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November 12, 2014

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 - Application for 2015 & 2016 Transmission Rates (EB-2014-0238) - Settlement Proposal

We are counsel for the Applicant in respect of the above noted matter. Pursuant to Procedural Order No. 1, please find attached a proposed Settlement Proposal concluded between the parties noted therein. Each of the parties to the Settlement Proposal has reviewed and approved the proposed agreement as described therein.

Should you have any questions or concerns, please let me know.

Yours truly,

Tyson Dyck

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cc: All Intervenors
R. Battista, Board Staff
D. Fecteau, GLPT LP
S. Seabrook, GLPT LP
C. Keizer, Torys LLP

SETTLEMENT PROPOSAL

November 12, 2014

GREAT LAKES POWER TRANSMISSION LP
2015 & 2016 RATES APPLICATION
(EB-2014-0238)

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PREAMBLE

This Settlement Proposal is filed with the Ontario Energy Board (the "**Board**") in connection with an application by Great Lakes Power Transmission ("**GLPT**") pursuant to section 78 of the *Ontario Energy Board Act, 1998* for an order or orders approving or fixing just and reasonable rates for the transmission of electricity (EB-2014-0238).

Pursuant to Procedural Orders No. 1 and 2 in this proceeding, a Settlement Conference was held on October 28, 2014 in accordance with the *Ontario Energy Board Rules of Practice and Procedure* (the "**Rules**") and the Board's *Practice Direction on Settlement Conferences* (the "**Practice Direction**"). This Settlement Proposal arises from the Settlement Conference and is for the consideration of the Board in its determination of GLPT's 2015 and 2016 electricity transmission rates.

The Parties

GLPT and the following intervenors (collectively the "**Participating Intervenors**"), as well as Ontario Energy Board technical staff ("**Board Staff**"), participated in the Settlement Conference in respect of all issues contained in this proposal:

- Energy Probe Research Foundation ("**Energy Probe**")
- School Energy Coalition ("**SEC**")
- Vulnerable Energy Consumers Coalition ("**VECC**")

The following intervenors did not participate in the Settlement Conference:

- Independent Electricity System Operator ("**IESO**")
- Upper Canada Transmission, Inc. ("**UCT**")

The Applicant and the Participating Intervenors are collectively referred to herein as the "**Parties**". In accordance with pages 5-6 of the Practice Direction, Board Staff is neither a Party nor a signatory to this Settlement Proposal (unless the Board provides otherwise, which it did not in this proceeding). Although Board Staff is not a party to this Settlement Proposal, the Board Staff who did participate in the Settlement Conference are bound by the same confidentiality standards that apply to the Parties to the proceeding.

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Guidelines. The parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal.

This document is called a "Settlement Proposal" because it is a proposal by the Parties to the Board to settle the issues in this proceeding. It is termed a proposal as between the Parties and the Board. However, as between the Parties, and subject only to the Board's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this agreement is subject to a condition subsequent, that if it is not accepted by the Board in its entirety, then unless amended by the Parties it is null and void and of no further effect. In entering into this agreement, the Parties understand and agree that, pursuant to the Act, the Board has exclusive jurisdiction with respect to the interpretation or enforcement of the terms hereof.

The Settlement Proposal describes the agreements reached on the settled issues and identifies the parties who agree, or alternatively who take no position on each issue. The Settlement Proposal provides a direct link between each issue and the supporting evidence in the record to date. In this regard, the parties who agree with the individual settlements are of the view that the evidence provided is sufficient to support the Settlement Proposal in relation to the settled issues and, moreover, that the quality and detail of the supporting evidence, together with the corresponding rationale, will allow the Board to make findings on the settled issues.

Best efforts have been made to identify all of the evidence that relates to each settled issue. The supporting evidence for each settled issue is identified individually by reference to its exhibit number in an abbreviated format. For example, Exhibit 2, Tab 1, Schedule 1, Page 3 (commencing page) is referred to as 2-1-1-3. A concise description of the content of each exhibit is also provided. In this regard, GLPT's response to an interrogatory (IR) is described by citing the name of the Party and the number of the interrogatory (e.g., Board Staff IR #1 or SEC IR #2). The identification and listing of the evidence that relates to each issue is provided to assist the Board. The identification and listing of the evidence that relates to each settled issue is not intended to limit any party who wishes to assert that other evidence is relevant to a particular settled issue.

According to the Practice Direction (p. 4), the Parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. GLPT and the other Parties who participated in the Settlement Conference agree that no settled issue requires an adjustment mechanism other than those expressly set forth herein.

All of the issues contained in this proposal have been settled by the Parties as a package (the "**package**") and none of the provisions of these issues are severable. Compromises were made by the Parties with respect to various matters to arrive at this comprehensive Settlement Proposal. The distinct issues addressed in this proposal are intricately interrelated, and reductions or increases to the agreed-upon amounts may have financial consequences in other areas of this proposal which may be unacceptable to one or more of the Parties. If the Board does not, prior to the commencement of the hearing of the evidence, accept the package in its entirety, then there is no settlement (unless the Parties agree that any portion of the package that the Board does accept may continue as part of a valid Settlement Proposal). None of the Parties can withdraw from this proposal except in accordance with Rule 32.05 of the Rules. Moreover, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of the Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not GLPT is a party to such proceeding.

The Parties agree that this Settlement Proposal and the Appendices form part of the record in EB-2014-0238. The Revenue Requirement Work Forms were prepared by the Applicant. The intervenors are relying on the accuracy and completeness of the Revenue Requirement Work Forms in entering into this Settlement Proposal. Summary of the Proposed Settlement

Summary of the Settlement Proposal

For the purposes of organizing this Settlement Proposal, and without prejudice to the positions of the Parties with respect to the issues that might otherwise be considered in this proceeding should a hearing be required, the Parties have followed, as applicable, the issues list set out at **'Appendix A'** to this Settlement Proposal, which was approved by the Board in its October 27, 2014 Decision.

We are pleased to inform the Board that the Parties have reached a comprehensive agreement on all issues.

Through this Settlement Proposal, GLPT agrees to certain changes from its initial application for 2015 and 2016 electricity transmission rates, as filed with the Board on July 14, 2014. The most significant matters arising from this Settlement Proposal are as follows:

- **Overall Revenue Requirements:** The Overall Base Revenue requirements as agreed by the parties are $39,582,100 and $40,020,600, for 2015 and 2016, respectively.

- **OM&A**: GLPT initially proposed operating costs that included OM&A costs of $11,021,100 for 2015 and $11,331,900 for 2016. As part of obtaining a complete settlement of all issues, the Parties have agreed that GLPT's OM&A expenses for the Test Years, as described herein, should be $10,821,100 for the 2015 test year and $11,121,900 for the 2016 test year, with the reduction from the proposed amounts reflecting the cost savings associated with additional efficiency and productivity measures that GLPT will undertake to implement during the test years.

- **Rate Base**: GLPT initially requested rate base amounts of $218,760,200 and $218,654,100 for 2015 and 2016, respectively. The Parties have agreed on the requested rate base amounts, with the expectation that a net cumulative asymmetrical variance account will be created for the test years to track the impact on revenue requirement of the cost of In-Service Additions during the test years.

- **Disbursal of Deferral and Variance Accounts**: In its application, GLPT proposed to disburse the various account balances by aggregating the balance of all accounts, including the remaining balance in Account 1595, and disbursing them over a three year period beginning in 2015. For the purpose of obtaining a complete settlement of all issues, the Parties have agreed that the various account balances being disbursed, and the proposed disbursal methodology, are appropriate

- **Closing, Creation and Continuation of Deferral and Variance Accounts**: Except as otherwise noted in this paragraph, the Parties accept GLPT's proposals in respect of the closing, creation and continuation of deferral and variance accounts. For the purpose of obtaining a complete settlement of all issues, the Parties have agreed that the sub-account within account 1508 related changes to existing IFRS standards or changes in the interpretation of such standards should be closed. In addition, as indicated above, the Parties also agree that a net cumulative asymmetrical variance account should be created for the test years to track the impact on revenue requirement of the cost of in-service additions during the test years. Finally, GLPT agrees at this time not to pursue a new deferral account for recording incremental expenditures related to new customer connection activities, but the Parties agree that GLPT may apply to the Board in the future to establish this account.

- **Rates**: The Parties have agreed that GLPT's rates are effective January 1 of each year with implementation on that date or according to a process established by the Board.

- **Other**: As part of the complete settlement of all issues, GLPT undertakes to submit to the Board: a more detailed and comprehensive asset management plan as part of GLPT's next rate application; agrees to participate in HONI's Total Cost Benchmarking Study (described in the proposed Settlement Proposal filed in EB-2014-0140) through the provision of relevant data, if GLPT is requested to do so; undertakes to complete a new lead lag study as part of GLPT's next rate application; and undertakes to prepare a new, bottom-up load forecast for submission to the Board with GLPT's next rate application.

