



## CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

### **1.0 INTRODUCTION**

This Exhibit provides a summary of the revenue required by Hydro Ottawa Limited ("Hydro Ottawa") in 2016 through 2020 in order to continue delivering electricity safely and reliably. Hydro Ottawa's total Service Revenue Requirement is offset by revenues obtained by sources other than distribution rates, i.e. other revenue. The calculation of the revenue deficiency/sufficiency does not include the recovery of Deferral and Variance Accounts (Exhibit I-8-1) or Low Voltage Charges (Exhibit H-8-1). As directed in the Chapter 2 of the *Filing Requirements for Transmission and Distribution Applications*, costs and revenues related to the cost of power are kept separate from the determination of the distribution revenue sufficiency/deficiency.

The revenue deficiency/sufficiency for 2016 through 2020 was calculated using the following inputs:

- 2015 approved rates,
- 2016 through 2020 load forecast and forecast of customers and connections, as developed using the methodology described in Exhibit C-1-1, and
- The 2016 through 2020 base revenue requirement calculated as shown in Table 1 below (more details for each year can be found in the Revenue Requirement WorkForms attached to this Exhibit).

The revenue deficiency/sufficiency was then determined by calculating what the revenue would have been with 2015 rates and the forecasted 2016 through 2020 load and customer numbers. As a result, revenue deficiency in Table 1 and the Revenue Requirement WorkForms produce a cumulative revenue requirement rather than a year over year revenue requirement. Hydro Ottawa compiled the analysis in this matter as the 2015 rates give a stable base to compare each year. In Table 1 a year over year revenue deficiency has also been provided.



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**Table 1 – Revenue Sufficiency/Deficiency**

	\$000	\$000	\$000	\$000	\$000
	2016	2017	2018	2019	2020
Return on Rate Base	54,379	58,359	62,148	64,531	67,573
Distribution Expenses (not including amortization)	87,106	89,932	92,850	95,863	98,974
Amortization	40,826	44,145	47,047	48,949	50,295
Payment in Lieu of Taxes	4,958	4,799	6,074	8,473	7,587
Service Revenue Requirement	187,269	197,235	208,120	217,816	224,430
Less Revenue Offsets	11,700	11,565	11,722	11,802	11,898
2012 Base Revenue Requirement	175,570	185,670	196,398	206,014	212,532
Transformer Ownership Allowance	1,125	1,114	1,109	1,106	1,105
Revenue Requirement from Rates	176,694	186,784	197,507	207,120	213,637
Forecasted Load at 2015 Rates	159,358	158,984	159,419	159,975	160,461
<b>Cumulative Revenue Deficiency (over 2015)</b>	<b>(17,337)</b>	<b>(27,800)</b>	<b>(38,088)</b>	<b>(47,146)</b>	<b>(53,176)</b>
<b>Yearly Revenue Deficiency over 2015</b>	<b>(17,337)</b>	<b>(10,464)</b>	<b>(10,288)</b>	<b>(9,057)</b>	<b>(6,030)</b>

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3 Table 2 provides Revenue Deficiency based on previous Test Year rates against the  
4 current Test Years load forecast.

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6 **Table 2 – Revenue Sufficiency/Deficiency using prior Test Year's Rates**

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	\$000	\$000	\$000	\$000	\$000
	2016	2017	2018	2019	2020
Total Revenue Requirement from Rates	176,694	186,784	197,507	207,120	213,637
Forecasted Load at Prior Years Rates	159,360	176,407	187,467	198,471	208,158
Yearly Revenue Deficiency	(17,334)	(10,377)	(10,040)	(8,650)	(5,479)

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9 Tables 3-7 provide the 2015-2020 year over year revenue deficiency/sufficiency  
10 amounts and major cost drivers as well as references to the Exhibits where further  
11 details on year over year variance and cost drivers can be attained.

