

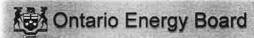


Version 5.00

		_
Utility Name	Niagara Peninsula Energy Inc.	
Service Territory		
Assigned EB Number	EB-2014-0096	
Name and Title	Suzanne Wilson, VP Finance	
Phone Number	905-353-6004	
Email Address	suzanne.wilson@npei.ca	

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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.



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 Regt

5. Utility Income 10. Tracking Sheet

Notes:

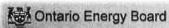
(1) Pale green cells represent inputs

(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 (1)

		Initial Application	(2)	Adjustments	Interrogatory Responses	(6)	Adjustments	Per Board Decision
40	Rate Base							2.
0.50	Gross Fixed Assets (average)	\$247,689,793		(\$1,043,272)	\$ 246,646,521			\$246,646,521
	Accumulated Depreciation (average)	(\$123,945,922)	(6)	\$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			
	Lale 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 Offsels	\$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		9.5	\$5,085,147
	Property taxes	\$287,232		\$140,200	\$ 287,232			\$287,232
	Other expenses	1207,1202			201,202			VEO 1 1202
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%			4.0%	(8)		4.0% (8)
	Common Equity Capitalization Ratio (%)	40.0%			40.0%			40.0%
	Prefered Shares Capitalization Ratio (%)							
		100.0%	-		100.0%			100 0%
	Cost of Capital							
	Long-term debt Cost Rate (%)	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%
	Prefered Shares Cost Rate (%)	0.00%			5.5070			0.0070
		5.0070						

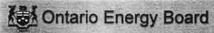
Notes:

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). General 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 colimn M and Adjustments in column I
- Net of addbacks and deductions to arrive at taxable income.
- Average of Gross Fixed Assets at beginning and end of the Test Year Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- 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.

 Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement.
- 4.0% unless an Applicant has proposed or been approved for another amount.
- Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Allematively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale



Rate Base and Working Capital

Rate Base

	itate base						
Line No.	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	<u> </u>	\$144,462,351

(1) Allowance for Working Capital - Derivation

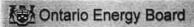
Controllable Expenses		\$17,041,580	(\$19,662)	\$17,021,918	\$ -	\$17,021,918
Cost of Power		\$136,943,243	\$7,206,426	\$144,149,669	\$ -	\$144,149,669
Working Capital Base		\$153,984,823	\$7,186,764	\$161,171,587	\$ -	\$161,171,587
Working Capital Rate %	(2)	13.00%	0.00%	13,00%	0.00%	13,00%
Working Capital Allowance		\$20.018.027	\$934,279	\$20,952,306	\$ -	\$20,952,306

Notes (2)

10

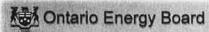
Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2014 cost of service applications is 13%.

Average of opening and closing balances for the year-



Utility Income

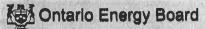
Line No.	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Board Decision
1	Operating Revenues: Distribution Revenue (at Proposed Rates)	\$29,374,853	\$216,752	\$29,591,605	\$-	\$29,591,605
2		\$1,596,475	\$6,047	\$1,602,522	<u> </u>	\$1,602,522
3	Total Operating Revenues	\$30,971,328	\$222,798	\$31,194,126	\$-	\$31,194,126
4 5 6	Operating Expenses: OM+A Expenses Depreciation/Amortization Property taxes	\$16,754,348 \$4,936,879 \$287,232	(\$19,662) \$148,268 \$-	\$16,734,686 \$5,085,147 \$287,232	\$ - \$ - \$ -	\$16,734,686 \$5,085,147 \$287,232
7	Capital taxes	\$207,232	\$ -	\$ -	\$ -	\$-
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	<u> </u>	\$3,474,031
11	Total Expenses (lines 9 to 10)	\$25,545,693	\$35,402	\$25,581,096	<u> </u>	\$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 / Revenues	ue Offsets				
(1)	Specific Service Charges Late Payment Charges Other Distribution Revenue Other Income and Deductions Total Revenue Offsets	\$803,285 \$361,000 \$251,187 \$181,003	(\$0) \$ - \$6,047 \$ - \$6,047	\$803,285 \$361,000 \$257,234 \$181,003		\$803,285 \$361,000 \$257,234 \$181,003



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	\$567,584	\$968,638	\$559,138
	Calculation of Utility income Taxes			
4	Income taxes	\$34,407	\$175,686	\$175,686
6	Total taxes	\$34,407	\$175,686	\$175,686
7	Gross-up of Income Taxes	\$8,782	\$63,343	\$63,343
8	Grossed-up Income Taxes	\$43,189	\$239,029	\$239,029
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$43,189	\$239,029	\$239,029
10	Other tax Credits	(\$81,003)	(\$81,003)	(\$81,003)
	Tax Rates			
11 12 13	Federal tax (%) Provincial tax (%) Total tax rate (%)	15,00% 5,33% 20,33%	15.00% 11.50% 26,50%	15.00% 11.50% 26.50%