Attached at **Appendix 'B'** is a copy of the Revenue Requirement Work Forms updated to reflect the impacts of the proposed settlement as herein described for the 2015 and 2016 Test Years.

ISSUES

1. General

1.1 Has GLPT responded appropriately to all relevant Board directions from previous proceedings?

Complete Settlement: There is an agreement to settle this issue as follows:

For the purpose of obtaining a complete settlement of all issues, the Parties agree that GLPT has responded appropriately to all relevant Board directions from previous proceedings.

Approval:

Parties in Support:	SEC, VECC, Energy Probe
Parties Taking No Position:	N/A

Evidence: The evidence in relation to this issue includes the following: N/A

1.2 Is the overall increase in 2015 and 2016 revenue requirement reasonable?

Complete Settlement: Subject to the terms of this Settlement Proposal, including section 4, there is an agreement to settle this issue as follows:

In its application and evidence, GLPT forecasted its 2015 and 2016 base revenue requirement to be $39,782,100 and $40,230,600, respectively.

For the purpose of obtaining a complete settlement of all issues, the Parties accept that base revenue requirements for 2015 and 2016 of $39,582,100 and $40,020,600, respectively, are reasonable, and that these amounts should be adjusted to include future updates to the Board's Cost of Capital parameters for the rate year beginning January 1, 2015 and again for the rate year beginning January 1, 2016.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

1-1-1	Application
1-1-2	Summary of Application
1-1-3	Schedule of Overall Revenue Deficiency
1-1-4	Revenue Requirement Work Forms (2015 & 2016)
1-1-5	Sensitivity Analysis
9-2-1	2-Staff-8
9-2-1	2-Staff-20
9-4-1	3.0-VECC-9
9-5-1	2-Energy Probe-8
9-5-1	2-Energy Probe-13
9-5-1	2-Energy Probe-23
10-4-1	3.0-VECC-26
10-5-1	1-Energy Probe-24s
10-5-1	6-Energy Probe-27s

1.3 Are the productivity measures proposed and benchmarking performed by GLPT reasonable and appropriate?

Complete Settlement: There is an agreement to settle this issue as follows:

In its application and evidence, GLPT indicated that it had engaged First Quartile Consulting ("1QC") to provide a benchmarking study to compare the requested 2015 and 2016 OM&A expenditures against other transmission providers in North America. The 1QC benchmarking study indicates that GLPT falls below average on a cost per gross asset basis. GLPT also described its approach to asset management in the application and evidence, and indicated that it continues to improve its asset management approach with the development of tools and programs. GLPT also included evidence of productivity initiatives that it is has commenced and plans to undertake.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that GLPT's productivity measures and benchmarking are reasonable and appropriate. As part of the complete settlement of all issues, GLPT also agrees to participate in HONI's Total Cost Benchmarking Study (described in the proposed Settlement Proposal filed in EB-2014-0140) through the provision of relevant data, if GLPT is requested to do so.

Approval:

Parties in Support:	SEC, VECC, Energy Probe
Parties Taking No Position:	N/A

Evidence: The evidence in relation to this issue includes the following:

1-1-2	Summary of Application
2-2-1	Asset Management and Capital Budgeting
4-1-1	Summary of Operating Costs
4-2-1	OM&A Overview
9-2-1	2-Staff-9
9-2-1	2-Staff-12
9-4-1	1.0-VECC-1
9-4-1	4.0-VECC-15
9-5-1	2-Energy Probe-9
10-2-1	2-Staff-36s

2. Rate Base

2.1 Is the proposed rate base for 2015 and 2016 appropriate?

Complete Settlement: There is an agreement to settle this issue as follows:

In its application and evidence, GLPT forecasted its 2015 and 2016 rate base to be $218,760,200 and $218,654,100, respectively, as presented in Table 2-1-1A of the pre-filed evidence.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should accept these amounts as GLPT's forecasted rate base for the 2015 and 2016 Test Years. GLPT also undertakes to submit to the Board a more detailed and comprehensive Asset Management plan as part of GLPT's next rate application

Further, since GLPT is forecasting to increase its capital additions in 2015 and 2016 Test Years, relative to 2013-2014, the Parties agree as part of the complete settlement of all issues, that a net cumulative asymmetrical variance account should be created for the test years to track the impact on revenue requirement of the cost of in-service additions during the test years compared to Board approved amounts, for disposition in a future rate application ("**In-service Addition Net Cumulative Asymmetrical Variance Account**"). The purpose of this account is to capture the revenue requirement amount which (i) would arise if the total in-service additions forecasted by GLPT for the test years 2015 and 2016 and agreed to in this Settlement Proposal are higher than the actual total in-service additions for 2015 and 2016, and (ii) reflects the net difference between the forecasted and in-service additions for 2015 and 2016 in the event that the circumstance set out in (i) occurs. For clarity, the account relates to variances in in-service additions and not variances in rate base generally. If the cumulative amount of in-service additions during 2015 and 2016 is less than the cumulative Board-approved amount, then the revenue requirement impact of the shortfall would be entered in the variance account, for disposition in a future rate application. If the cumulative amount of in-service additions exceeds the cumulative Board-approved amount for the test years, no entry would be made in the variance account. This approach ensures that ratepayers pay only for assets in service.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

1-1-2	Summary of Application
2-1-1	Rate Base Overview
2-1-2	Summary and Continuity Statements
9-2-1	2-Staff-2
9-2-1	2-Staff-3
9-2-1	2-Staff-4
9-2-1	2-Staff-7
9-2-1	2-Staff-8
9-2-1	2-Staff-10
9-2-1	2-Staff-11
9-3-1	2-SEC-3
9-3-1	2-SEC-5
9-3-1	2-SEC-6
9-4-1	2.0-VECC-2
9-4-1	2.0-VECC-3
9-4-1	2.0-VECC-4
9-4-1	2.0-VECC-5
9-4-1	2.0-VECC-6
9-5-1	2-Energy Probe-1
9-5-1	2-Energy Probe-2
9-5-1	2-Energy Probe-5
10-2-1	2-Staff-34s
10-2-1	2-Staff-35s
10-4-1	2.0-VECC-24
10-4-1	2.0-VECC-25
10-5-1	1-Energy Probe-24s

2.2 Is the working capital allowance for 2015 and 2016 appropriate?

Complete Settlement: There is an agreement to settle this issue as follows:

The working cash allowance for the Test Years has been calculated by GLPT using the results of the working capital study completed in 2010 by Navigant Consulting Inc., plus a provision for inventory assets that are working capital for GLPT but that form no part of the working cash study.

For the purpose of obtaining a complete settlement of all issues, the Parties accept GLPT's working capital allowance calculation, and that the total working capital requirements of $474,000 for 2015 and $489,800 for 2016 are appropriate. As part of the complete settlement of all issues, GLPT also undertakes to complete a new lead lag study as part of GLPT's next rate application.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

1-1-4	Revenue Requirement Work Forms (2015 & 2016)
2-1-1	Rate Base Overview
2-1-3	Working Capital Allowance
9-2-1	2-Staff-2
9-4-1	2.0-VECC-6
9-5-1	2-Energy Probe-6

2.3 Is the capital expenditure forecast for 2015 and 2016 appropriate

2.3.1 **2015**

Complete Settlement: There is an agreement to settle this issue as follows:

For the purpose of obtaining a complete settlement of all issues, and subject to section 2.1, the Parties accept that GLPT's proposed capital addition of $9,460,000 for 2015 is appropriate.

Approval:

Parties in Support:	SEC, VECC, Energy Probe
Parties Taking No Position:	N/A

Evidence: The evidence in relation to this issue includes the following:

1-4-1	Materiality Threshold
2-1-1	Rate Base Overview
2-1-2	Summary and Continuity Statements
2-2-1	Asset Management and Capital Budgeting
9-2-1	2-Staff-3
9-5-1	4-Energy Probe-19

2.3.2 **2016**

Complete Settlement: There is an agreement to settle this issue as follows:

For the purpose of obtaining a complete settlement of all issues, and subject to section 2.1, the Parties accept that GLPT's proposed capital addition of $9,768,700 for 2016 is appropriate.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

1-4-1	Materiality Threshold
2-1-1	Rate Base Overview
2-1-2	Summary and Continuity Statements
2-2-1	Asset Management and Capital Budgeting
9-2-1	2-Staff-3
9-5-1	4-Energy Probe-19

2.4 Is the capitalization policy and allocation procedure appropriate?

Complete Settlement: There is an agreement to settle this issue as follows:

For the purpose of obtaining a complete settlement of all issues, the Parties accept that GLPT's capitalization policy and allocation procedures, as set out in the application, are appropriate.

