## INNISFIL HYDRO DISTRIBUTION SYSTEMS LIMITED EB-2014-0086

## **UPDATED RESPONSE TO INTERROGATORIES**

October 22, 2014



Innisfil Hydro Distribution Systems Limited EB-2014-0086 Updated Response to Interrogatories October 22, 2014

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## **SEC-11/U1 - 3.3.1**

Please provide the Applicant's actual regulated ROE for 2013 and forecasted regulated ROE for 2014.

IHDSL Response:

IHDSL's actual ROE calculation for 2013 was 6.7% as submitted to the Board via RRR 2.1.5.6. The 2013 Actual Regulated ROE is shown in the following table on page 4.

IHDSL's forecasted ROE for 2014 is estimated to be 7.1%. The forecasted 2014 ROE Calculation is shown on page 5.

Template for	or Calculation	of POE on a	Doomo	Uctober 22, 201
UTILITY NAME: Innisifi Hydro Distribution System Limited	or Calculation	I OI KUE OII a	Deeme	u basis
YEAR END DATE: December 31,2013				
Please inn	ut based on	vour utility in	the are	v cells
i icase inp	at basea on	your unity in	uic gic	y cens.
Regulatory Net Income Calculation:				Staff Comments
	_	¢ 040 070		Must match regulated net income amount from 2.1.13 template. Input net surplus as positive number and net
Regulated net income, as per RRR 2.1.13 reconciliation  Remove:		\$ 218,973	A	deficit as a negative number.  Must match account 6115. Input deferred tax expense as
Future/deferred taxes		\$ (826,500)	В	a negative number and deferred tax income as a positive number.
Non rate regulated items		\$0		As an example, non rate regulated items may include income/expenses associated with generation or CDM
Adjustment to interest expense - for deemed debt  Adjusted regulated net income		\$ 107,134 \$ 938,339	D (=W) E = A-B-C-D	
Deemed Equity Calculation:				Staff Comments
Rate Base:				
		<b>*</b> • • • • • • • • • • • • • • • • • • •		Must match sum of accounts 4705 to 4750 inclusive.
Cost of power		\$ 25,531,065	F	Input as positive number.  Must approximate sum of accounts 4505-4640, 4805-5695, 6105, 6205-6225, 6310-6415. Input as positive
Operating expenses		\$ 5,030,447	G	number.
Total		\$ 30,561,512		
Working capital allowance %		12.0%		Must match percentage allowance in last approved CoS rate proceeding
Total working capital allowance		\$ 3,667,381		rate proceduring
Fixed Assets		, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
Opening balance - regulated fixed assets (NBV)	\$ 28,527,378			Please make the necessary adjustments to bring the fixed assets reported in the Audited Financial Statement
Closing balance - regulated fixed assets (NBV)	\$ 34,567,672			to reflect the regulated rate base.  NBV = Net Book Value
Average regulated fixed assets	\$ 31,547,525	\$ 31,547,525	K	
Total rate base		\$ 35,214,906	L = J + K	
	4.000/	<b>*</b> 4 400 500		
Regulated deemed short-term debt	4.00%	\$ 1,408,596		
Regulated deemed long-term debt	56.00% 40%	\$ 19,720,348 \$ 14,085,963		
Regulated deemed equity	40%	\$ 35,214,906		
		Ψ σσ,Σ τ 1,σσσ		
				0.70
Regulated Rate of Return on Deemed Equity		6.7%	Q= E/P	Staff Comments
ROE% from most recent cost of service application last approved EL		8.98%	R	Must match approved ROE from last CoS rate proceeding
Difference - maximum deadband 3%		-2.32%	S = Q - R	
Interest adjustment on deemed debt:				Staff Comments
Regulated deemed short-term debt - as above	\$ 1,408,596	6.67%		
Regulated deemed long-term debt - as above	\$ 1,408,396	93.33%		
Regulated decimed long term debt as above	\$ 21,128,944	100.00%		
				Interest rate on short-term debt from last approved CoS
Short-term debt rate	2.07%	0.14%		rate proceeding Interest rate on snort-term debt from last approved CoS Interest rate on long-term debt from last approved CoS
Long-term debt rate	4.36%	4.07%		rate proceeding
Average debt rate		4.21%		
Regulated deemed debt - as above	\$ 21,128,944			
Weighted average interest rate	4.21%			
	\$ 888,965	г		
Deemed interest				M - 1 1 1 - 000E 004E
· ·	\$ 781,831	J		Must match sum of accounts 6005-6045
Deemed interest				Must match sum of accounts 6005-6045
Deemed interest Interest expense as per the OEB trial balance	\$ 781,831 L			
Deemed interest Interest expense as per the OEB trial balance Difference	\$ 781,831 L \$ 107,134 V	/= T - U		Must match sum of accounts 6005-6045  Distributor's Board-approved tax rate from the distributo last rate application(IRM or CoS).

