

## REVENUE SUFFICIENCY/DEFICIENCY

### TABLE OF CONTENTS

	Page
REVENUE DEFICIENCY .....	2
Overview.....	2
Revenue Requirement.....	4
APPENDIX 6-1: BOARD REVENUE REQUIREMENT MODEL 2015.....	10
APPENDIX 6-2: BOARD REVENUE REQUIREMENT MODEL 2016.....	19
APPENDIX 6-3: BOARD REVENUE REQUIREMENT MODEL 2017.....	28
APPENDIX 6-3: BOARD REVENUE REQUIREMENT MODEL 2018.....	37
APPENDIX 6-5: BOARD REVENUE REQUIREMENT MODEL 2019.....	46

## REVENUE DEFICIENCY

### Overview

The information in this Exhibit supports and summarizes OPUCN's request in this Application for increases in its revenue requirements for each of the 2015 – 2019 Test Years based on its revenue deficiencies for 2015 – 2019, relative to that computed by applying its 2015 - 2019 load forecasts to 2014 Board approved electricity distribution rates and the proposed rates for each of the 2015 – 2019 Test Years. OPUCN requires these increases in order to:

- provide necessary cash flow to support its capital and operating budgets for 2015 – 2019 as described in Exhibits 2 and 4;
- continue to provide a safe, reliable supply of electricity to the customers it serves;
- allow it to earn a fair return on the cost of its financial capital in a manner consistent with the *Report of the Board on Cost of Capital for Ontario's Regulated Utilities* issued December 11, 2009 and as provided in Exhibit 5; and
- meet its Payments in Lieu of Taxes liabilities as provided in Exhibit 4.

OPUCN has provided detailed calculations supporting its 2015 - 2019 revenue deficiencies in the Board's Revenue Requirement Work Form (the "RRWF"), which accompanies this Application as Appendix 6-1 through Appendix 6-5. Table 6-1 identifies the inputs and calculations used to determine the deficiency.

**TABLE 6-1 - REVENUE DEFICIENCY (\$000s)**

	\$000s	2015	2016	2017	2018	2019
Rate Base		104,991	112,853	119,891	127,128	133,201
Cost of Capital		6.35%	6.37%	6.38%	6.39%	6.39%
Return on Rate Base	A	6,670	7,194	7,653	8,122	8,513
Distribution Expenses	B	12,146	12,614	12,887	13,110	13,183
Amortization	C	3,896	4,847	5,001	5,203	5,371
Payment in Lieu of Taxes	D	189	399	482	622	645
Service Revenue Requirement	A+B+C+D=E	22,902	25,055	26,022	27,058	27,711
Less Revenue Offsets	F	1,336	1,507	1,631	1,452	1,518
2015 Base Revenue Requirement	E-F=G	21,565	23,548	24,391	25,605	26,194
Revenue with Test Year Load at PY Rates	H	18,703	21,885	23,951	24,855	26,089
Revenue Deficiency	G-H=I	2,862	1,663	441	750	105

The primary drivers behind the deficiency in 2015 are the cumulative capital investments made in the years 2013 and 2014, increasing the Rate Base from \$80.8 million approved for 2012 to \$105.0 million in the 2015 Test Year, plus the associated amortization expense. Table 6-2 below summarises the movement in revenue requirement from 2012 Approved to the 2015 Test Year, and the resulting revenue deficiency.

**TABLE 6-2 – ANALYSIS OF 2015 REVENUE DEFICIENCY BY COMPONENT (\$000s)**

	2012	2013 IRM	2014 IRM	2014	2015	2015
	Approved	1.1%	1.55%	Adjusted	Test Yr	Change
	Revenue	Increase	Increase	Revenue	Revenue	
	Requirement			Requirement	Requirement	
Return on Rate Base	5,380	59	84	5,523	6,670	1,147
OM&A Expenses	11,480	126	180	11,786	12,146	359
Amortization	2,858	31	45	2,934	3,896	963
PILS	325	4	5	334	189	(145)
Load & Customer Growth						35
Revenue Offsets	(1,792)	(20)	(28)	(1,840)	(1,336)	504
Revenue Requirement / Deficiency	18,251			18,738	21,565	2,862

Table 6-3 below summarises the deficiency by component for each of the years 2015 to 2019.

**TABLE 6-3 - REVENUE DEFICIENCY BY COMPONENT 2015–2019 (\$000s)**

	2015	2016	2017	2018	2019
Return on Rate Base	1,147	524	459	469	390
OM&A Expenses	359	469	272	223	74
Amortization	963	951	154	202	168
PILS	(145)	209	83	140	22
Load & Customer Growth	35	(319)	(403)	(464)	(483)
Revenue Offsets	504	(171)	(124)	179	(65)
Revenue Deficiency	2,862	1,663	441	750	105

### Revenue Requirement

OPUCN's revenue requirement is comprised of the following components:

- Operations, Maintenance, and Administration Expenses;
- Amortization Expense;
- PILs; and
- Return on Rate Base (Debt Interest Expense + Return on Equity).

OPUCN derives its service revenue requirement through: i) distribution rates charged to its customers; and ii) other revenues. Other revenues comprise: Board-approved specific service charges; late payment charges; and other miscellaneous sources. These other revenues, described in detail in Exhibit 3, are treated as offsets against OPUCN's service revenue requirement, the net amount of which represents the base revenue requirement upon which class-specific distribution rates are calculated.

OPUCN's revenue deficiency is detailed by item in Tables 6-4 through 6-8.

**TABLE 6-4 - REVENUE DEFICIENCY MAPPING 2015**

Description	2014 Bridge Actual	2015 Test Existing Rates	2015 Test - Required Revenue
<b>Revenue:</b>			
Revenue Deficiency			2,862,090
Distribution Revenue	18,265,790	18,703,174	18,703,174
Other Operating Revenue (Net)	1,245,698	1,336,319	1,336,319
<b>Total Revenue</b>	<b>19,511,488</b>	<b>20,039,493</b>	<b>22,901,582</b>
<b>Costs and Expenses:</b>			
Administrative & General, Billing & Collecting	8,774,330	9,352,959	9,352,959
Operation & Maintenance	2,336,763	2,634,298	2,634,298
Depreciation & Amortization	3,845,383	3,896,463	3,896,463
Property Taxes	155,338	158,445	158,445
Deemed Interest	2,842,078	2,764,441	2,764,441
<b>Total Costs and Expenses</b>	<b>17,953,892</b>	<b>18,806,605</b>	<b>18,806,605</b>
<b>Utility Income Before Income Taxes</b>	<b>1,557,595</b>	<b>1,232,887</b>	<b>4,094,977</b>
<b>Income Taxes:</b>			
Corporate Income Taxes	(72,884)	(431,755)	189,328
<b>Total Income Taxes</b>	<b>(72,884)</b>	<b>(431,755)</b>	<b>189,328</b>
<b>Utility Net Income</b>	<b>1,630,479</b>	<b>1,664,643</b>	<b>3,905,649</b>
<b>Income Tax Expense Calculation:</b>			
Accounting Income	1,557,595	1,232,887	4,094,977
Tax Adjustments to Accounting Income	(1,832,629)	(3,176,430)	(3,176,430)
<b>Taxable Income</b>	<b>(275,034)</b>	<b>(1,943,542)</b>	<b>918,548</b>
<b>Income tax expense before credits</b>	<b>(72,884)</b>	<b>(421,755)</b>	<b>199,328</b>
<b>Credits</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>
<b>Income Tax Expense</b>	<b>(72,884)</b>	<b>(431,755)</b>	<b>189,328</b>
<b>Tax Rate Reflecting Tax Credits</b>	<b>26.50%</b>	<b>21.70%</b>	<b>21.70%</b>
<b>Actual Return on Rate Base:</b>			
Rate Base	98,382,652	104,990,574	104,990,574
Interest Expense	2,842,078	2,764,441	2,764,441
Net Income	1,630,479	1,664,643	3,905,649
<b>Total Actual Return on Rate Base</b>	<b>4,472,557</b>	<b>4,429,084</b>	<b>6,670,090</b>
<b>Actual Return on Rate Base</b>	<b>4.55%</b>	<b>4.22%</b>	<b>6.35%</b>
<b>Required Return on Rate Base:</b>			
Rate Base	98,382,652	104,990,574	104,990,574
<b>Return Rates:</b>			
Return on Debt (Weighted)	4.81%	4.39%	4.39%
Return on Equity	9.42%	9.30%	9.30%
Deemed Interest Expense	2,842,078	2,764,441	2,764,441
Return On Equity	3,707,058	3,905,649	3,905,649
<b>Total Return</b>	<b>6,549,136</b>	<b>6,670,090</b>	<b>6,670,090</b>
<b>Expected Return on Rate Base</b>	<b>6.66%</b>	<b>6.35%</b>	<b>6.35%</b>
<b>Revenue Deficiency After Tax</b>	<b>2,076,579</b>	<b>2,241,006</b>	<b>(0)</b>
<b>Revenue Deficiency Before Tax</b>	<b>2,825,278</b>	<b>2,862,090</b>	<b>(0)</b>