Approval:

Parties in Support:	SEC, VECC, Energy Probe
Parties Taking No Position:	N/A

Evidence: The evidence in relation to this issue includes the following:

2-1-1	Rate Base Overview

3. Load Forecast and Revenue Forecast

3.1 Is the load forecast and methodology appropriate?

Complete Settlement: There is an agreement to settle this issue as follows:

For the purpose of obtaining a complete settlement of all issues, the Parties accept that GLPT's load forecast and revenue forecast is appropriate. Further, GLPT undertakes to prepare a new, bottom-up (Customer) load forecast for submission to the Board with GLPT's next rate application.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

3-1-1	Operating Revenue
3-1-2	Charge Determinant Forecast and Variance Analysis
9-2-1	3-Staff-13
9-4-1	3.0-VECC-9
9-4-1	3.0-VECC-10
9-4-1	3.0-VECC-11
9-5-1	2-Energy Probe-8
10-4-1	3.0-VECC-27
10-5-1	1-Energy Probe-24s

3.2 Is the impact of CDM appropriately reflected in the load forecast?

Complete Settlement: There is an agreement to settle this issue as follows:

For the purpose of obtaining a complete settlement of all issues, the Parties accept that the impact of CDM is appropriately reflected in the load forecast. As indicated in section 3.1 above, as part of the complete settlement of all issues, GLPT undertakes to prepare a new, bottom-up (Customer) load forecast for submission to the Board with GLPT's next rate application.

Approval:

Parties in Support:	SEC, VECC, Energy Probe
Parties Taking No Position:	N/A

Evidence: The evidence in relation to this issue includes the following:

3-1-1	Operating Revenue
3-1-2	Charge Determinant Forecast and Variance Analysis

3.3 Are Other Revenues forecasts appropriate?

Complete Settlement: There is an agreement to settle this issue as follows:

In its application and evidence, GLPT forecasted its other income to be ($89,900) in each of 2015 and 2016, as presented in Table 3-1-3A of the pre-filed evidence.

For the purpose of obtaining a complete settlement of all issues, the Parties accept GLPT's forecasted other income for the 2015 and 2016 Test Years as appropriate.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

3-1-1 Operating Revenue

4. Operations, Maintenance and Administrative Costs

In its application, GLPT initially proposed total operating costs of $23,075,900 for 2015 and $23,532,600 for 2016. As shown in Table 4-1-1A, this was comprised of the following components:

- Operations, Maintenance and Administration ($11,021,100 for 2015 and $11,331,900 for 2016)
- Depreciation and Amortization ($9,701,200 for 2015 and $9,771,300 for 2016)
- Income Taxes ($2,115,400 for 2015 and $2,189,000 for 2016)
- Property Taxes ($238,200 for 2015 and $240,400 for 2016)

Operations, Maintenance & Administration expenses (OM&A), are considered in section 4.1, 4.2 and 4.4 of this Settlement Proposal, below.

Depreciation and Amortization expenses are considered in section 4.3 of this Settlement Proposal, below.

Income Taxes and Property Taxes are considered together in section 4.5, 4.6 and 4.7 of this Settlement Proposal.

4.1 Is the overall OM&A forecast in 2015 and 2016 appropriate?

4.2 Are the proposed spending levels for Shared Services and other costs in 2015 and 2016 appropriate?

4.4 Are the 2015 and 2016 compensation costs and employee levels appropriate?

Complete Settlement: There is an agreement to settle these issues 4.1, 4.2 and 4.4 as follows:

As indicated above, GLPT initially proposed operating costs that included OM&A costs of $11,021,100 for 2015 and $11,331,900 for 2016.

For the purpose of obtaining a complete settlement of all issues, the Parties have agreed that GLPT's OM&A expenses for the Test Years, as described herein, should be $10,821,100 for the 2015 test year and $11,121,900 for the 2016 test year. The Parties recognize that the reductions from GLPT's proposed OM&A costs for 2015 and 2016 reflect the cost savings associated with additional efficiency and productivity measures that GLPT will undertake to implement during the Test Years.

The Parties also note that the Pensions and Other Post- Employment Benefits (OPEB) costs included in the test period revenue requirement are based on actuarial calculations. In complying with IFRS accounting principles, the costs are recorded on an accrual basis for financial reporting as well. However, the actual payment for these costs is made by GLPT on a cash basis. In recent years, GLPT has paid out more in Pension costs than it recovered in rates while the opposite occurred for OPEB costs.

The table below sets out the actual cash amounts paid by GLPT over the 2010 to 2013 period and forecasted for 2014-2016 versus what was included in the applicable year's revenue requirement. Looking at Pension and OPEB on a combined basis it is apparent that, since 2010, GLPT has recovered less in rates than has been actually been paid out. Furthermore, there is no material difference between the cash and accrual accounting amounts reflected in GLPT's test period revenue requirement. Therefore, the Parties accept the Pension and OPEB costs included in GLPT's test period revenue requirement, without prejudice to the views they may hold as to the accounting practice that should apply for the calculation of Pension and OPEB costs to be recovered in rates and without prejudice to any position they may take in any other proceeding.

OPEB and Pension Costs

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Bridge Year	2015 Test Year	2016 Test Year
OPEB							
Amount included in rates	$ 385,843	$ 359,614	$ 368,604	$ 490,000	$ 499,972	$ 480,984	$ 523,216
Amount actually paid	$ 199,208	$ 123,844	$ 131,136	$ 140,423	$ 150,000	$ 153,000	$ 156,060
Net Excess (less than) in rates	**$ 186,635**	**$ 235,770**	**$ 237,468**	**$ 349,577**	**$ 349,972**	**$ 327,984**	**$ 367,156**
Pension							
Amount included in rates	$ 229,405	$ 295,274	$ 302,656	$ 526,000	$ 536,704	$ 587,924	$ 644,561
Amount actually paid	$ 556,003	$ 1,536,782	$ 1,015,092	$ 680,650	$ 901,715	$ 913,149	$ 934,611
Net Excess (less than) in rates	**($326,598)**	**($1,241,508)**	**($712,436)**	**($154,650)**	**($365,011)**	**($325,225)**	**($290,050)**
Total Excess (less than) in rates	**($139,963)**	**($1,005,738)**	**($474,968)**	**$194,927**	**($15,039)**	**$2,759**	**$77,106**

Source: Response to Board staff interrogatory 4-Staff-22 (g) and Board staff interrogatory 4-Staff-23 (c)

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

4-1-1	Summary of Operating Costs
4-2-1	OM&A Overview
4-2-2	Employee Compensation Breakdown
4-2-3	Shared Services & Corporate Cost Allocation
4-2-4	Purchase of Non-Affiliate Services
9-2-1	2-Staff-8
9-2-1	3-Staff-14
9-2-1	4-Staff-15
9-2-1	4-Staff-17
9-2-1	4-Staff-18
9-2-1	4-Staff-20
9-2-1	4-Staff-21
9-2-1	4-Staff-22
9-2-1	4-Staff-23
9-2-1	4-Staff-24
9-2-1	4-Staff-25
9-2-1	6-Staff-29
9-2-1	6-Staff-33
9-3-1	4-SEC-10
9-3-1	4-SEC-12
9-3-1	4-SEC-13
9-4-1	2.0-VECC-7
9-4-1	3.0-VECC-13
9-4-1	4.0-VECC-15
9-4-1	4.0-VECC-16
9-4-1	6.0-VECC-20
9-5-1	2-Energy Probe-9
9-5-1	2-Energy Probe-10
9-5-1	2-Energy Probe-11
9-5-1	4-Energy Probe-14
9-5-1	4-Energy Probe-17
9-5-1	4-Energy Probe-18
9-5-1	4-Energy Probe-19
9-5-1	4-Energy Probe-20
9-5-1	4-Energy Probe-21
9-5-1	4-Energy Probe-23
10-3-1	4-SEC-20
10-4-1	4.0-VECC-28
10-5-1	6-Energy Probe-27s

4.3 Is the proposed level of depreciation/amortization expense for 2015 and 2016 appropriate?

Complete Settlement: There is an agreement to settle issue 4.3 as follows:

As indicated above, GLPT initially proposed operating costs that included depreciation and amortization costs of $9,701,200 for 2015 and $9,771,300 for 2016.

For the purpose of obtaining a complete settlement of all issues, the Parties have agreed that GLPT's proposed depreciation and amortization costs of $9,701,200 for 2015 and $9,771,300 for 2016 are appropriate.

Approval:

Parties in Support:	SEC, VECC, Energy Probe
Parties Taking No Position:	N/A

Evidence: The evidence in relation to this issue includes the following:

4-1-1	Summary of Operating Costs
4-2-3	Shared Services & Corporate Cost Allocation
4-3-1	Depreciation & Amortization
9-2-1	2-Staff-9
10-2-1	6-Staff-39s

4.5 Is the 2015 and 2016 forecast of property taxes appropriate?

4.6 Are the requested income tax allowance for the test years 2015 and 2016 reasonable considering that the ownership structure of GLPT has changed since the last application EB-2012-0300?

