



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2015 Filers



Version 5.00

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Service Territory	
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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.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2015 Filers

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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 (RRWF) for 2015 Filers

Data Input ⁽¹⁾

	Initial Application	(2) Adjustments	Interrogatory Responses	(6) Adjustments	Per Board Decision
1 Rate Base					
Gross Fixed Assets (average)	\$247,689,793	(\$1,043,272)	\$ 246,646,521		\$246,646,521
Accumulated Depreciation (average)	(\$123,945,922)	(5) \$809,445	(\$123,136,477)		(\$123,136,477)
Allowance for Working Capital:					
Controllable Expenses	\$17,041,580	(\$19,662)	\$ 17,021,918		\$17,021,918
Cost of Power	\$136,943,243	\$7,206,425.71	\$ 144,149,669		\$144,149,669
Working Capital Rate (%)	13.00%	(9)	13.00%	(9)	13.00% (9)
2 Utility Income					
Operating Revenues:					
Distribution Revenue at Current Rates	\$28,371,080	\$294,112	\$28,665,192		
Distribution Revenue at Proposed Rates	\$29,374,853	\$216,752	\$29,591,605		
Other Revenue:					
Specific Service Charges	\$803,285	(\$0)	\$803,285		
Late Payment Charges	\$361,000	\$0	\$361,000		
Other Distribution Revenue	\$251,187	\$6,047	\$257,234		
Other Income and Deductions	\$181,003	\$0	\$181,003		
Total Revenue Offsets	\$1,596,475	(7) \$6,047	\$1,602,522		
Operating Expenses:					
OM+A Expenses	\$16,754,348	(\$19,662)	\$ 16,734,686	\$ -	\$16,734,686
Depreciation/Amortization	\$4,936,879	\$148,268	\$ 5,085,147		\$5,085,147
Property taxes	\$287,232		\$ 287,232		\$287,232
Other expenses					
3 Taxes/PILs					
Taxable Income:					
Adjustments required to arrive at taxable income	(\$4,814,861)	(3)	(\$4,405,362)		
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$34,407		\$175,686		
Income taxes (grossed up)	\$43,189		\$239,029		
Federal tax (%)	15.00%		15.00%		
Provincial tax (%)	5.33%		11.50%		
Income Tax Credits	(\$81,003)		(\$81,003)		
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%
Preferred Shares Capitalization Ratio (%)					
	100.0%		100.0%		100.0%
Cost of Capital					
Long-term debt Cost Rate (%)	4.28%		4.14%		4.14%
Short-term debt Cost Rate (%)	2.11%		2.16%		2.16%
Common Equity Cost Rate (%)	9.36%		9.30%		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) 4.0% unless an Applicant has proposed or been approved for another amount.
 - (8) 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.
 - (9)



Revenue Requirement Workform (RRWF) for 2015 Filers

Rate Base and Working Capital

Line No.	Rate Base Particulars		Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$247,689,793	(\$1,043,272)	\$246,646,521	\$ -	\$246,646,521
2	Accumulated Depreciation (average)	(3)	(\$123,945,922)	\$809,445	(\$123,136,477)	\$ -	(\$123,136,477)
3	Net Fixed Assets (average)	(3)	\$123,743,871	(\$233,827)	\$123,510,044	\$ -	\$123,510,044
4	Allowance for Working Capital	(1)	\$20,018,027	\$934,279	\$20,952,306	\$ -	\$20,952,306
5	Total Rate Base		\$143,761,898	\$700,452	\$144,462,351	\$ -	\$144,462,351

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses		\$17,041,580	(\$19,662)	\$17,021,918	\$ -	\$17,021,918
7	Cost of Power		\$136,943,243	\$7,206,426	\$144,149,669	\$ -	\$144,149,669
8	Working Capital Base		\$153,984,823	\$7,186,764	\$161,171,587	\$ -	\$161,171,587
9	Working Capital Rate %	(2)	13.00%	0.00%	13.00%	0.00%	13.00%
10	Working Capital Allowance		\$20,018,027	\$934,279	\$20,952,306	\$ -	\$20,952,306

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 (RRWF) for 2015 Filers

Utility Income

Line No.	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Board Decision
Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)	\$29,374,853	\$216,752	\$29,591,605	\$ -	\$29,591,605
2	Other Revenue	(1) \$1,596,475	\$6,047	\$1,602,522	\$ -	\$1,602,522
3	Total Operating Revenues	\$30,971,328	\$222,798	\$31,194,126	\$ -	\$31,194,126
Operating Expenses:						
4	OM+A Expenses	\$16,754,348	(\$19,662)	\$16,734,686	\$ -	\$16,734,686
5	Depreciation/Amortization	\$4,936,879	\$148,268	\$5,085,147	\$ -	\$5,085,147
6	Property taxes	\$287,232	\$ -	\$287,232	\$ -	\$287,232
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$21,978,459	\$128,606	\$22,107,065	\$ -	\$22,107,065
10	Deemed Interest Expense	\$3,567,234	(\$93,204)	\$3,474,031	\$ -	\$3,474,031
11	Total Expenses (lines 9 to 10)	\$25,545,693	\$35,402	\$25,581,096	\$ -	\$25,581,096
12	Utility income before income taxes	\$5,425,635	\$187,396	\$5,613,031	\$ -	\$5,613,031
13	Income taxes (grossed-up)	\$43,189	\$195,840	\$239,029	\$ -	\$239,029
14	Utility net income	\$5,382,446	(\$8,444)	\$5,374,002	\$ -	\$5,374,002