**TABLE 6-5 - REVENUE DEFICIENCY MAPPING 2016**

Description	2016 Test Existing Rates	2016 Test - Required Revenue
<b>Revenue:</b>		
Revenue Deficiency		<b>1,663,120</b>
Distribution Revenue	21,884,533	21,884,533
Other Operating Revenue (Net)	1,506,940	1,506,940
<b>Total Revenue</b>	<b>23,391,473</b>	<b>25,054,593</b>
<b>Costs and Expenses:</b>		
Administrative & General, Billing & Collecting	9,592,928	9,592,928
Operation & Maintenance	2,859,662	2,859,662
Depreciation & Amortization	4,847,338	4,847,338
Property Taxes	161,613	161,613
Deemed Interest	2,996,107	2,996,107
<b>Total Costs and Expenses</b>	<b>20,457,649</b>	<b>20,457,649</b>
<b>Utility Income Before Income Taxes</b>	<b>2,933,824</b>	<b>4,596,944</b>
<b>Income Taxes:</b>		
Corporate Income Taxes	2,321	398,815
<b>Total Income Taxes</b>	<b>2,321</b>	<b>398,815</b>
<b>Utility Net Income</b>	<b>2,931,503</b>	<b>4,198,129</b>
<b>Income Tax Expense Calculation:</b>		
Accounting Income	2,933,824	4,596,944
Tax Adjustments to Accounting Income	(2,882,143)	(2,882,143)
<b>Taxable Income</b>	<b>51,681</b>	<b>1,714,801</b>
<b>Income tax expense before credits</b>	<b>12,321</b>	<b>408,815</b>
<b>Credits</b>	<b>10,000</b>	<b>10,000</b>
<b>Income Tax Expense</b>	<b>2,321</b>	<b>398,815</b>
<b>Tax Rate Reflecting Tax Credits</b>	<b>23.84%</b>	<b>23.84%</b>
<b>Actual Return on Rate Base:</b>		
Rate Base	112,852,918	112,852,918
Interest Expense	2,996,107	2,996,107
Net Income	2,931,503	4,198,129
<b>Total Actual Return on Rate Base</b>	<b>5,927,610</b>	<b>7,194,236</b>
<b>Actual Return on Rate Base</b>	<b>5.25%</b>	<b>6.37%</b>
<b>Required Return on Rate Base:</b>		
Rate Base	112,852,918	112,852,918
<b>Return Rates:</b>		
Return on Debt (Weighted)	4.42%	4.42%
Return on Equity	9.30%	9.30%
Deemed Interest Expense	2,996,107	2,996,107
Return On Equity	4,198,129	4,198,129
<b>Total Return</b>	<b>7,194,236</b>	<b>7,194,236</b>
<b>Expected Return on Rate Base</b>	<b>6.37%</b>	<b>6.37%</b>
<b>Revenue Deficiency After Tax</b>	<b>1,266,625</b>	<b>0</b>
<b>Revenue Deficiency Before Tax</b>	<b>1,663,120</b>	<b>0</b>

**TABLE 6-6 - REVENUE DEFICIENCY MAPPING 2017**

Description	2017 Test Existing Rates	2017 Test - Required Revenue
<b>Revenue:</b>		
Revenue Deficiency		<b>440,556</b>
Distribution Revenue	23,950,683	23,950,683
Other Operating Revenue (Net)	1,631,192	1,631,192
<b>Total Revenue</b>	<b>25,581,875</b>	<b>26,022,430</b>
<b>Costs and Expenses:</b>		
Administrative & General, Billing & Collecting	9,722,715	9,722,715
Operation & Maintenance	2,998,966	2,998,966
Depreciation & Amortization	5,000,972	5,000,972
Property Taxes	165,007	165,007
Deemed Interest	3,192,821	3,192,821
<b>Total Costs and Expenses</b>	<b>21,080,481</b>	<b>21,080,481</b>
<b>Utility Income Before Income Taxes</b>	<b>4,501,394</b>	<b>4,941,949</b>
<b>Income Taxes:</b>		
Corporate Income Taxes	375,235	482,020
<b>Total Income Taxes</b>	<b>375,235</b>	<b>482,020</b>
<b>Utility Net Income</b>	<b>4,126,159</b>	<b>4,459,929</b>
<b>Income Tax Expense Calculation:</b>		
Accounting Income	4,501,394	4,941,949
Tax Adjustments to Accounting Income	(2,912,063)	(2,912,063)
<b>Taxable Income</b>	<b>1,589,330</b>	<b>2,029,886</b>
<b>Income tax expense before credits</b>	<b>385,235</b>	<b>492,020</b>
<b>Credits</b>	<b>10,000</b>	<b>10,000</b>
<b>Income Tax Expense</b>	<b>375,235</b>	<b>482,020</b>
<b>Tax Rate Reflecting Tax Credits</b>	<b>24.24%</b>	<b>24.24%</b>
<b>Actual Return on Rate Base:</b>		
Rate Base	119,890,558	119,890,558
Interest Expense	3,192,821	3,192,821
Net Income	4,126,159	4,459,929
<b>Total Actual Return on Rate Base</b>	<b>7,318,980</b>	<b>7,652,750</b>
<b>Actual Return on Rate Base</b>	<b>6.10%</b>	<b>6.38%</b>
<b>Required Return on Rate Base:</b>		
Rate Base	119,890,558	119,890,558
<b>Return Rates:</b>		
Return on Debt (Weighted)	4.44%	4.44%
Return on Equity	9.30%	9.30%
Deemed Interest Expense	3,192,821	3,192,821
Return On Equity	4,459,929	4,459,929
<b>Total Return</b>	<b>7,652,750</b>	<b>7,652,750</b>
<b>Expected Return on Rate Base</b>	<b>6.38%</b>	<b>6.38%</b>
<b>Revenue Deficiency After Tax</b>	<b>333,770</b>	<b>0</b>
<b>Revenue Deficiency Before Tax</b>	<b>440,556</b>	<b>0</b>

**TABLE 6-7 - REVENUE DEFICIENCY MAPPING 2018**

Description	2018 Test Existing Rates	2018 Test - Required Revenue
<b>Revenue:</b>		
Revenue Deficiency		<b>749,846</b>
Distribution Revenue	24,855,397	24,855,397
Other Operating Revenue (Net)	1,452,379	1,452,379
<b>Total Revenue</b>	<b>26,307,776</b>	<b>27,057,622</b>
<b>Costs and Expenses:</b>		
Administrative & General, Billing & Collecting	9,926,112	9,926,112
Operation & Maintenance	3,015,221	3,015,221
Depreciation & Amortization	5,203,071	5,203,071
Property Taxes	168,473	168,473
Deemed Interest	3,393,088	3,393,088
<b>Total Costs and Expenses</b>	<b>21,705,965</b>	<b>21,705,965</b>
<b>Utility Income Before Income Taxes</b>	<b>4,601,812</b>	<b>5,351,658</b>
<b>Income Taxes:</b>		
Corporate Income Taxes	437,326	622,498
<b>Total Income Taxes</b>	<b>437,326</b>	<b>622,498</b>
<b>Utility Net Income</b>	<b>4,164,486</b>	<b>4,729,159</b>
<b>Income Tax Expense Calculation:</b>		
Accounting Income	4,601,812	5,351,658
Tax Adjustments to Accounting Income	(2,790,390)	(2,790,390)
<b>Taxable Income</b>	<b>1,811,422</b>	<b>2,561,268</b>
<b>Income tax expense before credits</b>	<b>447,326</b>	<b>632,498</b>
<b>Credits</b>	<b>10,000</b>	<b>10,000</b>
<b>Income Tax Expense</b>	<b>437,326</b>	<b>622,498</b>
<b>Tax Rate Reflecting Tax Credits</b>	<b>24.69%</b>	<b>24.69%</b>
<b>Actual Return on Rate Base:</b>		
Rate Base	127,127,942	127,127,942
Interest Expense	3,393,088	3,393,088
Net Income	4,164,486	4,729,159
<b>Total Actual Return on Rate Base</b>	<b>7,557,574</b>	<b>8,122,247</b>
<b>Actual Return on Rate Base</b>	<b>5.94%</b>	<b>6.39%</b>
<b>Required Return on Rate Base:</b>		
Rate Base	127,127,942	127,127,942
<b>Return Rates:</b>		
Return on Debt (Weighted)	4.45%	4.45%
Return on Equity	9.30%	9.30%
Deemed Interest Expense	3,393,088	3,393,088
Return On Equity	4,729,159	4,729,159
<b>Total Return</b>	<b>8,122,247</b>	<b>8,122,247</b>
<b>Expected Return on Rate Base</b>	<b>6.39%</b>	<b>6.39%</b>
<b>Revenue Deficiency After Tax</b>	<b>564,674</b>	<b>0</b>
<b>Revenue Deficiency Before Tax</b>	<b>749,846</b>	<b>0</b>



**TABLE 6-8 - REVENUE DEFICIENCY MAPPING 2019**

Description	2019 Test Existing Rates	2019 Test - Required Revenue
<b>Revenue:</b>		
Revenue Deficiency		<b>105,296</b>
Distribution Revenue	26,088,546	26,088,546
Other Operating Revenue (Net)	1,517,631	1,517,631
<b>Total Revenue</b>	<b>27,606,177</b>	<b>27,711,473</b>
<b>Costs and Expenses:</b>		
Administrative & General, Billing & Collecting	10,133,613	10,133,613
Operation & Maintenance	2,877,866	2,877,866
Depreciation & Amortization	5,370,697	5,370,697
Property Taxes	172,010	172,010
Deemed Interest	3,557,656	3,557,656
<b>Total Costs and Expenses</b>	<b>22,111,843</b>	<b>22,111,843</b>
<b>Utility Income Before Income Taxes</b>	<b>5,494,334</b>	<b>5,599,631</b>
<b>Income Taxes:</b>		
Corporate Income Taxes	618,481	644,541
<b>Total Income Taxes</b>	<b>618,481</b>	<b>644,541</b>
<b>Utility Net Income</b>	<b>4,875,854</b>	<b>4,955,089</b>
<b>Income Tax Expense Calculation:</b>		
Accounting Income	5,494,334	5,599,631
Tax Adjustments to Accounting Income	(2,955,025)	(2,955,025)
<b>Taxable Income</b>	<b>2,539,309</b>	<b>2,644,606</b>
<b>Income tax expense before credits</b>	<b>628,481</b>	<b>654,541</b>
<b>Credits</b>	<b>10,000</b>	<b>10,000</b>
<b>Income Tax Expense</b>	<b>618,481</b>	<b>644,541</b>
<b>Tax Rate Reflecting Tax Credits</b>	<b>24.75%</b>	<b>24.75%</b>
<b>Actual Return on Rate Base:</b>		
Rate Base	133,201,327	133,201,327
Interest Expense	3,557,656	3,557,656
Net Income	4,875,854	4,955,089
<b>Total Actual Return on Rate Base</b>	<b>8,433,510</b>	<b>8,512,746</b>
<b>Actual Return on Rate Base</b>	<b>6.33%</b>	<b>6.39%</b>
<b>Required Return on Rate Base:</b>		
Rate Base	133,201,327	133,201,327
<b>Return Rates:</b>		
Return on Debt (Weighted)	4.45%	4.45%
Return on Equity	9.30%	9.30%
Deemed Interest Expense	3,557,656	3,557,656
Return On Equity	4,955,089	4,955,089
<b>Total Return</b>	<b>8,512,746</b>	<b>8,512,746</b>
<b>Expected Return on Rate Base</b>	<b>6.39%</b>	<b>6.39%</b>
<b>Revenue Deficiency After Tax</b>	<b>79,235</b>	<b>(0)</b>
<b>Revenue Deficiency Before Tax</b>	<b>105,296</b>	<b>(0)</b>