4.7 Is the 2015 and 2016 forecast of income tax appropriate?

Complete Settlement: There is an agreement to settle these issues 4.5, 4.6, and 4.7 as follows:

In its initial application, GLPT:

- Calculated its property tax expense as $238,200 for 2015 and $240,400 for 2016. The calculation of these amounts is described in 4-4-3; and

- Calculated its income tax expense as $2,115,400 for 2015 and $2,189,000 for 2016. The calculation of this amount is described in 4-4-2.

Property Tax

For the purpose of obtaining a complete settlement of all issues, the Parties accept that GLPT's calculations of property taxes described herein, which total $238,200 for 2015 and $240,400 for 2016 are appropriate.

Income Tax

For the purpose of obtaining a complete settlement of all issues, the Parties accept GLPT's calculations of income tax, totaling $2,115,400 for 2015 and $2,189,000 for 2016, are appropriate. As shown in the corporate chart in 1-5-11-B, and as described in the section 81 notice filed by GLPT with the Board on January 31, 2013, there was a change in GLPT's corporate structure since GLPT's previous rate application (EB-2012-0300) whereby Great Lakes Power Transmission Holdings LP became the new sole limited partner of GLPT. In particular, GLPT's current corporate structure chart[1] indicates that a non- taxable entity, Great Lakes Power Transmission Holdings LP, owns 99.99% of the partnership units of GLPT (as the sole limited partner), and that a taxable entity, Great Lakes Power Transmission Inc., owns 0.01% of the partnership units (as the general partner). The previous ownership structure[2] showed ownership by two taxable entities, Great Lakes Power Transmission Inc. with 0.01% GP interest and Brookfield Infrastructure Holdings (Canada) Inc. with 99.99% LP interest.

Regarding the provision of a tax allowance in GLPT's revenue requirement, the Board had previously found that the stand-alone principle applied to GLPT and that the tax allowance will be allowed in rates. The Board stated, "The two partners [i.e., the general partner and sole limited partner of GLPT] are taxable corporations in Canada. There is no need to look further up the Brookfield corporate structure for purposes of determining the tax position." While it is evident that GLPT is no longer directly held by two taxable entities, the Parties are of the view that the tax allowance should continue to be included in the revenue requirement for the test period. Underpinning this view is the fact that there is a taxable entity, Brookfield Infrastructure Holdings (Canada) Inc., further up the ownership chart. In effect, the change in corporate structure does not alter the tax liability or the corporate entities within the structure responsible for that liability.

[1] See EB-2014-0238/ Exhibit 1Tab5 Schedule 2 Appendix B p.5
[2] See EB-2012-0300/Exhibit 1 Tab1 Schedule 12 Appendix B p.5

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

4-4-1	Tax Overview
4-4-2	Income Tax
4-4-3	Property Tax
4-4-4	Interest Expense
4-4-5	Capital Cost Allowance
9-4-1	4.0-VECC-19

5. Cost of Capital

5.1 Is the proposed capital structure, rate of return on equity and short term debt rate appropriate?

5.2 Is the proposed long term debt rate appropriate?

Capital Structure

Complete Settlement: There is an agreement to settle these issues 5.1 and 5.2 as follows:

In its application and evidence, GLPT proposed a capital structure for both the 2015 and 2016 Test Years that is 60% deemed debt (comprised of 4% short-term and 56% long-term) and 40% equity, as presented in Tables 5-1-1A and 5-1-1B of the pre-filed evidence.

For the purpose of obtaining a complete settlement of all issues, the Parties accept that GLPT's proposed capital structure for the 2015 and 2016 Test Years is appropriate.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

5-1-1 Cost of Capital & Rate of Return
9-2-1 5-Staff-26

Cost of Debt

Complete Settlement: There is an agreement to settle this issue as follows:

In its application, GLPT proposed a rate of interest on long term debt using its effective rate of interest on its actual debt. The rate proposed by GLPT was 6.87% in both 2015 and 2016, as presented in the Tables at 5-1-1A and 5-1-1B of the pre-filed evidence.

In its application, GLPT acknowledged that the Board has determined that the deemed amount of short term debt that should be factored into rate setting be fixed at 4% of rate base. For rates effective January 1, 2015 and January 1, 2016, to be consistent with GLPT's approach to Return on Equity ("ROE"), GLPT indicated its deemed short term debt rate to be 2.11% for each of 2015 and 2016. The deemed short term debt rate for 2015 and 2016 will be updated when the Board issues its approved cost of capital parameters for the rate year beginning January 1, 2015 and then again for the rate year beginning January 1, 2016.

For the purpose of obtaining a complete settlement of all issues, the Parties accept, as appropriate, GLPT's proposed rate of interest on long term debt of 6.87% and the Board-prescribed rate of interest on short term debt for the purpose of determining the cost of debt component of GLPT's revenue requirements for the 2015 and 2016 Test Years.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

5-1-1 Cost of Capital & Rate of Return

Cost of Equity

Complete Settlement: There is an agreement to settle this issue as follows:

In its application, GLPT initially proposed a ROE of 9.36% for each of the 2015 and 2016 test years. GLPT stated that it would update the ROE for each test year with the Board-approved figure, in accordance with the Board's Cost of Capital Report.

For the purpose of obtaining a complete settlement of all issues, the Parties accept GLPT's proposed ROE for the 2015 and 2016 test years, as updated when the Board issues its approved cost of capital parameters for the rate year beginning January 1, 2015 and again for the rate year beginning January 1, 2016.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

5-1-1 Cost of Capital & Rate of Return

6. Deferral and Variance Accounts

6.1 Are the proposed amounts, disposition and continuances of GLPT's existing Deferral and Variance Account appropriate?

6.1.1 Continuances

Complete Settlement: There is an agreement to settle this issue as follows:

In its application, GLPT proposed the following:

- the continuation in the test period of the sub-account for costs related to a legal claim made by Comstock Canada Inc., within account 1508;
- the continuation in the test period of the sub-account for Property Tax and Use and Occupation Permit Fee variances, within account 1508;
- the continuation in the test period of the sub-account to track and record impacts on test year revenue requirements resulting from any changes to existing IFRS standards or changes in the interpretation of such standards, within account 1508;
- the continuation in the test period of the sub-account to record costs in respect of IFRS gains and losses resulting from premature asset component retirements, within account 1508; and
- the continuation in the test period of the sub-account to record expenditures related to addressing an upcoming change to the definition of the Bulk Electric System ("BES"), within account 1508.

In addition, based upon the Board's Decision in EB-2009-0409, GLPT proposed to continue to maintain in the test period sub-accounts for Infrastructure Investment, Green Energy Initiatives and Preliminary Planning Costs, within account 1508. Based upon the Accounting Procedures Handbook, GLPT proposed to continue to maintain in the test period account 1592 for tax variances and account 1595 related to previously approved regulatory liability repayments and account 1575 related to IFRS-CGAAP Transitional PP&E Amounts (for disbursement only).

<u>Account 1508 - Other Regulatory Assets</u>

As at the date of the Application, GLPT had six active sub-accounts of Account 1508: (i) Infrastructure Investment, Green Energy Initiatives and Preliminary Planning Costs; (ii)

Comstock Claim; (iii) Property Tax and Use and Occupation Permit Fee Variances; (iv) Changes in IFRS; (v) IFRS Gains and Losses; and (vi) Changes to the definition of BES.

Account 1592 - Changes in Tax Legislation

The Board created this account to deal with changes in tax legislation and tax rules with respect to PILs and taxes.

Account 1575 - IFRS-CGAAP Transitional PP&E Amounts

The Board created this account to record differences arising as a result of accounting policy changes caused by the transition from previous CGAAP to modified IFRS.

Account 1595 - Five Year Liability Repayment

This account was established to refund the amount of $3,063,900 to ratepayers over a five year period beginning in 2011.

For the purpose of obtaining a complete settlement of all issues, the Parties accept GLPT's proposal that the Board should authorize GLPT to continue to establish and record costs in these existing accounts, as described in the evidence filed by GLPT in support of these requests (including the continuance of the account 1575 related to IFRS-CGAAP Transitional PP&E Amounts for disbursal only), with one exception: the Parties agree that the sub-account within account 1508 related changes to existing IFRS standards or changes in the interpretation of such standards should be closed.