Notes **Other Revenues / Revenue Offsets**

(1)	Specific Service Charges	\$803,285	(\$0)	\$803,285	\$ -	\$803,285
	Late Payment Charges	\$361,000	\$ -	\$361,000	\$ -	\$361,000
	Other Distribution Revenue	\$251,187	\$6,047	\$257,234	\$ -	\$257,234
	Other Income and Deductions	\$181,003	\$ -	\$181,003	\$ -	\$181,003
	Total Revenue Offsets	\$1,596,475	\$6,047	\$1,602,522	\$ -	\$1,602,522



Revenue Requirement Workform (RRWF) for 2015 Filers

Taxes/PILs

Line No.	Particulars	Application	Interrogatory Responses	Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$5,382,445	\$5,373,999	\$5,373,999
2	Adjustments required to arrive at taxable utility income	(\$4,814,861)	(\$4,405,362)	(\$4,814,861)
3	Taxable income	<u>\$567,584</u>	<u>\$968,638</u>	<u>\$559,138</u>
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	<u>\$34,407</u>	<u>\$175,686</u>	<u>\$175,686</u>
6	Total taxes	<u>\$34,407</u>	<u>\$175,686</u>	<u>\$175,686</u>
7	Gross-up of Income Taxes	<u>\$8,782</u>	<u>\$63,343</u>	<u>\$63,343</u>
8	Grossed-up Income Taxes	<u>\$43,189</u>	<u>\$239,029</u>	<u>\$239,029</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$43,189</u>	<u>\$239,029</u>	<u>\$239,029</u>
10	Other tax Credits	(\$81,003)	(\$81,003)	(\$81,003)
<u>Tax Rates</u>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	<u>5.33%</u>	<u>11.50%</u>	<u>11.50%</u>
13	Total tax rate (%)	<u>20.33%</u>	<u>26.50%</u>	<u>26.50%</u>

Notes



Revenue Requirement Workform (RRWF) for 2015 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$80,506,663	4.28%	\$3,445,899
2	Short-term Debt	4.00%	\$5,750,476	2.11%	\$121,335
3	Total Debt	60.00%	\$86,257,139	4.14%	\$3,567,234
	Equity				
4	Common Equity	40.00%	\$57,504,759	9.36%	\$5,382,445
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$57,504,759	9.36%	\$5,382,445
7	Total	100.00%	\$143,761,898	6.23%	\$8,949,680
Interrogatory Responses					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$80,898,916	4.14%	\$3,349,215
2	Short-term Debt	4.00%	\$5,778,494	2.16%	\$124,815
3	Total Debt	60.00%	\$86,677,410	4.01%	\$3,474,031
	Equity				
4	Common Equity	40.00%	\$57,784,940	9.30%	\$5,373,999
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$57,784,940	9.30%	\$5,373,999
7	Total	100.00%	\$144,462,351	6.12%	\$8,848,030
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	56.00%	\$80,898,916	4.14%	\$3,349,215
9	Short-term Debt	4.00%	\$5,778,494	2.16%	\$124,815
10	Total Debt	60.00%	\$86,677,410	4.01%	\$3,474,031
	Equity				
11	Common Equity	40.00%	\$57,784,940	9.30%	\$5,373,999
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	40.00%	\$57,784,940	9.30%	\$5,373,999
14	Total	100.00%	\$144,462,351	6.12%	\$8,848,030