## APPENDIX 6-1: BOARD REVENUE REQUIREMENT MODEL 2015



### Revenue Requirement Workform



Version 4.00

Utility Name	Oshawa PUC Networks Inc.
Service Territory	Oshawa
Assigned EB Number	EB-2014-0101
Name and Title	David Savage, Corporate Controller
Phone Number	905-743 5219
Email Address	dsavage@opuc.on.ca

*This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.*

*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.*



[1. Info](#)

[6. Taxes PILs](#)

[2. Table of Contents](#)

[7. Cost of Capital](#)

[3. Data Input Sheet](#)

[8. Rev Def Suff](#)

[4. Rate Base](#)

[9. Rev Req](#)

[5. Utility Income](#)

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 <sup>(1)</sup>

	Initial Application	(2)		(6)		Per Board Decision
<b>1</b>	<b>Rate Base</b>					
	Gross Fixed Assets (average)	\$173,132		\$ 173,132		\$173,132
	Accumulated Depreciation (average)	(\$85,403)	(5)	(\$85,403)		(\$85,403)
	<b>Allowance for Working Capital:</b>					
	Controllable Expenses	\$12,146		\$ 12,146		\$12,146
	Cost of Power	\$120,635		\$ 120,635		\$120,635
	Working Capital Rate (%)	13.00%	(9)	13.00%	(9)	13.00% (9)
<b>2</b>	<b>Utility Income</b>					
	<b>Operating Revenues:</b>					
	Distribution Revenue at Current Rates	\$18,703				
	Distribution Revenue at Proposed Rates	\$21,565				
	<b>Other Revenue:</b>					
	Specific Service Charges	\$758				
	Late Payment Charges	\$290				
	Other Distribution Revenue	\$160				
	Other Income and Deductions	\$128				
	<b>Total Revenue Offsets</b>	\$1,336	(7)			
	<b>Operating Expenses:</b>					
	OM+A Expenses	\$11,960		\$ 11,960		\$11,960
	Depreciation/Amortization	\$3,896		\$ 3,896		\$3,896
	Property taxes	\$158		\$ 158		\$158
	<b>Other expenses</b>	\$27		27.45977693		\$27
<b>3</b>	<b>Taxes/PILs</b>					
	<b>Taxable Income:</b>					
	Adjustments required to arrive at taxable income	(\$3,176)	(3)			
	<b>Utility Income Taxes and Rates:</b>					
	Income taxes (not grossed up)	\$148				
	Income taxes (grossed up)	\$189				
	Federal tax (%)	15.00%				
	Provincial tax (%)	6.70%				
	Income Tax Credits	(\$10)				
<b>4</b>	<b>Capitalization/Cost of Capital</b>					
	<b>Capital Structure:</b>					
	Long-term debt Capitalization Ratio (%)	56.0%				
	Short-term debt Capitalization Ratio (%)	4.0%	(8)	(8)		(8)
	Common Equity Capitalization Ratio (%)	40.0%				
	Preferred Shares Capitalization Ratio (%)	0.0%				
		100.0%				
	<b>Cost of Capital</b>					
	Long-term debt Cost Rate (%)	4.55%				
	Short-term debt Cost Rate (%)	2.16%				
	Common Equity Cost Rate (%)	9.30%				
	Preferred Shares Cost Rate (%)	0.00%				

tes:

**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 (%)
- Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (2) Net of addbacks and deductions to arrive at taxable income.
- (3) Average of Gross Fixed Assets at beginning and end of the Test Year
- (4)



## Rate Base and Working Capital

Line No.	Rate Base		Initial Application				Per Board Decision	
	Particulars							
1	Gross Fixed Assets (average)	(3)	\$173,132		\$ -	\$173,132	\$ -	\$173,132
2	Accumulated Depreciation (average)	(3)	(\$85,403)		\$ -	(\$85,403)	\$ -	(\$85,403)
3	Net Fixed Assets (average)	(3)	\$87,729		\$ -	\$87,729	\$ -	\$87,729
4	Allowance for Working Capital	(1)	\$17,261		\$ -	\$17,261	\$ -	\$17,261
5	<b>Total Rate Base</b>		<b>\$104,991</b>		<b>\$ -</b>	<b>\$104,991</b>	<b>\$ -</b>	<b>\$104,991</b>

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

6	Controllable Expenses		\$12,146		\$ -	\$12,146	\$ -	\$12,146
7	Cost of Power		\$120,635		\$ -	\$120,635	\$ -	\$120,635
8	Working Capital Base		\$132,781		\$ -	\$132,781	\$ -	\$132,781
9	Working Capital Rate %	(2)	13.00%		0.00%	13.00%	0.00%	13.00%
10	Working Capital Allowance		\$17,261		\$ -	\$17,261	\$ -	\$17,261

#### Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2014 cost of service applications is 13%.  
(3) Average of opening and closing balances for the year.



## Utility Income

Line No.	Particulars	Initial Application				Per Board Decision			
	<b>Operating Revenues:</b>								
1	Distribution Revenue (at Proposed Rates)	\$21,565		(\$21,565)		\$ -		\$ -	
2	Other Revenue (1)	\$1,336		(\$1,336)		\$ -		\$ -	
3	Total Operating Revenues	\$22,902		(\$22,902)		\$ -		\$ -	
	<b>Operating Expenses:</b>								
4	OM+A Expenses	\$11,960		\$ -		\$11,960		\$ -	
5	Depreciation/Amortization	\$3,896		\$ -		\$3,896		\$ -	
6	Property taxes	\$158		\$ -		\$158		\$ -	
7	Capital taxes	\$ -		\$ -		\$ -		\$ -	
8	Other expense	\$27		\$ -		\$27		\$ -	
9	Subtotal (lines 4 to 8)	\$16,042		\$ -		\$16,042		\$ -	
10	Deemed Interest Expense	\$2,764		(\$2,764)		\$ -		\$ -	
11	Total Expenses (lines 9 to 10)	\$18,807		(\$2,764)		\$16,042		\$ -	
12	Utility income before income taxes	\$4,095		(\$20,137)		(\$16,042)		\$ -	
13	Income taxes (grossed-up)	\$189		\$ -		\$189		\$ -	
14	Utility net income	\$3,906		(\$20,137)		(\$16,231)		\$ -	

## Notes

### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$758				\$ -			
	Late Payment Charges	\$290				\$ -			
	Other Distribution Revenue	\$160				\$ -			
	Other Income and Deductions	\$128				\$ -			
	Total Revenue Offsets	\$1,336		\$ -		\$ -		\$ -	



## Revenue Requirement Workform

### Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$3,906		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$3,176)		\$ -		(\$3,176)	
3	Taxable income	<u>\$729</u>		<u>\$ -</u>		<u>(\$3,176)</u>	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$148		\$148		\$148	
6	Total taxes	<u>\$148</u>		<u>\$148</u>		<u>\$148</u>	
7	Gross-up of Income Taxes	\$41		\$41		\$41	
8	Grossed-up Income Taxes	<u>\$189</u>		<u>\$189</u>		<u>\$189</u>	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$189</u>		<u>\$189</u>		<u>\$189</u>	
10	Other tax Credits	(\$10)		(\$10)		(\$10)	
<u>Tax Rates</u>							
11	Federal tax (%)	15.00%		15.00%		15.00%	
12	Provincial tax (%)	6.70%		6.70%		6.70%	
13	Total tax rate (%)	<u>21.70%</u>		<u>21.70%</u>		<u>21.70%</u>	



## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$58,795	4.55%	\$2,674
2	Short-term Debt	4.00%	\$4,200	2.16%	\$91
3	<b>Total Debt</b>	60.00%	\$62,994	4.39%	\$2,764
	<b>Equity</b>				
4	Common Equity	40.00%	\$41,996	9.30%	\$3,906
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	40.00%	\$41,996	9.30%	\$3,906
7	<b>Total</b>	100.00%	\$104,991	6.35%	\$6,670
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	<b>Total Debt</b>	0.00%	\$ -	0.00%	\$ -
	<b>Equity</b>				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	0.00%	\$ -	0.00%	\$ -
7	<b>Total</b>	0.00%	\$104,991	0.00%	\$ -
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
8	Long-term Debt	0.00%	\$ -	4.55%	\$ -
9	Short-term Debt	0.00%	\$ -	2.16%	\$ -
10	<b>Total Debt</b>	0.00%	\$ -	0.00%	\$ -
	<b>Equity</b>				
11	Common Equity	0.00%	\$ -	9.30%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	<b>Total Equity</b>	0.00%	\$ -	0.00%	\$ -
14	<b>Total</b>	0.00%	\$104,991	0.00%	\$ -

### Notes

(4) Data is subject to Board Approval as indicated. (5) Data is subject to Board Approval as indicated.