The Parties also acknowledge that GLPT's loss on disposal of assets amounts in 2013 and 2014 were approximately $450,000 and $210,000, respectively, and GLPT anticipates the loss amounts related to planned projects will be in excess of $500,000 and $300,000 in each of 2015 and 2016, respectively. These amounts are therefore expected to exceed GLPT's materiality thresholds set out in 1-4-1 of the pre-filed evidence of $199,400 and $201, 600 for 2015 and 2016, respectively.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

6-1-1 Deferral and Variance Accounts Overview

6-1-2	Account 1508 - Other Regulatory Assets
6-1-3	Account 1575 - IFRS-CGAAP Transitional PP&E Amounts
6-4-1	Continuity of Deferral and Variance Accounts
9-2-1	6-Staff-27
9-2-1	6-Staff-28
9-2-1	6-Staff-29
9-2-1	6-Staff-30
9-2-1	6-Staff-31
9-2-1	6-Staff-32
9-2-1	6-Staff-33
9-3-1	4-SEC-14
9-5-1	6-Energy Probe-22
10-2-1	6-Staff-37s
10-2-1	6-Staff-39s
10-2-1	6-Staff-40s

6.1.2 **Amounts and Dispositions**

Complete Settlement: There is an agreement to settle this issue as follows:

In its application, GLPT proposed to disburse the various account balances by aggregating the balance of all accounts, including the remaining balance in Account 1595, and disbursing them over a three year period beginning in 2015.

For the purpose of obtaining a complete settlement of all issues, the Parties have agreed that the various account balances being disbursed, and the proposed disbursal methodology, are appropriate.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

6-1-1	Deferral and Variance Accounts Overview
6-1-4	Account 1595 – Three Year Liability Repayment
6-3-1	Disbursal of Existing Deferral and Variance Accounts
6-4-1	Continuity of Deferral and Variance Accounts

9-4-1 6.0-VECC-21

6.2 Are the proposed new Deferral and Variance Account appropriate?

Complete Settlement: There is an agreement to settle this issue as follows:

In its application, GLPT requested approval to establish the following in the test years:

- a sub-account within deferral account 1574 to record revenue deficiencies incurred from January 1, 2015 until GLPT's proposed 2015 rates are implemented, if necessary;

- a sub-account within deferral account 1574 to record revenue deficiencies incurred from January 1, 2016 until GLPT's proposed 2016 rates are implemented, if necessary;

- a new deferral account for recording incremental expenditures related to new customer connection activities.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that an accounting order establishing the requested sub-accounts within deferral account 1574 is appropriate. In addition, as part of the complete settlement of all issues, the Parties accept that, at the appropriate time, the requested account may be established for GLPT to record costs related to new customer connection activities; however, the Parties agree that, at the present time, there is not sufficient certainty regarding the new customer connection activities to warrant establishing this account. The Parties agree that GLPT may apply to the Board in the future to establish this account as further details about the new customer connections become available. Upon such an application, the Participating Intervenors may take any position they feel appropriate.

As indicated in section 2.1 above, as part of a complete settlement of all the issues, the Parties agree that a In-Service Additions Net Cumulative Asymmetrical Variance Account should be created.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

6-1-1 Deferral and Variance Accounts Overview

6-2-1	Proposed Deferral and Variance Accounts
9-2-1	6-Staff-33
9-2-1	6-Energy Probe-23
10-2-1	6-Staff-40s
10-5-1	6-Energy Probe-27s
Pages 4-6	Board's Decision and Order dated July 12, 2012 for proceeding EB-2012-0180 under the heading "Support Costs for OEB Designation Process"

7. Cost Allocation

7.1 Is the cost allocation proposed by GLPT appropriate?

Complete Settlement: There is an agreement to settle this issue as follows:

GLPT proposes to allocate its incremental revenue requirement to the Uniform Transmission Rate pools by applying the same proportions as set out in Hydro One's most recent cost allocation methodology, which remains unchanged from what was approved by the Board in the Decision and Rate Order in EB-2010-0002.

For the purpose of obtaining a complete settlement of all issues, the Parties agree that the Board should adopt GLPT's allocation of its incremental revenue requirement to the Uniform Transmission Rate pools in accordance with Hydro One's latest cost allocation methodology.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

8-1-1	Calculation of Uniform Transmission Rates
8-1-2	Uniform Transmission Rate Reconciliation
8-1-3	2014 Ontario Transmission Rate Schedules
9-4-1	7.0-VECC-23

8. Rate Design

8.1 Is the proposed charge determinate forecast appropriate?

Complete Settlement: There is an agreement to settle this issue as follows:

As described in 3-1-2 of its application, GLPT employed a methodology for developing a charge determinant forecast for its directly connected customers. As described in 8-1-1, this forecasting methodology was then combined with the approved charge determinants for Ontario's other three electricity transmitters in order to derive the Uniform Transmission Rate in Ontario (the "**UTR**").

	Proposed Annual Charge Determinants (MW)		
	Network	**Line Connection**	**Transformation Connection**
GLPT	3,445.341	2,461.434	455.652
All Transmitters	238,851.173	231,224.393	197,995.764

The Parties accept that the proposed charge determinants presented in the above table are appropriate. Note that the "All Transmitters" figure does not incorporate any update for HONI or other transmitters' 2015-2016 volume forecasts.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

3-1-2	Charge Determinant Forecast & Variance Analysis
8-1-1	Calculation of Uniform Transmission Rates
9-2-1	3-Staff-13
9-4-1	3.0-VECC-10
9-4-1	3.0-VECC-11
9-5-1	2-Energy Probe-8
10-4-1	3.0-VECC-27

8.2 Is the proposed calculation of the Uniform Transmission Rates appropriate?

Complete Settlement: There is an agreement to settle this issue as follows:

The Parties accept that GLPT's calculation of the Uniform Transmission Rates is appropriate, subject to the changes agreed to in this Settlement Proposal.

Approval:

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

8-1-1 Calculation of Uniform Transmission Rates
8-1-2 Uniform Transmission Rate Reconciliation
8-1-3 2014 Ontario Transmission Rate Schedules

9. Rate Implementation

9.1 Is the rate effective and implementation date appropriate?

Complete Settlement: There is an agreement to settle this issue as follows:

In its application, GLPT requested that its existing rates be made interim effective January 1, 2015, if necessary. GLPT also requested that its proposed rates for 2015 and 2016 test years be made effective as of January 1, 2015 and January 1, 2016, respectively.

The Parties accept that GLPT's existing rates should be made interim effective January 1, 2015, if necessary, and that GLPT's revised 2015 and 2016 rates should be made effective as of January 1, 2015 and January 1, 2016, respectively.

Approval*:*

Parties in Support: SEC, VECC, Energy Probe

Parties Taking No Position: N/A

Evidence: The evidence in relation to this issue includes the following:

1-1-1 Application
1-1-2 Summary of Application

APPENDIX 'A'

ISSUES LIST

BOARD APPROVED ISSUES LIST

1. General

1.1 Has GLPT responded appropriately to all relevant Board directions from previous proceedings?

1.2 Is the overall increase in 2015 and 2016 revenue requirement reasonable?

1.3 Are the productivity measures proposed and benchmarking performed by GLPT reasonable and appropriate?

2. Rate Base

2.1 Is the proposed rate base for 2015 and 2016 appropriate?

2.2 Is the working capital allowance for 2015 and 2016 appropriate?

2.3 Is the capital expenditure forecast for 2015 and 2016 appropriate?

2.4 Is the capitalization policy and allocation procedure appropriate?

3. Load Forecast and Revenue Forecast

3.1 Is the load forecast and methodology appropriate?

3.2 Is the impact of CDM appropriately reflected in the load forecast?

3.3 Are Other Revenues forecasts appropriate?

4. Operations, Maintenance & Administration Costs

4.1 Is the overall OM&A forecast in 2015 and 2016 appropriate?

4.2 Are the proposed spending levels for Share Services and other costs in 2015 and 2016 appropriate?

4.3 Is the proposed level of depreciation/amortization expense for 2015 and 2016 appropriate?

4.4 Are the 2015 and 2016 compensation costs and employee levels appropriate?

4.5 Is the 2015 and 2016 forecast of property taxes appropriate?

4.6 Are the requested income tax allowances for the test years 2015 and 2016 reasonable considering that the ownership structure of GLPT has changed since the last application EB-2012-0300?

4.7 Is the 2015 and 2016 forecast of income taxes appropriate?

5. Cost of Capital

5.1 Is the proposed capital structure, rate of return on equity and short term debt rate appropriate?

5.2 Is the proposed long term debt rate appropriate?

6. Deferral/Variance Accounts

6.1 Are the proposed amounts, disposition and continuances of GLPT's existing Deferral and Variance Account appropriate?

6.2 Are the proposed new Deferral and Variance Account appropriate?

7. Cost Allocation

7.1 Is the cost allocation proposed by GLPT appropriate?

8. Rate Design

8.1 Is the proposed charge determinate forecast appropriate?

8.2 Is the proposed calculation of the Uniform Transmission Rates appropriate?

9. Rate Implementation

9.1 Is the rate effective and implementation date appropriate?

<u>APPENDIX 'B'</u>

REVENUE REQUIREMENT WORK FORMS - REVISED TO REFLECT SETTLEMENT AGREEMENT

Revenue Requirement Workform

Version 4.00

Utility Name	
Service Territory	*Great Lakes Power Transmission*
Assigned EB Number	EB-2014-0238
Name and Title	Scott Seabrook, Director of Administration
Phone Number	(705) 759-7624
Email Address	sseabrook@glp.ca

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 results.