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**Table 3 –2015-2016 Revenue Deficiency - Amount & Drivers**

\$000	2015-2016 Revenue Deficiency & Drivers				
	2015	2016	Deficiency (\$)	Drivers	Reference
Return on Rate Base	53,075	54,379	1,304	<ul style="list-style-type: none"> <li>\$46.8M additions</li> <li>\$8.2M budgeted in CIP</li> <li>Higher WCA</li> </ul>	B-1-1
Distribution Expenses (not including amortization)	83,656	87,106	3,450	<ul style="list-style-type: none"> <li>Compensation increases</li> <li>Inflationary increases</li> </ul>	D-1-3
Amortization	38,558	40,826	2,268	<ul style="list-style-type: none"> <li>Increase in sustainment additions</li> </ul>	D-3-1
Payment in Lieu of Taxes	0	4,958	4,958	<ul style="list-style-type: none"> <li>Higher net income</li> <li>Less CCA deductions</li> </ul>	D-4-1
Service Revenue Requirement	175,289	187,269	11,980		
Less Revenue Offsets	8,847	11,700	2,852	<ul style="list-style-type: none"> <li>Increases to retail, generation and specific service charges</li> </ul>	C-2-1
Base Revenue Requirement	166,441	175,570	9,128		
Transformer Ownership Allowance	1,168	1,125	(43)	<ul style="list-style-type: none"> <li>Change in load</li> </ul>	C-1-1
Revenue Requirement from Rates	167,609	176,694	9,085		
Forecasted Load at 2015 Rates	159,745	159,358	(387)	<ul style="list-style-type: none"> <li>Change in load</li> </ul>	C-1-1
<b>Cumulative Revenue Deficiency (over 2015)</b>	<b>(7,864)</b>	<b>(17,337)</b>	<b>(9,472)</b>		

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**Table 4 –2016-2017 Revenue Deficiency - Amount & Drivers**

\$000	2016-2017 Revenue Deficiency & Drivers				
	2016	2017	Deficiency (\$)	Drivers	Reference
Return on Rate Base	54,379	58,359	3,980	<ul style="list-style-type: none"> <li>\$42M in additions</li> <li>\$4.1M more in CIP</li> <li>Higher WCA</li> </ul>	B-1-1
Distribution Expenses (not including amortization)	87,106	89,932	2,827	<ul style="list-style-type: none"> <li>Inflationary increases</li> </ul>	D-1-3
Amortization	40,826	44,145	3,319	<ul style="list-style-type: none"> <li>Increase due to sustainment assets and IT assets</li> </ul>	D-3-1
Payment in Lieu of Taxes	4,958	4,799	(160)	<ul style="list-style-type: none"> <li>No significant difference due to higher regulatory net income offset by increases to CCA deductions</li> </ul>	D-4-1
Service Revenue Requirement	187,269	197,235	9,966		
Less Revenue Offsets	11,700	11,565	(134)	<ul style="list-style-type: none"> <li>Slight decline in late payment charges but offset by inflationary increase</li> </ul>	C-2-1
Base Revenue Requirement	175,570	185,670	10,100		
Transformer Ownership Allowance	1,125	1,114	(10)	<ul style="list-style-type: none"> <li>Change in load</li> </ul>	C-1-1
Revenue Requirement from Rates	176,694	186,784	10,090		
Forecasted Load at 2015 Rates	159,358	158,984	(374)	<ul style="list-style-type: none"> <li>Change in load</li> </ul>	C-1-1
<b>Cumulative Revenue Deficiency (over 2015)</b>	<b>(17,337)</b>	<b>(27,800)</b>	<b>(10,464)</b>		