## Revenue Requirement Workform

### Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$2,862		(\$3,554)
2	Distribution Revenue	\$18,703	\$18,703	\$18,703	\$25,119
3	Other Operating Revenue	\$1,336	\$1,336	\$ -	\$ -
	Offsets - net				
4	<b>Total Revenue</b>	\$20,039	\$22,902	\$18,703	\$21,565
5	Operating Expenses	\$16,042	\$16,042	\$16,042	\$16,042
6	Deemed Interest Expense	\$2,764	\$2,764	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	\$18,807	\$18,807	\$16,042	\$16,042
9	<b>Utility Income Before Income Taxes</b>	\$1,233	\$4,095	\$2,661	\$5,523
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$3,176)	(\$3,176)	(\$3,176)	(\$3,176)
11	<b>Taxable Income</b>	(\$1,944)	\$919	(\$515)	\$2,347
12	Income Tax Rate	21.70%	21.70%	21.70%	21.70%
13	<b>Income Tax on Taxable Income</b>	(\$422)	\$199	(\$112)	\$509
14	<b>Income Tax Credits</b>	(\$10)	(\$10)	(\$10)	(\$10)
15	<b>Utility Net Income</b>	\$1,665	\$3,906	\$2,783	(\$16,231)
16	<b>Utility Rate Base</b>	\$104,991	\$104,991	\$104,991	\$104,991
17	Deemed Equity Portion of Rate Base	\$41,996	\$41,996	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	3.96%	9.30%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.30%	9.30%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-5.34%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	4.22%	6.35%	2.65%	0.00%
22	Requested Rate of Return on Rate Base	6.35%	6.35%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-2.13%	0.00%	2.65%	0.00%
24	Target Return on Equity	\$3,906	\$3,906	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$2,241	\$ -	(\$2,783)	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	\$2,862 (1)		(\$3,554) (1)	

**Notes:**

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



## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$11,960		\$11,960	
2	Amortization/Depreciation	\$3,896		\$3,896	
3	Property Taxes	\$158		\$158	
5	Income Taxes (Grossed up)	\$189		\$189	
6	Other Expenses	\$27		\$27	
7	Return				
	Deemed Interest Expense	\$2,764		\$ -	
	Return on Deemed Equity	\$3,906		\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$22,902</u>		<u>\$16,231</u>	
9	Revenue Offsets	\$1,336		\$ -	
10	<b>Base Revenue Requirement (excluding Transformer Owership Allowance credit adjustment)</b>	<u>\$21,565</u>		<u>\$16,231</u>	
11	Distribution revenue	\$21,565		\$ -	
12	Other revenue	\$1,336		\$ -	
13	<b>Total revenue</b>	<u>\$22,902</u>		<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$ -</u>	(1)	<u>(\$16,231)</u>	(1)

### Notes

(1) Line 11 - Line 8

## APPENDIX 6-2: BOARD REVENUE REQUIREMENT MODEL 2016



### Revenue Requirement Workform



Version 4.00

Utility Name	Oshawa PUC Networks Inc.
Service Territory	Oshawa
Assigned EB Number	EB-2014-0101
Name and Title	David Savage, Corporate Controller
Phone Number	905-743 5219
Email Address	dsavage@opuc.on.ca

*This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.*

*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.*



[1. Info](#)

[6. Taxes PILs](#)

[2. Table of Contents](#)

[7. Cost of Capital](#)

[3. Data Input Sheet](#)

[8. Rev Def Suff](#)

[4. Rate Base](#)

[9. Rev Req](#)

[5. Utility Income](#)

**Notes:**

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



## Data Input <sup>(1)</sup>

	Initial Application	(2)		(6)		Per Board Decision
<b>1</b>	<b>Rate Base</b>					
	Gross Fixed Assets (average)	\$183,128		\$ 183,128		\$183,128
	Accumulated Depreciation (average)	(\$87,830) (5)		(\$87,830)		(\$87,830)
	<b>Allowance for Working Capital:</b>					
	Controllable Expenses	\$12,614		\$ 12,614		\$12,614
	Cost of Power	\$122,429		\$ 122,429		\$122,429
	Working Capital Rate (%)	13.00% (9)		13.00% (9)		13.00% (9)
<b>2</b>	<b>Utility Income</b>					
	Operating Revenues:					
	Distribution Revenue at Current Rates	\$21,885				
	Distribution Revenue at Proposed Rates	\$23,548				
	<b>Other Revenue:</b>					
	Specific Service Charges	\$913				
	Late Payment Charges	\$300				
	Other Distribution Revenue	\$166				
	Other Income and Deductions	\$128				
	Total Revenue Offsets	\$1,507 (7)				
	<b>Operating Expenses:</b>					
	OM+A Expenses	\$12,423		\$ 12,423		\$12,423
	Depreciation/Amortization	\$4,847		\$ 4,847		\$4,847
	Property taxes	\$162		\$ 162		\$162
	Other expenses	\$30		30.06442053		\$30
<b>3</b>	<b>Taxes/PILs</b>					
	Taxable Income:					
	Adjustments required to arrive at taxable income	(\$2,882) (3)				
	<b>Utility Income Taxes and Rates:</b>					
	Income taxes (not grossed up)	\$304				
	Income taxes (grossed up)	\$399				
	Federal tax (%)	15.00%				
	Provincial tax (%)	8.84%				
	Income Tax Credits	(\$10)				
<b>4</b>	<b>Capitalization/Cost of Capital</b>					
	<b>Capital Structure:</b>					
	Long-term debt Capitalization Ratio (%)	56.0%				
	Short-term debt Capitalization Ratio (%)	4.0% (8)		(8)		(8)
	Common Equity Capitalization Ratio (%)	40.0%				
	Preferred Shares Capitalization Ratio (%)	0.0%				
		100.0%				
	<b>Cost of Capital</b>					
	Long-term debt Cost Rate (%)	4.59%				
	Short-term debt Cost Rate (%)	2.16%				
	Common Equity Cost Rate (%)	9.30%				
	Preferred Shares Cost Rate (%)	0.00%				

## Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- (9) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.



## Rate Base and Working Capital

Rate Base									
Line No.	Particulars		Initial Application						Per Board Decision
1	Gross Fixed Assets (average) (3)		\$183,128		\$ -		\$183,128		\$183,128
2	Accumulated Depreciation (average) (3)		(\$87,830)		\$ -		(\$87,830)		(\$87,830)
3	Net Fixed Assets (average) (3)		\$95,297		\$ -		\$95,297		\$95,297
4	Allowance for Working Capital (1)		\$17,556		\$ -		\$17,556		\$17,556
5	<b>Total Rate Base</b>		<b>\$112,853</b>		<b>\$ -</b>		<b>\$112,853</b>		<b>\$112,853</b>

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

6	Controllable Expenses		\$12,614		\$ -		\$12,614		\$12,614
7	Cost of Power		\$122,429		\$ -		\$122,429		\$122,429
8	Working Capital Base		\$135,043		\$ -		\$135,043		\$135,043
9	Working Capital Rate % (2)		13.00%		0.00%		13.00%		13.00%
10	Working Capital Allowance		\$17,556		\$ -		\$17,556		\$17,556

#### Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2014 cost of service applications is 13%.  
(3) Average of opening and closing balances for the year.



## Utility Income

Line No.	Particulars	Initial Application					Per Board Decision
	<b>Operating Revenues:</b>						
1	Distribution Revenue (at Proposed Rates)	\$23,548		(\$23,548)	\$ -	\$ -	\$ -
2	Other Revenue	(1) \$1,507		(\$1,507)	\$ -	\$ -	\$ -
3	Total Operating Revenues	\$25,055		(\$25,055)	\$ -	\$ -	\$ -
	<b>Operating Expenses:</b>						
4	OM+A Expenses	\$12,423		\$ -	\$12,423	\$ -	\$12,423
5	Depreciation/Amortization	\$4,847		\$ -	\$4,847	\$ -	\$4,847
6	Property taxes	\$162		\$ -	\$162	\$ -	\$162
7	Capital taxes	\$ -		\$ -	\$ -	\$ -	\$ -
8	Other expense	\$30		\$ -	\$30	\$ -	\$30
9	Subtotal (lines 4 to 8)	\$17,462		\$ -	\$17,462	\$ -	\$17,462
10	Deemed Interest Expense	\$2,996		(\$2,996)	\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$20,458		(\$2,996)	\$17,462	\$ -	\$17,462
12	Utility income before income taxes	\$4,597		(\$22,058)	(\$17,462)	\$ -	(\$17,462)
13	Income taxes (grossed-up)	\$399		\$ -	\$399	\$ -	\$399
14	Utility net income	\$4,198		(\$22,058)	(\$17,860)	\$ -	(\$17,860)

### Notes

#### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$913			\$ -		\$ -
	Late Payment Charges	\$300			\$ -		\$ -
	Other Distribution Revenue	\$166			\$ -		\$ -
	Other Income and Deductions	\$128			\$ -		\$ -
	Total Revenue Offsets	\$1,507		\$ -	\$ -	\$ -	\$ -