Revenue Requirement Workform

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)				(6)			Per Board Decision	
1	**Rate Base**										
	Gross Fixed Assets (average)	$249,916,705		$ -		$ 249,916,705		$ -		$249,916,705	
	Accumulated Depreciation (average)	($31,630,529)	(5)	$ -		($31,630,529)		$ -		($31,630,529)	
	Allowance for Working Capital:										
	Controllable Expenses	$11,021,095		($200,000)		$ 10,821,095		$ -		$10,821,095	
	Cost of Power	$ -		$ -				$ -		$0	
	Working Capital Rate (%)	4.30%	(9)			4.38%	(9)			4.38%	(9)
2	**Utility Income**										
	Operating Revenues:										
	Distribution Revenue at Current Rates	$38,731,100		$0		$38,731,100		$0		$38,731,100	
	Distribution Revenue at Proposed Rates	$39,782,072		($200,000)		$39,582,072		$0		$39,582,072	
	Other Revenue:										
	Specific Service Charges	$ -		$0		$ -		$0		$ -	
	Late Payment Charges	$ -		$0		$ -		$0		$ -	
	Other Distribution Revenue	$ -		$0		$ -		$0		$ -	
	Other Income and Deductions	$89,900		$0		$89,900		$0		$89,900	
	Total Revenue Offsets	$ -	(7)	$0		$ -		$0		$ -	
	Operating Expenses:										
	OM+A Expenses	$11,021,095		($200,000)		$ 10,821,095		$ -		$10,821,095	
	Depreciation/Amortization	$9,701,179		$ -		$ 9,701,179		$ -		$9,701,179	
	Property taxes	$238,241		$ -		$ 238,241		$ -		$238,241	
	Other expenses	$ -		$ -		0		$ -		$0	
3	**Taxes/PILs**										
	Taxable Income:										
	Adjustments required to arrive at taxable income	($2,323,145)	(3)			($2,323,145)				($2,323,145)	
	Utility Income Taxes and Rates:										
	Income taxes (not grossed up)	$1,554,818				$1,554,818				$1,554,818	
	Income taxes (grossed up)	$2,115,398				$2,115,398				$2,115,398	
	Federal tax (%)	15.00%				15.00%				15.00%	
	Provincial tax (%)	11.50%				11.50%				11.50%	
	Income Tax Credits	$ -				$ -				$ -	
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%	
	Prefered 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 (%)	2.11%				2.11%				2.11%	
	Common Equity Cost Rate (%)	9.36%				9.36%				9.36%	
	Prefered 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 colimn 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.

Revenue Requirement Workform

Rate Base and Working Capital

Rate Base

Line No.	Particulars		Initial Application				Per Board Decision
1	Gross Fixed Assets (average)	(3)	$249,916,705	$ -	$249,916,705	$ -	$249,916,705
2	Accumulated Depreciation (average)	(3)	($31,630,529)	$ -	($31,630,529)	$ -	($31,630,529)
3	Net Fixed Assets (average)	(3)	$218,286,176	$ -	$218,286,176	$ -	$218,286,176
4	Allowance for Working Capital	(1)	$474,028	($1)	$474,028	$ -	$474,028
5	**Total Rate Base**		$218,760,204	($1)	$218,760,204	$ -	$218,760,204

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses		$11,021,095	($200,000)	$10,821,095	$ -	$10,821,095
7	Cost of Power		$ -	$ -	$ -	$ -	$ -
8	Working Capital Base		$11,021,095	($200,000)	$10,821,095	$ -	$10,821,095
9	Working Capital Rate %	(2)	4.30%	0.08%	4.38%	0.00%	4.38%
10	Working Capital Allowance		$474,028	($1)	$474,028	$ -	$474,028

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.

Revenue Requirement Workform

Utility Income

Line No.	Particulars		Initial Application				Per Board Decision
	Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)		$39,782,072	($200,000)	$39,582,072	$ -	$39,582,072
2	Other Revenue	(1)	$89,900	$ -	$89,900	$ -	$89,900
3	Total Operating Revenues		$39,871,972	($200,000)	$39,671,972	$ -	$39,671,972
	Operating Expenses:						
4	OM+A Expenses		$11,021,095	($200,000)	$10,821,095	$ -	$10,821,095
5	Depreciation/Amortization		$9,701,179	$ -	$9,701,179	$ -	$9,701,179
6	Property taxes		$238,241	$ -	$238,241	$ -	$238,241
7	Capital taxes		$ -	$ -	$ -	$ -	$ -
8	Other expense		$ -	$ -	$ -	$ -	$ -
9	Subtotal (lines 4 to 8)		$20,960,515	($200,000)	$20,760,515	$ -	$20,760,515
10	Deemed Interest Expense		$8,605,676	($0)	$8,605,676	$ -	$8,605,676
11	Total Expenses (lines 9 to 10)		$29,566,191	($200,000)	$29,366,191	$ -	$29,366,191
12	**Utility income before income taxes**		$10,305,780	($0)	$10,305,780	$ -	$10,305,780
13	Income taxes (grossed-up)		$2,115,398	$ -	$2,115,398	$ -	$2,115,398
14	**Utility net income**		$8,190,382	($0)	$8,190,382	$ -	$8,190,382
Notes	**Other Revenues / Revenue Offsets**						
(1)	Specific Service Charges		$ -	$ -	$ -	$ -	$ -
	Late Payment Charges		$ -	$ -	$ -	$ -	$ -
	Other Distribution Revenue		$ -	$ -	$ -	$ -	$ -
	Other Income and Deductions		$89,900	$ -	$89,900	$ -	$89,900
	Total Revenue Offsets		$89,900	$ -	$89,900	$ -	$89,900

Revenue Requirement Workform

Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
	Determination of Taxable Income			
1	Utility net income before taxes	$8,190,382	$8,190,382	$8,190,382
2	Adjustments required to arrive at taxable utility income	($2,323,145)	($2,323,145)	($2,323,145)
3	Taxable income	$5,867,237	$5,867,237	$5,867,237
	Calculation of Utility income Taxes			
4	Income taxes	$1,554,818	$1,554,818	$1,554,818
6	Total taxes	$1,554,818	$1,554,818	$1,554,818
7	Gross-up of Income Taxes	$560,581	$560,581	$560,581
8	Grossed-up Income Taxes	$2,115,398	$2,115,398	$2,115,398
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$2,115,398	$2,115,398	$2,115,398
10	Other tax Credits	$ -	$ -	$ -
	Tax Rates			
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%	11.50%
13	Total tax rate (%)	26.50%	26.50%	26.50%

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%	$122,505,714	6.87%	$8,421,043
2	Short-term Debt	4.00%	$8,750,408	2.11%	$184,634
3	**Total Debt**	60.00%	$131,256,123	6.56%	$8,605,676
	Equity				
4	Common Equity	40.00%	$87,504,082	9.36%	$8,190,382
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$87,504,082	9.36%	$8,190,382
7	**Total**	100.00%	$218,760,204	7.68%	$16,796,058
		(%)	($)	(%)	($)
	Debt				
1	Long-term Debt	56.00%	$122,505,714	6.87%	$8,421,043
2	Short-term Debt	4.00%	$8,750,408	2.11%	$184,634
3	**Total Debt**	60.00%	$131,256,122	6.56%	$8,605,676
	Equity				
4	Common Equity	40.00%	$87,504,082	9.36%	$8,190,382
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$87,504,082	9.36%	$8,190,382
7	**Total**	100.00%	$218,760,204	7.68%	$16,796,058
		Per Board Decision			
		(%)	($)	(%)	($)
	Debt				
8	Long-term Debt	56.00%	$122,505,714	6.87%	$8,421,043
9	Short-term Debt	4.00%	$8,750,408	2.11%	$184,634
10	**Total Debt**	60.00%	$131,256,122	6.56%	$8,605,676
	Equity				
11	Common Equity	40.00%	$87,504,082	9.36%	$8,190,382
12	Preferred Shares	0.00%	$ -	0.00%	$ -
13	**Total Equity**	40.00%	$87,504,082	9.36%	$8,190,382
14	**Total**	100.00%	$218,760,204	7.68%	$16,796,058

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 colimn M and Adjustments in column I