**Table 5 –2017-2018 Revenue Deficiency - Amount & Drivers**

\$000	2017-2018 Revenue Deficiency & Drivers				
	2017	2018	Deficiency (\$)	Drivers	Reference
Return on Rate Base	58,359	62,148	3,789	<ul style="list-style-type: none"> <li>\$46.4 in additions</li> <li>\$4.1M less in CIP</li> <li>Higher WCA</li> </ul>	B-1-1
Distribution Expenses (not including amortization)	89,932	92,850	2,918	<ul style="list-style-type: none"> <li>Inflationary increases</li> </ul>	D-1-3
Amortization	44,145	47,047	2,902	<ul style="list-style-type: none"> <li>Increase due to sustainment assets &amp; other distribution assets</li> </ul>	D-3-1
Payment in Lieu of Taxes	4,799	6,074	1,275	<ul style="list-style-type: none"> <li>Higher net income</li> <li>Increase in accounting amortization add back</li> </ul>	D-4-1
Service Revenue Requirement	197,235	208,120	10,885		
Less Revenue Offsets	11,565	11,722	157	<ul style="list-style-type: none"> <li>Inflationary increase as offset by interest earnings</li> </ul>	C-2-1
Base Revenue Requirement	185,670	196,398	10,728		
Transformer Ownership Allowance	1,114	1,109	(5)	<ul style="list-style-type: none"> <li>Change in load</li> </ul>	C-1-1
Revenue Requirement from Rates	186,784	197,507	10,723		
Forecasted Load at 2015 Rates	158,984	159,419	435	<ul style="list-style-type: none"> <li>Change in load</li> </ul>	C-1-1
<b>Cumulative Revenue Deficiency (over 2015)</b>	<b>(27,800)</b>	<b>(38,088)</b>	<b>(10,288)</b>		



1 **Table 6 –2018-2019 Revenue Deficiency - Amount & Drivers**

\$000	2018-2019 Revenue Deficiency & Drivers				
	2018	2019	Deficiency (\$)	Drivers	Reference
Return on Rate Base	62,148	64,531	2,383	<ul style="list-style-type: none"> <li>\$18.9M in additions</li> <li>\$29M more in CIP</li> <li>Lower WCA</li> </ul>	B-1-1
Distribution Expenses (not including amortization)	92,850	95,863	3,013	<ul style="list-style-type: none"> <li>Inflationary increases</li> </ul>	D-1-3
Amortization	47,047	48,949	1,901	<ul style="list-style-type: none"> <li>Increase due to sustainment assets</li> </ul>	D-3-1
Payment in Lieu of Taxes	6,074	8,473	2,398	<ul style="list-style-type: none"> <li>Slight increase to net income</li> <li>Increase in accounting amortization add back</li> <li>\$4M less in CCA deductions</li> </ul>	D-4-1
Service Revenue Requirement	208,120	217,816	9,696		
Less Revenue Offsets	11,722	11,802	80	<ul style="list-style-type: none"> <li>Inflationary increase as offset by interest earnings</li> </ul>	C-2-1
Base Revenue Requirement	196,398	206,014	9,616		
Transformer Ownership Allowance	1,109	1,106	(3)	<ul style="list-style-type: none"> <li>Change in load</li> </ul>	C-1-1
Revenue Requirement from Rates	197,507	207,120	9,613		
Forecasted Load at 2015 Rates	159,419	159,975	556	<ul style="list-style-type: none"> <li>Change in load</li> </ul>	C-1-1
<b>Cumulative Revenue Deficiency (over 2015)</b>	<b>(38,088)</b>	<b>(47,146)</b>	<b>(9,057)</b>		

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12 **Table 7 –2019-2020 Revenue Deficiency - Amount & Drivers**