## Revenue Requirement Workform

### Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$4,198		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$2,882)		\$ -		(\$2,882)	
3	Taxable income	\$1,316		\$ -		(\$2,882)	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$304		\$304		\$304	
6	Total taxes	\$304		\$304		\$304	
7	Gross-up of Income Taxes	\$95		\$95		\$95	
8	Grossed-up Income Taxes	\$399		\$399		\$399	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$399		\$399		\$399	
10	Other tax Credits	(\$10)		(\$10)		(\$10)	
<u>Tax Rates</u>							
11	Federal tax (%)	15.00%		15.00%		15.00%	
12	Provincial tax (%)	8.84%		8.84%		8.84%	
13	Total tax rate (%)	23.84%		23.84%		23.84%	





### Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return		
		Initial Application						
		(%)		(\$)		(%)		(\$)
	Debt							
1	Long-term Debt	56.00%		\$63,198	4.59%			\$2,899
2	Short-term Debt	4.00%		\$4,514	2.16%			\$98
3	Total Debt	60.00%		\$67,712	4.42%			\$2,996
	Equity							
4	Common Equity	40.00%		\$45,141	9.30%			\$4,198
5	Preferred Shares	0.00%		\$ -	0.00%			\$ -
6	Total Equity	40.00%		\$45,141	9.30%			\$4,198
7	Total	100.00%		\$112,853	6.37%			\$7,194
		Per Board Decision						
		(%)		(\$)		(%)		(\$)
	Debt							
1	Long-term Debt	0.00%		\$ -	0.00%			\$ -
2	Short-term Debt	0.00%		\$ -	0.00%			\$ -
3	Total Debt	0.00%		\$ -	0.00%			\$ -
	Equity							
4	Common Equity	0.00%		\$ -	0.00%			\$ -
5	Preferred Shares	0.00%		\$ -	0.00%			\$ -
6	Total Equity	0.00%		\$ -	0.00%			\$ -
7	Total	0.00%		\$112,853	0.00%			\$ -
		(%)		(\$)		(%)		(\$)
	Debt							
8	Long-term Debt	0.00%		\$ -	4.59%			\$ -
9	Short-term Debt	0.00%		\$ -	2.16%			\$ -
10	Total Debt	0.00%		\$ -	0.00%			\$ -
	Equity							
11	Common Equity	0.00%		\$ -	9.30%			\$ -
12	Preferred Shares	0.00%		\$ -	0.00%			\$ -
13	Total Equity	0.00%		\$ -	0.00%			\$ -
14	Total	0.00%		\$112,853	0.00%			\$ -

Notes



## Revenue Requirement Workform

### Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$1,663		(\$5,338)		\$17,462
2	Distribution Revenue	\$21,885	\$21,885	\$21,885	\$28,886	\$ -	(\$17,462)
3	Other Operating Revenue	\$1,507	\$1,507	\$ -	\$ -	\$ -	\$ -
	Offsets - net						
4	<b>Total Revenue</b>	<b>\$23,391</b>	<b>\$25,055</b>	<b>\$21,885</b>	<b>\$23,548</b>	<b>\$ -</b>	<b>\$ -</b>
5	Operating Expenses	\$17,462	\$17,462	\$17,462	\$17,462	\$17,462	\$17,462
6	Deemed Interest Expense	\$2,996	\$2,996	\$ -	\$ -	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<b>\$20,458</b>	<b>\$20,458</b>	<b>\$17,462</b>	<b>\$17,462</b>	<b>\$17,462</b>	<b>\$17,462</b>
9	<b>Utility Income Before Income Taxes</b>	<b>\$2,934</b>	<b>\$4,597</b>	<b>\$4,423</b>	<b>\$6,086</b>	<b>(\$17,462)</b>	<b>(\$17,462)</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$2,882)	(\$2,882)	(\$2,882)	(\$2,882)	\$ -	\$ -
11	<b>Taxable Income</b>	<b>\$52</b>	<b>\$1,715</b>	<b>\$1,541</b>	<b>\$3,204</b>	<b>(\$17,462)</b>	<b>(\$17,462)</b>
12	Income Tax Rate	23.84%	23.84%	23.84%	23.84%	23.84%	23.84%
13	<b>Income Tax on Taxable Income</b>	<b>\$12</b>	<b>\$409</b>	<b>\$367</b>	<b>\$764</b>	<b>(\$4,163)</b>	<b>(\$4,163)</b>
14	<b>Income Tax Credits</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>\$ -</b>	<b>\$ -</b>
15	<b>Utility Net Income</b>	<b>\$2,932</b>	<b>\$4,198</b>	<b>\$4,066</b>	<b>(\$17,860)</b>	<b>(\$13,299)</b>	<b>(\$17,860)</b>
16	<b>Utility Rate Base</b>	<b>\$112,853</b>	<b>\$112,853</b>	<b>\$112,853</b>	<b>\$112,853</b>	<b>\$112,853</b>	<b>\$112,853</b>
17	Deemed Equity Portion of Rate Base	\$45,141	\$45,141	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	6.49%	9.30%	0.00%	0.00%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.30%	9.30%	0.00%	0.00%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-2.81%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	5.25%	6.37%	3.60%	0.00%	-11.78%	0.00%
22	Requested Rate of Return on Rate Base	6.37%	6.37%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-1.12%	0.00%	3.60%	0.00%	-11.78%	0.00%
24	Target Return on Equity	\$4,198	\$4,198	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$1,267	\$ -	(\$4,066)	\$ -	\$13,299	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$1,663 (1)</b>		<b>(\$5,338) (1)</b>		<b>\$17,462 (1)</b>	

**Notes:**

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



## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$12,423		\$12,423	
2	Amortization/Depreciation	\$4,847		\$4,847	
3	Property Taxes	\$162		\$162	
5	Income Taxes (Grossed up)	\$399		\$399	
6	Other Expenses	\$30		\$30	
7	Return				
	Deemed Interest Expense	\$2,996		\$ -	
	Return on Deemed Equity	\$4,198		\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$25,055</u>		<u>\$17,860</u>	
9	Revenue Offsets	\$1,507		\$ -	
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$23,548</u>		<u>\$17,860</u>	
11	Distribution revenue	\$23,548		\$ -	
12	Other revenue	\$1,507		\$ -	
13	<b>Total revenue</b>	<u>\$25,055</u>		<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$ -</u>	(1)	<u>(\$17,860)</u>	(1)

### Notes

(1) Line 11 - Line 8

## APPENDIX 6-3: BOARD REVENUE REQUIREMENT MODEL 2017



Version 4.00

Utility Name	Oshawa PUC Networks Inc.
Service Territory	Oshawa
Assigned EB Number	EB-2014-0101
Name and Title	David Savage, Corporate Controller
Phone Number	905-743 5219
Email Address	dsavage@opuc.on.ca

*This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.*

*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.*



[1. Info](#)

[6. Taxes PILs](#)

[2. Table of Contents](#)

[7. Cost of Capital](#)

[3. Data Input Sheet](#)

[8. Rev Def Suff](#)

[4. Rate Base](#)

[9. Rev Req](#)

[5. Utility Income](#)

**Notes:**

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



Data Input <sup>(1)</sup>

	Initial Application	(2)		(6)		Per Board Decision
<b>1 Rate Base</b>						
Gross Fixed Assets (average)	\$193,295		\$	193,295		\$193,295
Accumulated Depreciation (average)	(\$91,146)	(5)		(\$91,146)		(\$91,146)
<b>Allowance for Working Capital:</b>						
Controllable Expenses	\$12,887		\$	12,887		\$12,887
Cost of Power	\$123,587		\$	123,587		\$123,587
Working Capital Rate (%)	13.00%	(9)		13.00%	(9)	13.00% (9)
<b>2 Utility Income</b>						
Operating Revenues:						
Distribution Revenue at Current Rates	\$23,951					
Distribution Revenue at Proposed Rates	\$24,391					
<b>Other Revenue:</b>						
Specific Service Charges	\$1,020					
Late Payment Charges	\$310					
Other Distribution Revenue	\$174					
Other Income and Deductions	\$128					
Total Revenue Offsets	\$1,631	(7)				
<b>Operating Expenses:</b>						
OM+A Expenses	\$12,690		\$	12,690		\$12,690
Depreciation/Amortization	\$5,001		\$	5,001		\$5,001
Property taxes	\$165		\$	165		\$165
Other expenses	\$31			31.29273358		\$31
<b>3 Taxes/PILs</b>						
Taxable Income:						
Adjustments required to arrive at taxable income	(\$2,912)	(3)				
<b>Utility Income Taxes and Rates:</b>						
Income taxes (not grossed up)	\$365					
Income taxes (grossed up)	\$482					
Federal tax (%)	15.00%					
Provincial tax (%)	9.24%					
Income Tax Credits	(\$10)					
<b>4 Capitalization/Cost of Capital</b>						
<b>Capital Structure:</b>						
Long-term debt Capitalization Ratio (%)	56.0%					
Short-term debt Capitalization Ratio (%)	4.0%	(8)		(8)		(8)
Common Equity Capitalization Ratio (%)	40.0%					
Preferred Shares Capitalization Ratio (%)	0.0%					
	100.0%					
<b>Cost of Capital</b>						
Long-term debt Cost Rate (%)	4.60%					
Short-term debt Cost Rate (%)	2.16%					
Common Equity Cost Rate (%)	9.30%					
Preferred Shares Cost Rate (%)	0.00%					

Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- (9) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.