Notes

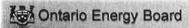


Capitalization/Cost of Capital

Line No.	Particulars	Capitalizat	ion Ratio	Cost Rate	Return
		Initial App	olication		
	Debt	(%)	(\$)	(%)	(\$)
1 2 3	Long-term Debt Short-term Debt Total Debt	56.00% 4.00% 60.00%	\$80,506,663 \$5,750,476 \$86,257,139	4.28% 2.11% 4.14%	\$3,445,899 \$121,335 \$3,567,234
4	Equity Common Equity	40.00%	\$57,504,759	9.36%	\$5,382,445
5 6	Preferred Shares Total Equity	0.00% 40.00%	\$ - \$57,504,759	0.00% 9.36%	\$ - \$5,382,445
7	Total	100.00%	\$143,761,898	6,23%	\$8,949,680
		Interrogatory	Responses		
	Debt	(%)	(\$)	(%)	(\$)
1 2 3	Long-term Debt Short-term Debt Total Debt	56.00% 4.00% 60.00%	\$80,898,916 \$5,778,494 \$86,677,410	4.14% 2.16% 4.01%	\$3,349,215 \$124,815 \$3,474,031
4 5 6	Equity Common Equity Preferred Shares Total Equity	40.00% 0.00% 40.00%	\$57,784,940 \$- \$57,784,940	9.30% 0.00% 9.30%	\$5,373,999 \$- \$5,373,999
7	Total	100.00%	\$144,462,351	6.12%	\$8,848,030
		Per Board	Decision		
	5	(%)	(\$)	(%)	(\$)
8 9 10	Debt Long-term Debt Short-term Debt Total Debt	56.00% 4.00% 60.00%	\$80,898,916 \$5,778,494 \$86,677,410	4.14% 2.16% 4.01%	\$3,349,215 \$124,815 \$3,474,031
11 12 13	Equity Common Equity Preferred Shares Total Equity	40.00% 0.00% 40.00%	\$57,784,940 \$ - \$57,784,940	9.30% 0.00% 9.30%	\$5,373,999 \$ - \$5,373,999
14	Total	100.00%	\$144,462,351	6.12%	\$8,848,030

<u>Notes</u>

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

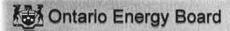


Revenue Deficiency/Sufficiency

=		Initial Appl	ication	Interrogatory	Responses	Per Board Decision			
Line No.	Particulars	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates		
1 2 3	Revenue Deficiency from Below Distribution Revenue Other Operating Revenue Offsets - net	\$28,371,080 \$1,596,475	\$1,003,772 \$28,371,081 \$1,596,475	\$28,665,192 \$1,602,522	\$926,410 \$28,665,195 \$1,602,522	\$28,665,192 \$1,602,522	\$926,410 \$28,665,195 \$1,602,522		
4	Total Revenue	\$29,967,555	\$30,971,328	\$30,267,714	\$31,194,126	\$30,267,714	\$31,194,126		
5 6 8	Operating Expenses Deemed Interest Expense Total Cost and Expenses Utility Income Before Income	\$21,978,459 \$3,567,234 \$25,545,693 \$4,421,862	\$21,978,459 \$3,567,234 \$25,545,693 \$5,425,635	\$22,107,065 \$3,474,031 \$25,581,096 \$4,686,618	\$22,107,065 \$3,474,031 \$25,581,096 \$5,613,031	\$22,107,065 \$3,474,031 \$25,581,096 \$4,686,618	\$22,107,065 \$3,474,031 \$25,581,096 \$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 13	Income Tax Rate Income Tax on Taxable Income	20.33% (\$79,911)	20,33% \$124,192	26.50% \$74,533	26.50% \$320,032	26,50% \$74,533	26.50% \$320,032		
14 15	Income Tax Credits Utility Net Income	(\$81,003) \$4,582,775	(\$81,003) \$5,382,446	(\$81,003) \$4,693,088	(\$81,003) \$5,374,002	(\$81,003) \$4,693,088	(\$81,003) \$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 Relum - 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 22	Indicated Rate of Return Requested Rate of Return on Rate Base	5.67% 6.23%	6.23% 6.23%	5.65% 6.12%	6.12% 6.12%	5.65% 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 25 26	Target Return on Equity Revenue Deficiency/(Sufficiency) Gross Revenue Deficiency/(Sufficiency)	\$5,382,445 \$799,670 \$1,003,772 (1)	\$5,382,445 \$0	\$5,373,999 \$680,911 \$926,410 (1)	\$5,373,999 \$2	\$5,373,999 \$680,911 \$926,410 (1)	\$5,373,999 \$2		

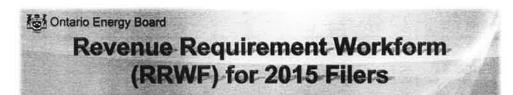
Notes:

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



Revenue Requirement

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



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@contactions@contactions@contactions@contactions@contactions@contactions@contactions@contactions@contactions@contactions@contactions@contactions@contactions@contactions

Summary of Proposed Changes

		Cost of	Cost of Capital Rate Base		se and Capital Expenditures		Operating Expenses			Revenue Requirement			
Reference (1)	Item / Description ⁽²⁾	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		
	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