\$000	2019-2020 Revenue Deficiency & Drivers				
	2019	2020	Deficiency (\$)	Drivers	Reference
Return on Rate Base	64,531	67,573	3,042	<ul style="list-style-type: none"> <li>\$62.6M in additions</li> <li>\$18M less in CIP</li> <li>Higher WCA</li> </ul>	B-1-1
Distribution Expenses (not including amortization)	95,863	98,974	3,111	<ul style="list-style-type: none"> <li>Inflationary increases</li> </ul>	D-1-3
Amortization	48,949	50,295	1,346	<ul style="list-style-type: none"> <li>Increase due to sustainment assets</li> </ul>	D-3-1
Payment in Lieu of Taxes	8,473	7,587	(886)	<ul style="list-style-type: none"> <li>Decrease due to \$5.3M in CCA deductions</li> </ul>	D-4-1
Service Revenue Requirement	217,816	224,430	6,613		
Less Revenue Offsets	11,802	11,898	96	<ul style="list-style-type: none"> <li>Inflationary increase as offset by interest earnings</li> </ul>	C-2-1
Base Revenue Requirement	206,014	212,532	6,518		
Transformer Ownership Allowance	1,106	1,105	(1)	<ul style="list-style-type: none"> <li>Change in load</li> </ul>	C-1-1
Revenue Requirement from Rates	207,120	213,637	6,517		
Forecasted Load at 2015 Rates	159,975	160,461	487	<ul style="list-style-type: none"> <li>Change in load</li> </ul>	C-1-1
<b>Cumulative Revenue Deficiency (over 2015)</b>	<b>(47,146)</b>	<b>(53,176)</b>	<b>(6,030)</b>		



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers



Version 5.00

Utility Name	Hydro Ottawa Limited
Service Territory	
Assigned EB Number	EB-2015-0004
Name and Title	April Barrie; Manager, Rates and Revenue
Phone Number	613-738-5499, ext 106
Email Address	RegulatoryAffairs@HydroOttawa.com

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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**



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

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

	Initial Application	(2)		(6)		Per Board Decision
<b>1</b>	<b>Rate Base</b>					
	Gross Fixed Assets (average)	\$877,318,904		\$ 877,318,904		\$877,318,904
	Accumulated Depreciation (average)	(\$93,370,568) (5)		(\$93,370,568)		(\$93,370,568)
	<b>Allowance for Working Capital:</b>					
	Controllable Expenses	\$87,105,564		\$ 87,105,564		\$87,105,564
	Cost of Power	\$894,285,487		\$ 894,285,487		\$894,285,487
	Working Capital Rate (%)	14.20% (9)		14.20% (9)		14.20% (9)
<b>2</b>	<b>Utility Income</b>					
	<b>Operating Revenues:</b>					
	Distribution Revenue at Current Rates	\$158,233,086 (10)				
	Distribution Revenue at Proposed Rates	\$175,569,610 (11)				
	<b>Other Revenue:</b>					
	Specific Service Charges	\$5,910,525				
	Late Payment Charges	\$898,752				
	Other Distribution Revenue	\$1,410,557				
	Other Income and Deductions	\$3,479,704				
	<b>Total Revenue Offsets</b>	<b>\$11,699,538 (7)</b>				
	<b>Operating Expenses:</b>					
	OM+A Expenses	\$85,017,720		\$ 85,017,720		\$85,017,720
	Depreciation/Amortization	\$40,826,114		\$ 40,826,114		\$40,826,114
	Property taxes	\$2,087,844		\$ 2,087,844		\$2,087,844
	Other expenses					

### 3 Taxes/PILs

Taxable Income:

	(\$19,597,073)	(3)				
Adjustments required to arrive at taxable income						
<u>Utility Income Taxes and Rates:</u>						
Income taxes (not grossed up)	\$3,656,225					
Income taxes (grossed up)	\$4,958,448					
Federal tax (%)	15.00%					
Provincial tax (%)	11.26%					
Income Tax Credits	(\$217,500)					

### 4 Capitalization/Cost of Capital

Capital Structure:

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 (%)						
	100.0%					

Cost of Capital

Long-term debt Cost Rate (%)	3.72%					
Short-term debt Cost Rate (%)	2.16%					
Common Equity Cost Rate (%)	9.30%					
Preferred Shares Cost Rate (%)						

#### Notes:

**General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use 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.
- (10) Revenue at current rates minus Transformer Ownership Allowance
- (11) Distribution Revenue not including Transformer Ownership Allowance, Total Revenue Requirement is \$176,694,250



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Rate Base and Working Capital