## Rate Base and Working Capital

Line No.	Rate Base		Initial Application				Per Board Decision	
	Particulars							
1	Gross Fixed Assets (average)	(3)	\$193,295		\$ -	\$193,295	\$ -	\$193,295
2	Accumulated Depreciation (average)	(3)	(\$91,146)		\$ -	(\$91,146)	\$ -	(\$91,146)
3	Net Fixed Assets (average)	(3)	\$102,149		\$ -	\$102,149	\$ -	\$102,149
4	Allowance for Working Capital	(1)	\$17,742		\$ -	\$17,742	\$ -	\$17,742
5	<b>Total Rate Base</b>		<b>\$119,891</b>		<b>\$ -</b>	<b>\$119,891</b>	<b>\$ -</b>	<b>\$119,891</b>

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

6	Controllable Expenses		\$12,887		\$ -	\$12,887	\$ -	\$12,887
7	Cost of Power		\$123,587		\$ -	\$123,587	\$ -	\$123,587
8	Working Capital Base		\$136,473		\$ -	\$136,473	\$ -	\$136,473
9	Working Capital Rate %	(2)	13.00%		0.00%	13.00%	0.00%	13.00%
10	Working Capital Allowance		\$17,742		\$ -	\$17,742	\$ -	\$17,742

#### Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2014 cost of service applications is 13%.  
(3) Average of opening and closing balances for the year.



## Utility Income

Line No.	Particulars	Initial Application					Per Board Decision
	<b>Operating Revenues:</b>						
1	Distribution Revenue (at Proposed Rates)	\$24,391		(\$24,391)		\$ -	\$ -
2	Other Revenue (1)	\$1,631		(\$1,631)		\$ -	\$ -
3	Total Operating Revenues	\$26,022		(\$26,022)		\$ -	\$ -
	<b>Operating Expenses:</b>						
4	OM+A Expenses	\$12,690		\$ -		\$12,690	\$12,690
5	Depreciation/Amortization	\$5,001		\$ -		\$5,001	\$5,001
6	Property taxes	\$165		\$ -		\$165	\$165
7	Capital taxes	\$ -		\$ -		\$ -	\$ -
8	Other expense	\$31		\$ -		\$31	\$31
9	Subtotal (lines 4 to 8)	\$17,888		\$ -		\$17,888	\$17,888
10	Deemed Interest Expense	\$3,193		(\$3,193)		\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$21,080		(\$3,193)		\$17,888	\$17,888
12	Utility income before income taxes	\$4,942		(\$22,830)		(\$17,888)	(\$17,888)
13	Income taxes (grossed-up)	\$482		\$ -		\$482	\$482
14	Utility net income	\$4,460		(\$22,830)		(\$18,370)	(\$18,370)

## Notes

### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$1,020				\$ -	\$ -
	Late Payment Charges	\$310				\$ -	\$ -
	Other Distribution Revenue	\$174				\$ -	\$ -
	Other Income and Deductions	\$128				\$ -	\$ -
	Total Revenue Offsets	\$1,631		\$ -		\$ -	\$ -





## Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$4,460		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$2,912)		\$ -		(\$2,912)	
3	Taxable income	\$1,548		\$ -		(\$2,912)	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$365		\$365		\$365	
6	Total taxes	\$365		\$365		\$365	
7	Gross-up of Income Taxes	\$117		\$117		\$117	
8	Grossed-up Income Taxes	\$482		\$482		\$482	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$482		\$482		\$482	
10	Other tax Credits	(\$10)		(\$10)		(\$10)	
<u>Tax Rates</u>							
11	Federal tax (%)	15.00%		15.00%		15.00%	
12	Provincial tax (%)	9.24%		9.24%		9.24%	
13	Total tax rate (%)	24.24%		24.24%		24.24%	



### Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$67,139	4.60%	\$3,089
2	Short-term Debt	4.00%	\$4,796	2.16%	\$104
3	Total Debt	60.00%	\$71,934	4.44%	\$3,193
	Equity				
4	Common Equity	40.00%	\$47,956	9.30%	\$4,460
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$47,956	9.30%	\$4,460
7	Total	100.00%	\$119,891	6.38%	\$7,653
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	\$ -
7	Total	0.00%	\$119,891	0.00%	\$ -
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	4.60%	\$ -
9	Short-term Debt	0.00%	\$ -	2.16%	\$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
11	Common Equity	0.00%	\$ -	9.30%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$119,891	0.00%	\$ -

Notes



## Revenue Requirement Workform

### Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$441		(\$7,008)
2	Distribution Revenue	\$23,951	\$23,951	\$23,951	\$31,399
3	Other Operating Revenue	\$1,631	\$1,631	\$ -	\$ -
	Offsets - net				
4	<b>Total Revenue</b>	<b>\$25,582</b>	<b>\$26,022</b>	<b>\$23,951</b>	<b>\$24,391</b>
5	Operating Expenses	\$17,888	\$17,888	\$17,888	\$17,888
6	Deemed Interest Expense	\$3,193	\$3,193	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<b>\$21,080</b>	<b>\$21,080</b>	<b>\$17,888</b>	<b>\$17,888</b>
9	<b>Utility Income Before Income Taxes</b>	<b>\$4,501</b>	<b>\$4,942</b>	<b>\$6,063</b>	<b>\$6,504</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$2,912)	(\$2,912)	(\$2,912)	(\$2,912)
11	<b>Taxable Income</b>	<b>\$1,589</b>	<b>\$2,030</b>	<b>\$3,151</b>	<b>\$3,592</b>
12	Income Tax Rate	24.24%	24.24%	24.24%	24.24%
13	<b>Income Tax on Taxable Income</b>	<b>\$385</b>	<b>\$492</b>	<b>\$764</b>	<b>\$871</b>
14	<b>Income Tax Credits</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>
15	<b>Utility Net Income</b>	<b>\$4,126</b>	<b>\$4,460</b>	<b>\$5,309</b>	<b>(\$18,370)</b>
16	<b>Utility Rate Base</b>	<b>\$119,891</b>	<b>\$119,891</b>	<b>\$119,891</b>	<b>\$119,891</b>
17	Deemed Equity Portion of Rate Base	\$47,956	\$47,956	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	8.60%	9.30%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.30%	9.30%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-0.70%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	6.10%	6.38%	4.43%	0.00%
22	Requested Rate of Return on Rate Base	6.38%	6.38%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-0.28%	0.00%	4.43%	0.00%
24	Target Return on Equity	\$4,460	\$4,460	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$334	\$ -	(\$5,309)	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$441 (1)</b>		<b>(\$7,008) (1)</b>	

**Notes:**

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



## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$12,690		\$12,690	
2	Amortization/Depreciation	\$5,001		\$5,001	
3	Property Taxes	\$165		\$165	
5	Income Taxes (Grossed up)	\$482		\$482	
6	Other Expenses	\$31		\$31	
7	Return				
	Deemed Interest Expense	\$3,193		\$ -	
	Return on Deemed Equity	\$4,460		\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$26,022</u>		<u>\$18,370</u>	
9	Revenue Offsets	<u>\$1,631</u>		<u>\$ -</u>	
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$24,391</u>		<u>\$18,370</u>	
11	Distribution revenue	\$24,391		\$ -	
12	Other revenue	<u>\$1,631</u>		<u>\$ -</u>	
13	<b>Total revenue</b>	<u>\$26,022</u>		<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$ -</u>	(1)	<u>(\$18,370)</u>	(1)

### Notes

(1) Line 11 - Line 8

## APPENDIX 6-3: BOARD REVENUE REQUIREMENT MODEL 2018

		<h1>Revenue Requirement Workform</h1>	
			Version 4.00

Utility Name	Oshawa PUC Networks Inc.
Service Territory	Oshawa
Assigned EB Number	EB-2014-0101
Name and Title	David Savage, Corporate Controller
Phone Number	905-743 5219
Email Address	dsavage@opuc.on.ca

*This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.*

*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.*



[1. Info](#)

[6. Taxes PILs](#)

[2. Table of Contents](#)

[7. Cost of Capital](#)

[3. Data Input Sheet](#)

[8. Rev Def Suff](#)

[4. Rate Base](#)

[9. Rev Req](#)

[5. Utility Income](#)

**Notes:**

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



## Data Input <sup>(1)</sup>

	Initial Application	(2)	(6)	Per Board Decision
<b>1 Rate Base</b>				
Gross Fixed Assets (average)	\$203,939		\$ 203,939	\$203,939
Accumulated Depreciation (average)	(\$94,761)	(5)	(\$94,761)	(\$94,761)
<b>Allowance for Working Capital:</b>				
Controllable Expenses	\$13,110		\$ 13,110	\$13,110
Cost of Power	\$124,965		\$ 124,965	\$124,965
Working Capital Rate (%)	13.00%	(9)	13.00%	13.00% (9)
<b>2 Utility Income</b>				
Operating Revenues:				
Distribution Revenue at Current Rates	\$24,855			
Distribution Revenue at Proposed Rates	\$25,605			
<b>Other Revenue:</b>				
Specific Service Charges	\$824			
Late Payment Charges	\$320			
Other Distribution Revenue	\$181			
Other Income and Deductions	\$128			
Total Revenue Offsets	\$1,452	(7)		
<b>Operating Expenses:</b>				
OM+A Expenses	\$12,909		\$ 12,909	\$12,909
Depreciation/Amortization	\$5,203		\$ 5,203	\$5,203
Property taxes	\$168		\$ 168	\$168
Other expenses	\$32		32.47875691	\$32
<b>3 Taxes/PILs</b>				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$2,790)	(3)		
<b>Utility Income Taxes and Rates:</b>				
Income taxes (not grossed up)	\$469			
<b>Income taxes (grossed up)</b>	\$622			
Federal tax (%)	15.00%			
Provincial tax (%)	9.69%			
Income Tax Credits	(\$10)			
<b>4 Capitalization/Cost of Capital</b>				
<b>Capital Structure:</b>				
Long-term debt Capitalization Ratio (%)	56.0%			
Short-term debt Capitalization Ratio (%)	4.0%	(8)	(8)	(8)
Common Equity Capitalization Ratio (%)	40.0%			
Preferred Shares Capitalization Ratio (%)	0.0%			
	100.0%			
<b>Cost of Capital</b>				
Long-term debt Cost Rate (%)	4.61%			
Short-term debt Cost Rate (%)	2.16%			
Common Equity Cost Rate (%)	9.30%			
Preferred Shares Cost Rate (%)	0.00%			

## Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- (9) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.