Template f	or Calculation	n of ROE on a	Deeme	d Basis
UTILITY NAME: Innisifl Hydro Distribution System Limite				
YEAR END DATE: December 31,2014 -Forecast		_	EB-2014-0086 Sec IR- 11/U1	
Please inp	ut based on	your utility in	the gre	y cells.
Regulatory Net Income Calculation:				Staff Comments
	¢ 042 540		Must match regulated net income amount from 2.1.13 template. Input net surplus as positive number and net deficit as a negative number.	
Regulated net income, as per RRR 2.1.13 reconciliation  Remove:		\$ 942,548	А	Must match account 6115. Input deferred tax expense as
Future/deferred taxes		\$0	В	a negative number and deferred tax income as a positive number.
Non rate regulated items		\$0	С	As an example, non rate regulated items may include income/expenses associated with generation or CDM
Adjustment to interest expense - for deemed debt  Adjusted regulated net income		\$ (60,870) \$ 1,003,418	D (=W) E = A-B-C-D	
Deemed Equity Calculation:				Staff Comments
Rate Base:				Guill Gollinione
Cook of norman		¢ 05 504 005	_	Must match sum of accounts 4705 to 4750 inclusive.
Cost of power		\$ 25,531,065	F	Input as positive number.  Must approximate sum of accounts 4505-4640, 4805-5695, 6105, 6205-6225, 6310-6415. Input as positive
Operating expenses		\$ 5,030,447		number.
Total		\$ 30,561,512	H = F + G	Must match percentage allowance in last approved CoS
Working capital allowance %		12.0%		rate proceeding
Total working capital allowance		\$ 3,667,381	J	
Fixed Assets				Please make the necessary adjustments to bring the
Opening balance - regulated fixed assets (NBV)	\$ 28,527,378			fixed assets reported in the Audited Financial Statements to reflect the regulated rate base.
Closing balance - regulated fixed assets (NBV)	\$ 34,567,672			NBV = Net Book Value
Average regulated fixed assets	\$ 31,547,525	\$ 31,547,525	K	
Total rate base		\$ 35,214,906	L = J + K	
Regulated deemed short-term debt	4.00%	\$ 1,408,596	M	
Regulated deemed long-term debt	56.00%	\$ 19,720,348		
Regulated deemed equity	40%	\$ 14,085,963	Р	
		\$ 35,214,906		
Regulated Rate of Return on Deemed Equity		7.40/	0 5/0	Staff Comments
		7.1%	Q= E/P	
ROE% from most recent cost of service application last approved EDR		8.98%	R	Must match approved ROE from last CoS rate proceeding
Difference - maximum deadband 3%		-1.86%	S = Q - R	
Interest adjustment on deemed debt:				Staff Comments
· ·				
Regulated deemed short-term debt - as above	\$ 1,408,596	6.67%		
Regulated deemed long-term debt - as above	\$ 19,720,348 \$ 21,128,944	93.33%		
	Ψ ∠ 1, 1∠0,544	100.00%		
Short-term debt rate	2.07%	0.14%		Interest rate on short-term debt from last approved CoS rate proceeding
Long-term debt rate	4.36%	4.07%		Interest rate on long-term debt from last approved CoS rate proceeding
Average debt rate		4.21%		
Regulated deemed debt - as above	\$ 21,128,944			
Weighted average interest rate	4.21%			
Deemed interest	\$ 888,965	г		
Interest expense as per the OEB trial balance	\$ 949,835			Must match sum of accounts 6005-6045
Difference	\$ (60,870)			
Utility tax rate	0.00%			Distributor's Board-approved tax rate from the distributor's
Tax effect on interest expense	\$0			last rate application(IRM or CoS).
Interest adjustment on deemed debt:	\$ (60,870) \			