Revenue Requirement Workform

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application: At Current Approved Rates	Initial Application: At Proposed Rates	At Current Approved Rates	At Proposed Rates	Per Board Decision: At Current Approved Rates	Per Board Decision: At Proposed Rates
1	Revenue Deficiency from Below		$1,050,972		$850,972		$850,972
2	Distribution Revenue	$38,731,100	$38,731,100	$38,731,100	$38,731,100	$38,731,100	$38,731,100
3	Other Operating Revenue Offsets - net	$89,900	$89,900	$89,900	$89,900	$89,900	$89,900
4	**Total Revenue**	$38,821,000	$39,871,972	$38,821,000	$39,671,972	$38,821,000	$39,671,972
5	Operating Expenses	$20,960,515	$20,960,515	$20,760,515	$20,760,515	$20,760,515	$20,760,515
6	Deemed Interest Expense	$8,605,676	$8,605,676	$8,605,676	$8,605,676	$8,605,676	$8,605,676
8	**Total Cost and Expenses**	$29,566,191	$29,566,191	$29,366,191	$29,366,191	$29,366,191	$29,366,191
9	**Utility Income Before Income Taxes**	$9,254,809	$10,305,780	$9,454,809	$10,305,780	$9,454,809	$10,305,780
10	Tax Adjustments to Accounting Income per 2013 PILs model	($2,323,145)	($2,323,145)	($2,323,145)	($2,323,145)	($2,323,145)	($2,323,145)
11	**Taxable Income**	$6,931,664	$7,982,635	$7,131,664	$7,982,635	$7,131,664	$7,982,635
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13	**Income Tax on Taxable Income**	$1,836,891	$2,115,398	$1,889,891	$2,115,398	$1,889,891	$2,115,398
14	**Income Tax Credits**	$ -	$ -	$ -	$ -	$ -	$ -
15	**Utility Net Income**	$7,417,918	$8,190,382	$7,564,918	$8,190,382	$7,564,918	$8,190,382
16	**Utility Rate Base**	$218,760,204	$218,760,204	$218,760,204	$218,760,204	$218,760,204	$218,760,204
17	Deemed Equity Portion of Rate Base	$87,504,082	$87,504,082	$87,504,082	$87,504,082	$87,504,082	$87,504,082
18	Income/(Equity Portion of Rate Base)	8.48%	9.36%	8.65%	9.36%	8.65%	9.36%
19	Target Return - Equity on Rate Base	9.36%	9.36%	9.36%	9.36%	9.36%	9.36%
20	Deficiency/Sufficiency in Return on Equity	-0.88%	0.00%	-0.71%	0.00%	-0.71%	0.00%
21	Indicated Rate of Return	7.32%	7.68%	7.39%	7.68%	7.39%	7.68%
22	Requested Rate of Return on Rate Base	7.68%	7.68%	7.68%	7.68%	7.68%	7.68%
23	Deficiency/Sufficiency in Rate of Return	-0.35%	0.00%	-0.29%	0.00%	-0.29%	0.00%
24	Target Return on Equity	$8,190,382	$8,190,382	$8,190,382	$8,190,382	$8,190,382	$8,190,382
25	Revenue Deficiency/(Sufficiency)	$772,464	$ -	$625,464	$ -	$625,464	$ -
26	**Gross Revenue Deficiency/(Sufficiency)**	$1,050,972 **(1)**		$850,972 **(1)**		$850,972 **(1)**	

Notes:

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

Revenue Requirement Workform

Revenue Requirement

Line No.	Particulars	Application			Per Board Decision	
1	OM&A Expenses	$11,021,095	$10,821,095		$10,821,095	
2	Amortization/Depreciation	$9,701,179	$9,701,179		$9,701,179	
3	Property Taxes	$238,241	$238,241		$238,241	
5	Income Taxes (Grossed up)	$2,115,398	$2,115,398		$2,115,398	
6	Other Expenses	$ -	$ -		$ -	
7	Return					
	Deemed Interest Expense	$8,605,676	$8,605,676		$8,605,676	
	Return on Deemed Equity	$8,190,382	$8,190,382		$8,190,382	
8	**Service Revenue Requirement (before Revenues)**	$39,871,972	$39,671,972		$39,671,972	
9	Revenue Offsets	$ -	$ -		$ -	
10	**Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)**	$39,871,972	$39,671,972		$39,671,972	
11	Distribution revenue	$39,782,072	$39,582,072		$39,582,072	
12	Other revenue	$89,900	$89,900		$89,900	
13	**Total revenue**	$39,871,972	$39,671,972		$39,671,972	
14	**Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)**	$ -	(1) $ -	(1)	$ -	(1)

<u>**Notes**</u>

(1) Line 11 - Line 8

Revenue Requirement Workform

Version 4.00

Utility Name	
Service Territory	*Great Lakes Power Transmission*
Assigned EB Number	EB-2014-0238
Name and Title	Scott Seabrook, Director of Administration
Phone Number	(705) 759-7624
Email Address	sseabrook@glp.ca

Revenue Requirement Workform

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)		(6)			Per Board Decision	
1	**Rate Base**								
	Gross Fixed Assets (average)	$259,531,046		$ -	$ 259,531,046		$ -	$259,531,046	
	Accumulated Depreciation (average)	($41,366,782)	(5)	$ -	($41,366,782)		$ -	($41,366,782)	
	Allowance for Working Capital:								
	Controllable Expenses	$11,331,876		($210,000)	$ 11,121,876		$ -	$11,121,876	
	Cost of Power	$ -		$ -			$ -	$0	
	Working Capital Rate (%)	4.32%	(9)		4.40%	(9)		4.40%	(9)
2	**Utility Income**								
	Operating Revenues:								
	Distribution Revenue at Current Rates	$38,731,100		$0	$38,731,100		$0	$38,731,100	
	Distribution Revenue at Proposed Rates	$40,230,644		($210,000)	$40,020,644		$0	$40,020,644	
	Other Revenue:								
	Specific Service Charges	$ -		$0	$ -		$0	$ -	
	Late Payment Charges	$ -		$0	$ -		$0	$ -	
	Other Distribution Revenue	$ -		$0	$ -		$0	$ -	
	Other Income and Deductions	$89,900		$0	$89,900		$0	$89,900	
	Total Revenue Offsets	$ -	(7)	$0	$ -		$0	$ -	
	Operating Expenses:								
	OM+A Expenses	$11,331,876		($210,000)	$ 11,121,876		$ -	$11,121,876	
	Depreciation/Amortization	$9,771,327		$ -	$ 9,771,327		$ -	$9,771,327	
	Property taxes	$240,424		$ -	$ 240,424		$ -	$240,424	
	Other expenses	$ -		$ -	0		$ -	$0	
3	**Taxes/PILs**								
	Taxable Income:								
	Adjustments required to arrive at taxable income	($2,115,011)	(3)		($2,115,011)			($2,115,011)	
	Utility Income Taxes and Rates:								
	Income taxes (not grossed up)	$1,608,920			$1,608,920			$1,608,920	
	Income taxes (grossed up)	$2,189,007			$2,189,007			$2,189,007	
	Federal tax (%)	15.00%			15.00%			15.00%	
	Provincial tax (%)	11.50%			11.50%			11.50%	
	Income Tax Credits	$ -			$ -			$ -	
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%	
	Prefered 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 (%)	2.11%			2.11%			2.11%	
	Common Equity Cost Rate (%)	9.36%			9.36%			9.36%	
	Prefered 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 colimn 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.

Revenue Requirement Workform

Rate Base and Working Capital

Rate Base

Line No.	Particulars		Initial Application				Per Board Decision
1	Gross Fixed Assets (average)	(3)	$259,531,046	$ -	$259,531,046	$ -	$259,531,046
2	Accumulated Depreciation (average)	(3)	($41,366,782)	$ -	($41,366,782)	$ -	($41,366,782)
3	Net Fixed Assets (average)	(3)	$218,164,264	$ -	$218,164,264	$ -	$218,164,264
4	Allowance for Working Capital	(1)	$489,809	($0)	$489,809	$ -	$489,809
5	**Total Rate Base**		$218,654,073	($0)	$218,654,073	$ -	$218,654,073

(1) **Allowance for Working Capital - Derivation**

Line No.	Particulars		Initial Application				Per Board Decision
6	Controllable Expenses		$11,331,876	($210,000)	$11,121,876	$ -	$11,121,876
7	Cost of Power		$ -	$ -	$ -	$ -	$ -
8	Working Capital Base		$11,331,876	($210,000)	$11,121,876	$ -	$11,121,876
9	Working Capital Rate %	(2)	4.32%	0.08%	4.40%	0.00%	4.40%
10	Working Capital Allowance		$489,809	($0)	$489,809	$ -	$489,809

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.

