incremental Capital Amount for ICM Rate Rider Calculation \$13,246,704.00

Note: The total incremental capital amount for the ICM rate rider calculation cannot exceed the eligible incremental capital amount.

Incremental Capital Module for 2015 Filers

Incremental Capital Adjustment

Current Revenue Requirement

Current Revenue Requirement - Total

\$ 7,607,411

A

Return on Rate Base

Incremental Capital CAPEX

\$13,246,704

B

Depreciation Expense

\$ 282,902

C

Incremental Capital CAPEX to be included in Rate Base

\$12,963,802

D = B - C

Deemed ShortTerm Debt %

4.0%

E

\$ 518,552

G = D * E

Deemed Long Term Debt %

56.0%

F

\$ 7,259,729

H = D * F

Short Term Interest

2.07%

I

\$ 10,734

K = G * I

Long Term Interest

4.36%

J

\$ 316,826

L = H * J

Return on Rate Base - Interest

\$ 327,560

M = K + L

Deemed Equity %

40.0%

N

\$ 5,185,521

P = D * N

Return on Rate Base -Equity

8.98%

O

\$ 465,660

Q = P * O

Return on Rate Base - Total

\$ 793,220

R = M + Q

Amortization Expense

Amortization Expense - Incremental

C \$ 282,902

S

Grossed up PIL's

Regulatory Taxable Income

O \$ 465,660

T

Add Back Amortization Expense

S \$ 282,902

U

Deduct CCA

\$ 749,511

V

Incremental Taxable Income

-\$ 949

W = T + U - V

Current Tax Rate (F1.1 Z-Factor Tax Changes)

X

PIL's Before Gross Up

\$ -

Y = W * X

Incremental Grossed Up PIL's

\$ -

Z = Y / (1 - X)

Ontario Capital Tax

Incremental Capital CAPEX

\$13,246,704

AA

Less : Available Capital Exemption (if any)

\$ -

AB

Incremental Capital CAPEX subject to OCT

\$13,246,704

AC = AA - AB

Ontario Capital Tax Rate (F1.1 Z-Factor Tax Changes)

0.000% AD

Incremental Ontario Capital Tax

\$ -

AE = AC * AD

Incremental Revenue Requirement

Return on Rate Base - Total

Q \$ 793,220

AF

Amortization Expense - Total

S \$ 282,902

AG

Incremental Grossed Up PIL's

Z \$ -

AH

Incremental Ontario Capital Tax

AE \$ -

AI

Incremental Revenue Requirement

\$ 1,076,122

AJ = AF + AG + AH + AI

Incremental Capital Module for 2015 Filers

Calculation of Incremental Capital Rate Rider - Option A Fixed and Variable

Rate Class	Service Charge %	Distribution Volumetric	Distribution Volumetric	Service Charge	Distribution Volumetric	Distribution Volumetric	Distribution Volumetric	Billed Customers or Connections H	Billed kWh I	Billed kW J	Service Charge Rate Rider K = D / H / 12	Distribution Volumetric Rate kWh Rate Rider L = E / I	Distribution Volumetric Rate kW Rate Rider M = F / J					
	Revenue	Rate % Revenue	Rate % Revenue	Revenue	Rate Revenue	Rate Revenue	Total Revenue by Rate Class G = D + E + F											
	A	kWh B	kW C	D = \$N * A	E = \$N * B	F = \$N * C												
Residential	44.6%		34.6%	0.0%	#####	\$	372,053.15	\$	-	\$	851,679.99	14,189	148,148,873	0	\$2.816894	\$0.002511		
General Service Less Than 50 kW	4.7%		3.3%	0.0%	\$	50,718.99	\$	35,915.91	\$	-	\$	86,634.90	910	31,781,016	0	\$4.644596	\$0.001130	
General Service 50 to 499 kW	1.5%		0.0%	5.8%	\$	16,244.49	\$	-	\$	62,198.19	\$	78,442.68	66	51,329,341	147,666	\$20.510725	\$0.000000	\$0.421209
Unmetered Scattered Load	0.1%		0.1%	0.0%	\$	1,338.55	\$	1,139.04	\$	-	\$	2,477.58	78	474,652	0	\$1.430072	\$0.002400	
Sentinel Lighting	0.4%		0.0%	0.2%	\$	4,309.17	\$	-	\$	2,015.47	\$	6,324.64	237	104,942	292	\$1.515179	\$0.000000	\$6.902310
Street Lighting	2.5%		0.0%	2.2%	\$	26,844.54	\$	-	\$	23,717.65	\$	50,562.19	2,889	1,516,831	4,432	\$0.774332	\$0.000000	\$5.351456
					#####	\$	409,108.10	\$	87,931.32	\$	1,076,121.99							

Enter the above rate riders onto "Sheet 26. Proposed Rates" in the 2015 IRM Rate Generator as a "Rate Rider for Incremental Capital"



Incremental Capital Module for 2015 Filers

Calculation of Incremental Capital Rate Rider - Option B Variable

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Incremental Capital \$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distributio n Volumetri c Rate kWh Rate Rider F = C / D	Distributio n Volumetric Rate kW Rate Rider G = C / E
Residential	\$6,104,391	79.14%	\$851,680	#####	0	\$0.0057	
General Service Less Than 50 kW	\$620,953	8.05%	\$86,635	31,781,016	0	\$0.0027	
General Service 50 to 499 kW	\$562,236	7.29%	\$78,443	51,329,341	#####		\$0.5312
Unmetered Scattered Load	\$17,758	0.23%	\$2,478	474,652	0	\$0.0052	
Sentinel Lighting	\$45,332	0.59%	\$6,325	104,942	292		\$21.6597
Street Lighting	\$362,403	4.70%	\$50,562	1,516,831	4,432		\$11.4084
	<u>\$7,713,072</u>	<u>100.00%</u>	<u>\$1,076,122</u>				
	H		I				

Enter the above rate riders onto "Sheet 26. Proposed Rates" in the 2015 IRM Rate Generator as a "Rate Rider for Incremental Capital"