## Rate Base and Working Capital

Rate Base									
Line No.	Particulars		Initial Application						Per Board Decision
1	Gross Fixed Assets (average) (3)		\$203,939	\$ -	\$203,939	\$ -			\$203,939
2	Accumulated Depreciation (average) (3)		(\$94,761)	\$ -	(\$94,761)	\$ -			(\$94,761)
3	Net Fixed Assets (average) (3)		\$109,178	\$ -	\$109,178	\$ -			\$109,178
4	Allowance for Working Capital (1)		\$17,950	\$ -	\$17,950	\$ -			\$17,950
5	<b>Total Rate Base</b>		<b>\$127,128</b>	<b>\$ -</b>	<b>\$127,128</b>	<b>\$ -</b>			<b>\$127,128</b>

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

6	Controllable Expenses		\$13,110	\$ -	\$13,110	\$ -			\$13,110
7	Cost of Power		\$124,965	\$ -	\$124,965	\$ -			\$124,965
8	Working Capital Base		\$138,075	\$ -	\$138,075	\$ -			\$138,075
9	Working Capital Rate % (2)		13.00%	0.00%	13.00%	0.00%			13.00%
10	Working Capital Allowance		\$17,950	\$ -	\$17,950	\$ -			\$17,950

#### Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2014 cost of service applications is 13%.  
(3) Average of opening and closing balances for the year.





## Utility Income

Line No.	Particulars	Initial Application					Per Board Decision
	<b>Operating Revenues:</b>						
1	Distribution Revenue (at Proposed Rates)	\$25,605	(\$25,605)	\$ -	\$ -	\$ -	
2	Other Revenue (1)	\$1,452	(\$1,452)	\$ -	\$ -	\$ -	
3	Total Operating Revenues	\$27,058	(\$27,058)	\$ -	\$ -	\$ -	
	<b>Operating Expenses:</b>						
4	OM+A Expenses	\$12,909	\$ -	\$12,909	\$ -	\$12,909	
5	Depreciation/Amortization	\$5,203	\$ -	\$5,203	\$ -	\$5,203	
6	Property taxes	\$168	\$ -	\$168	\$ -	\$168	
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Other expense	\$32	\$ -	\$32	\$ -	\$32	
9	Subtotal (lines 4 to 8)	\$18,313	\$ -	\$18,313	\$ -	\$18,313	
10	Deemed Interest Expense	\$3,393	(\$3,393)	\$ -	\$ -	\$ -	
11	Total Expenses (lines 9 to 10)	\$21,706	(\$3,393)	\$18,313	\$ -	\$18,313	
12	Utility income before income taxes	\$5,352	(\$23,665)	(\$18,313)	\$ -	(\$18,313)	
13	Income taxes (grossed-up)	\$622	\$ -	\$622	\$ -	\$622	
14	Utility net income	\$4,729	(\$23,665)	(\$18,935)	\$ -	(\$18,935)	

### Notes

#### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$824		\$ -		\$ -
	Late Payment Charges	\$320		\$ -		\$ -
	Other Distribution Revenue	\$181		\$ -		\$ -
	Other Income and Deductions	\$128		\$ -		\$ -
	Total Revenue Offsets	\$1,452	\$ -	\$ -	\$ -	\$ -



**Taxes/PILs**

Line No.	Particulars	Application		Per Board Decision			
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$4,729		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$2,790)		\$ -		(\$2,790)	
3	Taxable income	\$1,939		\$ -		(\$2,790)	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$469		\$469		\$469	
6	Total taxes	\$469		\$469		\$469	
7	Gross-up of Income Taxes	\$154		\$154		\$154	
8	Grossed-up Income Taxes	\$622		\$622		\$622	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$622		\$622		\$622	
10	Other tax Credits	(\$10)		(\$10)		(\$10)	
<u>Tax Rates</u>							
11	Federal tax (%)	15.00%		15.00%		15.00%	
12	Provincial tax (%)	9.69%		9.69%		9.69%	
13	Total tax rate (%)	24.69%		24.69%		24.69%	



## Revenue Requirement Workform

### Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$71,192	4.61%	\$3,283
2	Short-term Debt	4.00%	\$5,085	2.16%	\$110
3	Total Debt	60.00%	\$76,277	4.45%	\$3,393
	Equity				
4	Common Equity	40.00%	\$50,851	9.30%	\$4,729
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$50,851	9.30%	\$4,729
7	Total	100.00%	\$127,128	6.39%	\$8,122
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	\$ -
7	Total	0.00%	\$127,128	0.00%	\$ -
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	4.61%	\$ -
9	Short-term Debt	0.00%	\$ -	2.16%	\$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
11	Common Equity	0.00%	\$ -	9.30%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$127,128	0.00%	\$ -

#### Notes

(1)

Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I



## Revenue Requirement Workform

### Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$750		(\$7,471)
2	Distribution Revenue	\$24,855	\$24,855	\$24,855	\$33,076
3	Other Operating Revenue	\$1,452	\$1,452	\$ -	\$ -
	Offsets - net				
4	<b>Total Revenue</b>	<b>\$26,308</b>	<b>\$27,058</b>	<b>\$24,855</b>	<b>\$25,605</b>
5	Operating Expenses	\$18,313	\$18,313	\$18,313	\$18,313
6	Deemed Interest Expense	\$3,393	\$3,393	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<b>\$21,706</b>	<b>\$21,706</b>	<b>\$18,313</b>	<b>\$18,313</b>
9	<b>Utility Income Before Income Taxes</b>	<b>\$4,602</b>	<b>\$5,352</b>	<b>\$6,543</b>	<b>\$7,292</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$2,790)	(\$2,790)	(\$2,790)	(\$2,790)
11	<b>Taxable Income</b>	<b>\$1,811</b>	<b>\$2,561</b>	<b>\$3,752</b>	<b>\$4,502</b>
12	Income Tax Rate	24.69%	24.69%	24.69%	24.69%
13	<b>Income Tax on Taxable Income</b>	<b>\$447</b>	<b>\$632</b>	<b>\$927</b>	<b>\$1,112</b>
14	<b>Income Tax Credits</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>
15	<b>Utility Net Income</b>	<b>\$4,164</b>	<b>\$4,729</b>	<b>\$5,626</b>	<b>(\$18,935)</b>
16	<b>Utility Rate Base</b>	<b>\$127,128</b>	<b>\$127,128</b>	<b>\$127,128</b>	<b>\$127,128</b>
17	Deemed Equity Portion of Rate Base	\$50,851	\$50,851	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	8.19%	9.30%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.30%	9.30%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-1.11%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	5.94%	6.39%	4.43%	0.00%
22	Requested Rate of Return on Rate Base	6.39%	6.39%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-0.44%	0.00%	4.43%	0.00%
24	Target Return on Equity	\$4,729	\$4,729	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$565	\$ -	(\$5,626)	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$750 (1)</b>		<b>(\$7,471) (1)</b>	

**Notes:**

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



## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$12,909		\$12,909	
2	Amortization/Depreciation	\$5,203		\$5,203	
3	Property Taxes	\$168		\$168	
5	Income Taxes (Grossed up)	\$622		\$622	
6	Other Expenses	\$32		\$32	
7	Return				
	Deemed Interest Expense	\$3,393		\$ -	
	Return on Deemed Equity	\$4,729		\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$27,058</u>		<u>\$18,935</u>	
9	Revenue Offsets	<u>\$1,452</u>		<u>\$ -</u>	
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$25,605</u>		<u>\$18,935</u>	
11	Distribution revenue	\$25,605		\$ -	
12	Other revenue	<u>\$1,452</u>		<u>\$ -</u>	
13	<b>Total revenue</b>	<u>\$27,058</u>		<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$ -</u>	(1)	<u>(\$18,935)</u>	(1)

### Notes

(1) Line 11 - Line 8

## APPENDIX 6-5: BOARD REVENUE REQUIREMENT MODEL 2019



### Revenue Requirement Workform



Version 4.00

Utility Name	Oshawa PUC Networks Inc.
Service Territory	Oshawa
Assigned EB Number	EB-2014-0101
Name and Title	David Savage, Corporate Controller
Phone Number	905-743 5219
Email Address	dsavage@opuc.on.ca

*This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.*

*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.*



[1. Info](#)

[6. Taxes PILs](#)

[2. Table of Contents](#)

[7. Cost of Capital](#)

[3. Data Input Sheet](#)

[8. Rev Def Suff](#)

[4. Rate Base](#)

[9. Rev Req](#)

[5. Utility Income](#)