Revenue Requirement Workform

Utility Income

Line No.	Particulars		Initial Application				Per Board Decision
	Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)		$40,230,644	($210,000)	$40,020,644	$ -	$40,020,644
2	Other Revenue	(1)	$89,900	$ -	$89,900	$ -	$89,900
3	Total Operating Revenues		$40,320,544	($210,000)	$40,110,544	$ -	$40,110,544
	Operating Expenses:						
4	OM+A Expenses		$11,331,876	($210,000)	$11,121,876	$ -	$11,121,876
5	Depreciation/Amortization		$9,771,327	$ -	$9,771,327	$ -	$9,771,327
6	Property taxes		$240,424	$ -	$240,424	$ -	$240,424
7	Capital taxes		$ -	$ -	$ -	$ -	$ -
8	Other expense		$ -	$ -	$ -	$ -	$ -
9	Subtotal (lines 4 to 8)		$21,343,627	($210,000)	$21,133,627	$ -	$21,133,627
10	Deemed Interest Expense		$8,601,501	($0)	$8,601,501	$ -	$8,601,501
11	Total Expenses (lines 9 to 10)		$29,945,128	($210,000)	$29,735,128	$ -	$29,735,128
12	**Utility income before income taxes**		$10,375,416	($0)	$10,375,416	$ -	$10,375,416
13	Income taxes (grossed-up)		$2,189,007	$ -	$2,189,007	$ -	$2,189,007
14	**Utility net income**		$8,186,408	($0)	$8,186,408	$ -	$8,186,408

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	$ -	$ -	$ -	$ -	$ -
	Late Payment Charges	$ -	$ -	$ -	$ -	$ -
	Other Distribution Revenue	$ -	$ -	$ -	$ -	$ -
	Other Income and Deductions	$89,900	$ -	$89,900	$ -	$89,900
	Total Revenue Offsets	$89,900	$ -	$89,900	$ -	$89,900

Revenue Requirement Workform

Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
	Determination of Taxable Income			
1	Utility net income before taxes	$8,186,408	$8,186,408	$8,186,408
2	Adjustments required to arrive at taxable utility income	($2,115,011)	($2,115,011)	($2,115,011)
3	Taxable income	$6,071,397	$6,071,397	$6,071,397
	Calculation of Utility income Taxes			
4	Income taxes	$1,608,920	$1,608,920	$1,608,920
6	Total taxes	$1,608,920	$1,608,920	$1,608,920
7	Gross-up of Income Taxes	$580,087	$580,087	$580,087
8	Grossed-up Income Taxes	$2,189,007	$2,189,007	$2,189,007
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$2,189,007	$2,189,007	$2,189,007
10	Other tax Credits	$ -	$ -	$ -
	Tax Rates			
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%	11.50%
13	Total tax rate (%)	26.50%	26.50%	26.50%

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%	$122,446,281	6.87%	$8,416,957
2	Short-term Debt	4.00%	$8,746,163	2.11%	$184,544
3	**Total Debt**	60.00%	$131,192,444	6.56%	$8,601,501
	Equity				
4	Common Equity	40.00%	$87,461,629	9.36%	$8,186,408
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$87,461,629	9.36%	$8,186,408
7	**Total**	100.00%	$218,654,073	7.68%	$16,787,910

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	($)	(%)	($)
	Debt				
1	Long-term Debt	56.00%	$122,446,281	6.87%	$8,416,957
2	Short-term Debt	4.00%	$8,746,163	2.11%	$184,544
3	**Total Debt**	60.00%	$131,192,444	6.56%	$8,601,501
	Equity				
4	Common Equity	40.00%	$87,461,629	9.36%	$8,186,408
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$87,461,629	9.36%	$8,186,408
7	**Total**	100.00%	$218,654,073	7.68%	$16,787,910

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Per Board Decision			
		(%)	($)	(%)	($)
	Debt				
8	Long-term Debt	56.00%	$122,446,281	6.87%	$8,416,957
9	Short-term Debt	4.00%	$8,746,163	2.11%	$184,544
10	**Total Debt**	60.00%	$131,192,444	6.56%	$8,601,501
	Equity				
11	Common Equity	40.00%	$87,461,629	9.36%	$8,186,408
12	Preferred Shares	0.00%	$ -	0.00%	$ -
13	**Total Equity**	40.00%	$87,461,629	9.36%	$8,186,408
14	**Total**	100.00%	$218,654,073	7.68%	$16,787,910

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 colimn M and Adjustments in column I

Revenue Requirement Workform

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application: At Current Approved Rates	Initial Application: At Proposed Rates	At Current Approved Rates	At Proposed Rates	Per Board Decision: At Current Approved Rates	Per Board Decision: At Proposed Rates
1	Revenue Deficiency from Below		$1,499,544		$1,289,544		$1,289,544
2	Distribution Revenue	$38,731,100	$38,731,100	$38,731,100	$38,731,100	$38,731,100	$38,731,100
3	Other Operating Revenue Offsets - net	$89,900	$89,900	$89,900	$89,900	$89,900	$89,900
4	**Total Revenue**	$38,821,000	$40,320,544	$38,821,000	$40,110,544	$38,821,000	$40,110,544
5	Operating Expenses	$21,343,627	$21,343,627	$21,133,627	$21,133,627	$21,133,627	$21,133,627
6	Deemed Interest Expense	$8,601,501	$8,601,501	$8,601,501	$8,601,501	$8,601,501	$8,601,501
8	**Total Cost and Expenses**	$29,945,128	$29,945,128	$29,735,128	$29,735,128	$29,735,128	$29,735,128
9	**Utility Income Before Income Taxes**	$8,875,872	$10,375,416	$9,085,872	$10,375,416	$9,085,872	$10,375,416
10	Tax Adjustments to Accounting Income per 2013 PILs model	($2,115,011)	($2,115,011)	($2,115,011)	($2,115,011)	($2,115,011)	($2,115,011)
11	**Taxable Income**	$6,760,861	$8,260,405	$6,970,861	$8,260,405	$6,970,861	$8,260,405
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13	**Income Tax on Taxable Income**	$1,791,628	$2,189,007	$1,847,278	$2,189,007	$1,847,278	$2,189,007
14	**Income Tax Credits**	$ -	$ -	$ -	$ -	$ -	$ -
15	**Utility Net Income**	$7,084,244	$8,186,408	$7,238,594	$8,186,408	$7,238,594	$8,186,408
16	**Utility Rate Base**	$218,654,073	$218,654,073	$218,654,073	$218,654,073	$218,654,073	$218,654,073
17	Deemed Equity Portion of Rate Base	$87,461,629	$87,461,629	$87,461,629	$87,461,629	$87,461,629	$87,461,629
18	Income/(Equity Portion of Rate Base)	8.10%	9.36%	8.28%	9.36%	8.28%	9.36%
19	Target Return - Equity on Rate Base	9.36%	9.36%	9.36%	9.36%	9.36%	9.36%
20	Deficiency/Sufficiency in Return on Equity	-1.26%	0.00%	-1.08%	0.00%	-1.08%	0.00%
21	Indicated Rate of Return	7.17%	7.68%	7.24%	7.68%	7.24%	7.68%
22	Requested Rate of Return on Rate Base	7.68%	7.68%	7.68%	7.68%	7.68%	7.68%
23	Deficiency/Sufficiency in Rate of Return	-0.50%	0.00%	-0.43%	0.00%	-0.43%	0.00%
24	Target Return on Equity	$8,186,408	$8,186,408	$8,186,408	$8,186,408	$8,186,408	$8,186,408
25	Revenue Deficiency/(Sufficiency)	$1,102,165	$ -	$947,815	$ -	$947,815	$ -
26	**Gross Revenue Deficiency/(Sufficiency)**	$1,499,544 **(1)**		$1,289,544 **(1)**		$1,289,544 **(1)**	

Notes:

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

Revenue Requirement Workform

Revenue Requirement

Line No.	Particulars	Application				Per Board Decision	
1	OM&A Expenses	$11,331,876		$11,121,876		$11,121,876	
2	Amortization/Depreciation	$9,771,327		$9,771,327		$9,771,327	
3	Property Taxes	$240,424		$240,424		$240,424	
5	Income Taxes (Grossed up)	$2,189,007		$2,189,007		$2,189,007	
6	Other Expenses	$ -		$ -		$ -	
7	Return						
	Deemed Interest Expense	$8,601,501		$8,601,501		$8,601,501	
	Return on Deemed Equity	$8,186,408		$8,186,408		$8,186,408	
8	**Service Revenue Requirement (before Revenues)**	$40,320,544		$40,110,544		$40,110,544	
9	Revenue Offsets	$ -		$ -		$ -	
10	**Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)**	$40,320,544		$40,110,544		$40,110,544	
11	Distribution revenue	$40,230,644		$40,020,644		$40,020,644	
12	Other revenue	$89,900		$89,900		$89,900	
13	**Total revenue**	$40,320,544		$40,110,544		$40,110,544	
14	**Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)**	$ -	(1)	$ -	(1)	$ -	(1)

Notes

(1) Line 11 - Line 8