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 (RRWF) for 2015 Filers

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Interrogatory Responses		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		\$1,003,772		\$926,410		\$926,410
2	Distribution Revenue	\$28,371,080	\$28,371,081	\$28,665,192	\$28,665,195	\$28,665,192	\$28,665,195
3	Other Operating Revenue	\$1,596,475	\$1,596,475	\$1,602,522	\$1,602,522	\$1,602,522	\$1,602,522
4	Offsets - net						
4	Total Revenue	\$29,967,555	\$30,971,328	\$30,267,714	\$31,194,126	\$30,267,714	\$31,194,126
5	Operating Expenses	\$21,978,459	\$21,978,459	\$22,107,065	\$22,107,065	\$22,107,065	\$22,107,065
6	Deemed Interest Expense	\$3,567,234	\$3,567,234	\$3,474,031	\$3,474,031	\$3,474,031	\$3,474,031
8	Total Cost and Expenses	\$25,545,693	\$25,545,693	\$25,581,096	\$25,581,096	\$25,581,096	\$25,581,096
9	Utility Income Before Income Taxes	\$4,421,862	\$5,425,635	\$4,686,618	\$5,613,031	\$4,686,618	\$5,613,031
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$4,814,861)	(\$4,814,861)	(\$4,405,362)	(\$4,405,362)	(\$4,405,362)	(\$4,405,362)
11	Taxable Income	(\$392,999)	\$610,774	\$281,257	\$1,207,669	\$281,257	\$1,207,669
12	Income Tax Rate	20.33%	20.33%	26.50%	26.50%	26.50%	26.50%
13	Income Tax on Taxable Income	(\$79,911)	\$124,192	\$74,533	\$320,032	\$74,533	\$320,032
14	Income Tax Credits	(\$81,003)	(\$81,003)	(\$81,003)	(\$81,003)	(\$81,003)	(\$81,003)
15	Utility Net Income	\$4,582,775	\$5,382,446	\$4,693,088	\$5,374,002	\$4,693,088	\$5,374,002
16	Utility Rate Base	\$143,761,898	\$143,761,898	\$144,462,351	\$144,462,351	\$144,462,351	\$144,462,351
17	Deemed Equity Portion of Rate Base	\$57,504,759	\$57,504,759	\$57,784,940	\$57,784,940	\$57,784,940	\$57,784,940
18	Income/(Equity Portion of Rate Base)	7.97%	9.36%	8.12%	9.30%	8.12%	9.30%
19	Target Return - Equity on Rate Base	9.36%	9.36%	9.30%	9.30%	9.30%	9.30%
20	Deficiency/Sufficiency in Return on Equity	-1.39%	0.00%	-1.18%	0.00%	-1.18%	0.00%
21	Indicated Rate of Return	5.67%	6.23%	5.65%	6.12%	5.65%	6.12%
22	Requested Rate of Return on Rate Base	6.23%	6.23%	6.12%	6.12%	6.12%	6.12%
23	Deficiency/Sufficiency in Rate of Return	-0.56%	0.00%	-0.47%	0.00%	-0.47%	0.00%
24	Target Return on Equity	\$5,382,445	\$5,382,445	\$5,373,999	\$5,373,999	\$5,373,999	\$5,373,999
25	Revenue Deficiency/(Sufficiency)	\$799,670	\$0	\$680,911	\$2	\$680,911	\$2
26	Gross Revenue	\$1,003,772 (1)		\$926,410 (1)		\$926,410 (1)	
	Deficiency/(Sufficiency)						

Notes:

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



Revenue Requirement Workform (RRWF) for 2015 Filers

Revenue Requirement

Line No.	Particulars	Application	Interrogatory Responses	Per Board Decision
1	OM&A Expenses	\$16,754,348	\$16,734,686	\$16,734,686
2	Amortization/Depreciation	\$4,936,879	\$5,085,147	\$5,085,147
3	Property Taxes	\$287,232	\$287,232	\$287,232
5	Income Taxes (Grossed up)	\$43,189	\$239,029	\$239,029
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$3,567,234	\$3,474,031	\$3,474,031
	Return on Deemed Equity	\$5,382,445	\$5,373,999	\$5,373,999
8	Service Revenue Requirement (before Revenues)	<u>\$30,971,328</u>	<u>\$31,194,124</u>	<u>\$31,194,124</u>
9	Revenue Offsets	\$1,596,475	\$1,602,522	\$ -
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$29,374,853</u>	<u>\$29,591,602</u>	<u>\$31,194,124</u>
11	Distribution revenue	\$29,374,853	\$29,591,605	\$29,591,605
12	Other revenue	\$1,596,475	\$1,602,522	\$1,602,522
13	Total revenue	<u>\$30,971,328</u>	<u>\$31,194,126</u>	<u>\$31,194,126</u>
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$0</u>	<u>\$2</u>	<u>\$2</u>

Notes

(1) Line 11 - Line 8

Revenue Requirement Workform (RRWF) for 2015 Filers

Tracking Form

The last row shown is the most current estimate of the cost of service data reflecting the original application and any updates provided by the applicant distributor (for updated evidence, responses to interrogatories, undertakings, etc.) Please ensure a Reference (Column B) and/or Item Description (Column C) is entered. Please note that unused rows will automatically be hidden and the PRINT AREA set when the PRINT BUTTON on Sheet 1 is activated.

⁽¹⁾ Short reference to evidence material (interrogatory response, undertaking, exhibit number, Board Decision, Code, Guideline, Report of the Board, etc.)

⁽²⁾ Short description of change, issue, etc.

60 Tracking Rows have been provided below. If you require more, please contact Industry Relations @ IndustryRelations@ontarioenergyboard.ca.

Summary of Proposed Changes

Reference ⁽¹⁾	Item / Description ⁽²⁾	Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
		Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
	Original Application	\$ 8,949,680	6.23%	\$ 143,761,898	\$ 153,984,823	\$ 20,018,027	\$ 4,936,879	\$ 43,189	\$ 16,754,348	\$ 30,971,328	\$ 1,596,475	\$ 29,374,853	\$ 1,003,772