**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 <sup>(1)</sup>

	Initial Application	(2)		(6)		Per Board Decision
<b>1</b>	<b>Rate Base</b>					
	Gross Fixed Assets (average)	\$213,517		\$ 213,517		\$213,517
	Accumulated Depreciation (average)	(\$98,399) (5)		(\$98,399)		(\$98,399)
	<b>Allowance for Working Capital:</b>					
	Controllable Expenses	\$13,183		\$ 13,183		\$13,183
	Cost of Power	\$125,922		\$ 125,922		\$125,922
	Working Capital Rate (%)	13.00% (9)		13.00% (9)		13.00% (9)
<b>2</b>	<b>Utility Income</b>					
	Operating Revenues:					
	Distribution Revenue at Current Rates	\$26,089				
	Distribution Revenue at Proposed Rates	\$26,194				
	<b>Other Revenue:</b>					
	Specific Service Charges	\$872				
	Late Payment Charges	\$331				
	Other Distribution Revenue	\$187				
	Other Income and Deductions	\$128				
	Total Revenue Offsets	\$1,518 (7)				
	Operating Expenses:					
	OM+A Expenses	\$12,978		\$ 12,978		\$12,978
	Depreciation/Amortization	\$5,371		\$ 5,371		\$5,371
	Property taxes	\$172		\$ 172		\$172
	Other expenses	\$33		33.21907091		\$33
<b>3</b>	<b>Taxes/PILs</b>					
	Taxable Income:					
	Adjustments required to arrive at taxable income	(\$2,955) (3)				
	<b>Utility Income Taxes and Rates:</b>					
	Income taxes (not grossed up)	\$485				
	Income taxes (grossed up)	\$645				
	Federal tax (%)	15.00%				
	Provincial tax (%)	9.75%				
	Income Tax Credits	(\$10)				
<b>4</b>	<b>Capitalization/Cost of Capital</b>					
	<b>Capital Structure:</b>					
	Long-term debt Capitalization Ratio (%)	56.0%				
	Short-term debt Capitalization Ratio (%)	4.0% (8)		(8)		(8)
	Common Equity Capitalization Ratio (%)	40.0%				
	Preferred Shares Capitalization Ratio (%)	0.0%				
		100.0%				
	<b>Cost of Capital</b>					
	Long-term debt Cost Rate (%)	4.62%				
	Short-term debt Cost Rate (%)	2.16%				
	Common Equity Cost Rate (%)	9.30%				
	Preferred Shares Cost Rate (%)	0.00%				

#### 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 (%)
- Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (2) Net of addbacks and deductions to arrive at taxable income.
- (3) Average of Gross Fixed Assets at beginning and end of the Test Year
- (4) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (5) 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.
- (6) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (7)
- (8)





## Rate Base and Working Capital

Rate Base									
Line No.	Particulars		Initial Application						Per Board Decision
1	Gross Fixed Assets (average) (3)		\$213,517		\$ -		\$213,517		\$213,517
2	Accumulated Depreciation (average) (3)		(\$98,399)		\$ -		(\$98,399)		(\$98,399)
3	Net Fixed Assets (average) (3)		\$115,118		\$ -		\$115,118		\$115,118
4	Allowance for Working Capital (1)		\$18,084		\$ -		\$18,084		\$18,084
5	<b>Total Rate Base</b>		<b>\$133,201</b>		<b>\$ -</b>		<b>\$133,201</b>		<b>\$133,201</b>

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

6	Controllable Expenses		\$13,183		\$ -		\$13,183		\$13,183
7	Cost of Power		\$125,922		\$ -		\$125,922		\$125,922
8	Working Capital Base		\$139,105		\$ -		\$139,105		\$139,105
9	Working Capital Rate % (2)		13.00%		0.00%		13.00%		13.00%
10	Working Capital Allowance		\$18,084		\$ -		\$18,084		\$18,084

#### Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2014 cost of service applications is 13%.  
(3) Average of opening and closing balances for the year.



## Utility Income

Line No.	Particulars	Initial Application				Per Board Decision			
<b>Operating Revenues:</b>									
1	Distribution Revenue (at Proposed Rates)	\$26,194		(\$26,194)		\$ -		\$ -	\$ -
2	Other Revenue	(1) \$1,518		(\$1,518)		\$ -		\$ -	\$ -
3	Total Operating Revenues	\$27,711		(\$27,711)		\$ -		\$ -	\$ -
<b>Operating Expenses:</b>									
4	OM+A Expenses	\$12,978		\$ -		\$12,978		\$ -	\$12,978
5	Depreciation/Amortization	\$5,371		\$ -		\$5,371		\$ -	\$5,371
6	Property taxes	\$172		\$ -		\$172		\$ -	\$172
7	Capital taxes	\$ -		\$ -		\$ -		\$ -	\$ -
8	Other expense	\$33		\$ -		\$33		\$ -	\$33
9	Subtotal (lines 4 to 8)	\$18,554		\$ -		\$18,554		\$ -	\$18,554
10	Deemed Interest Expense	\$3,558		(\$3,558)		\$ -		\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$22,112		(\$3,558)		\$18,554		\$ -	\$18,554
12	Utility income before income taxes	\$5,600		(\$24,154)		(\$18,554)		\$ -	(\$18,554)
13	Income taxes (grossed-up)	\$645		\$ -		\$645		\$ -	\$645
14	Utility net income	\$4,955		(\$24,154)		(\$19,199)		\$ -	(\$19,199)

### Notes

#### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$872				\$ -			\$ -
	Late Payment Charges	\$331				\$ -			\$ -
	Other Distribution Revenue	\$187				\$ -			\$ -
	Other Income and Deductions	\$128				\$ -			\$ -
	Total Revenue Offsets	\$1,518		\$ -		\$ -		\$ -	\$ -



## Taxes/PILs

Line No.	Particulars	Application		Per Board Decision			
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$4,955		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$2,955)		\$ -		(\$2,955)	
3	Taxable income	\$2,000		\$ -		(\$2,955)	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$485		\$485		\$485	
6	Total taxes	\$485		\$485		\$485	
7	Gross-up of Income Taxes	\$160		\$160		\$160	
8	Grossed-up Income Taxes	\$645		\$645		\$645	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$645		\$645		\$645	
10	Other tax Credits	(\$10)		(\$10)		(\$10)	
<u>Tax Rates</u>							
11	Federal tax (%)	15.00%		15.00%		15.00%	
12	Provincial tax (%)	9.75%		9.75%		9.75%	
13	Total tax rate (%)	24.75%		24.75%		24.75%	



### Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$74,593	4.62%	\$3,443
2	Short-term Debt	4.00%	\$5,328	2.16%	\$115
3	<b>Total Debt</b>	60.00%	\$79,921	4.45%	\$3,558
	<b>Equity</b>				
4	Common Equity	40.00%	\$53,281	9.30%	\$4,955
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	40.00%	\$53,281	9.30%	\$4,955
7	<b>Total</b>	100.00%	\$133,201	6.39%	\$8,513
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	<b>Total Debt</b>	0.00%	\$ -	0.00%	\$ -
	<b>Equity</b>				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	0.00%	\$ -	0.00%	\$ -
7	<b>Total</b>	0.00%	\$133,201	0.00%	\$ -
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
8	Long-term Debt	0.00%	\$ -	4.62%	\$ -
9	Short-term Debt	0.00%	\$ -	2.16%	\$ -
10	<b>Total Debt</b>	0.00%	\$ -	0.00%	\$ -
	<b>Equity</b>				
11	Common Equity	0.00%	\$ -	9.30%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	<b>Total Equity</b>	0.00%	\$ -	0.00%	\$ -
14	<b>Total</b>	0.00%	\$133,201	0.00%	\$ -

#### Notes

(1) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I



## Revenue Requirement Workform

### Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$105		(\$8,520)
2	Distribution Revenue	\$26,089	\$26,089	\$26,089	\$34,713
3	Other Operating Revenue	\$1,518	\$1,518	\$ -	\$ -
	Offsets - net				
4	<b>Total Revenue</b>	<b>\$27,606</b>	<b>\$27,711</b>	<b>\$26,089</b>	<b>\$26,194</b>
5	Operating Expenses	\$18,554	\$18,554	\$18,554	\$18,554
6	Deemed Interest Expense	\$3,558	\$3,558	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<b>\$22,112</b>	<b>\$22,112</b>	<b>\$18,554</b>	<b>\$18,554</b>
9	<b>Utility Income Before Income Taxes</b>	<b>\$5,494</b>	<b>\$5,600</b>	<b>\$7,534</b>	<b>\$7,640</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$2,955)	(\$2,955)	(\$2,955)	(\$2,955)
11	<b>Taxable Income</b>	<b>\$2,539</b>	<b>\$2,645</b>	<b>\$4,579</b>	<b>\$4,685</b>
12	Income Tax Rate	24.75%	24.75%	24.75%	24.75%
13	<b>Income Tax on Taxable Income</b>	<b>\$628</b>	<b>\$655</b>	<b>\$1,133</b>	<b>\$1,159</b>
14	<b>Income Tax Credits</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>
15	<b>Utility Net Income</b>	<b>\$4,876</b>	<b>\$4,955</b>	<b>\$6,411</b>	<b>(\$19,199)</b>
16	<b>Utility Rate Base</b>	<b>\$133,201</b>	<b>\$133,201</b>	<b>\$133,201</b>	<b>\$133,201</b>
17	Deemed Equity Portion of Rate Base	\$53,281	\$53,281	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	9.15%	9.30%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.30%	9.30%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-0.15%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	6.33%	6.39%	4.81%	0.00%
22	Requested Rate of Return on Rate Base	6.39%	6.39%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-0.06%	0.00%	4.81%	0.00%
24	Target Return on Equity	\$4,955	\$4,955	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$79	\$ -	(\$6,411)	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$105 (1)</b>		<b>(\$8,520) (1)</b>	

**Notes:**

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



## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$12,978		\$12,978	
2	Amortization/Depreciation	\$5,371		\$5,371	
3	Property Taxes	\$172		\$172	
5	Income Taxes (Grossed up)	\$645		\$645	
6	Other Expenses	\$33		\$33	
7	Return				
	Deemed Interest Expense	\$3,558		\$ -	
	Return on Deemed Equity	\$4,955		\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$27,711</u>		<u>\$19,199</u>	
9	Revenue Offsets	\$1,518		\$ -	
10	<b>Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)</b>	<u>\$26,194</u>		<u>\$19,199</u>	
11	Distribution revenue	\$26,194		\$ -	
12	Other revenue	\$1,518		\$ -	
13	<b>Total revenue</b>	<u>\$27,711</u>		<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$ -</u>	(1)	<u>(\$19,199)</u>	(1)

### Notes

(1) Line 11 - Line 8