Line No.	Particulars	Initial Application					Per Board Decision
1	Gross Fixed Assets (average) (3)	\$877,318,904	\$ -	\$877,318,904	\$ -	\$877,318,904	
2	Accumulated Depreciation (average) (3)	(\$93,370,568)	\$ -	(\$93,370,568)	\$ -	(\$93,370,568)	
3	Net Fixed Assets (average) (3)	\$783,948,336	\$ -	\$783,948,336	\$ -	\$783,948,336	
4	Allowance for Working Capital (1)	\$139,357,529	\$ -	\$139,357,529	\$ -	\$139,357,529	
5	<b>Total Rate Base</b>	<b>\$923,305,865</b>	<b>\$ -</b>	<b>\$923,305,865</b>	<b>\$ -</b>	<b>\$923,305,865</b>	

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

6	Controllable Expenses	\$87,105,564	\$ -	\$87,105,564	\$ -	\$87,105,564
7	Cost of Power	\$894,285,487	\$ -	\$894,285,487	\$ -	\$894,285,487
8	Working Capital Base	\$981,391,050	\$ -	\$981,391,050	\$ -	\$981,391,050
9	Working Capital Rate % (2)	14.20%	0.00%	14.20%	0.00%	14.20%
10	Working Capital Allowance	\$139,357,529	\$ -	\$139,357,529	\$ -	\$139,357,529

#### 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.



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Utility Income

Line No.	Particulars	Initial Application						Per Board Decision
	<b>Operating Revenues:</b>							
1	Distribution Revenue (at Proposed Rates)	\$175,569,610		(\$175,569,610)		\$ -	\$ -	\$ -
2	Other Revenue (1)	\$11,699,538		(\$11,699,538)		\$ -	\$ -	\$ -
3	Total Operating Revenues	\$187,269,148		(\$187,269,148)		\$ -	\$ -	\$ -
	<b>Operating Expenses:</b>							
4	OM+A Expenses	\$85,017,720		\$ -		\$85,017,720	\$ -	\$85,017,720
5	Depreciation/Amortization	\$40,826,114		\$ -		\$40,826,114	\$ -	\$40,826,114
6	Property taxes	\$2,087,844		\$ -		\$2,087,844	\$ -	\$2,087,844
7	Capital taxes	\$ -		\$ -		\$ -	\$ -	\$ -
8	Other expense	\$ -		\$ -		\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$127,931,678		\$ -		\$127,931,678	\$ -	\$127,931,678
10	Deemed Interest Expense	\$20,032,044		(\$20,032,044)		\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$147,963,722		(\$20,032,044)		\$127,931,678	\$ -	\$127,931,678
12	Utility income before income taxes	\$39,305,426		(\$167,237,104)		(\$127,931,678)	\$ -	(\$127,931,678)
13	Income taxes (grossed-up)	\$4,958,448		\$ -		\$4,958,448	\$ -	\$4,958,448
14	Utility net income	\$34,346,978		(\$167,237,104)		(\$132,890,126)	\$ -	(\$132,890,126)

**Notes**

**Other Revenues / Revenue Offsets**

(1)	Specific Service Charges	\$5,910,525			\$ -			\$ -
	Late Payment Charges	\$898,752			\$ -			\$ -
	Other Distribution Revenue	\$1,410,557			\$ -			\$ -
	Other Income and Deductions	\$3,479,704			\$ -			\$ -
	<b>Total Revenue Offsets</b>	<b>\$11,699,538</b>		<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Taxes/PILs

Line No.	Particulars	Application		Per Board Decision	
<u>Determination of Taxable Income</u>					
1	Utility net income before taxes	\$34,346,978	\$ -	\$ -	
2	Adjustments required to arrive at taxable utility income	(\$19,597,073)	\$ -	(\$19,597,073)	
3	Taxable income	<u>\$14,749,905</u>	<u>\$ -</u>	<u>(\$19,597,073)</u>	
<u>Calculation of Utility income Taxes</u>					
4	Income taxes	<u>\$3,656,225</u>	<u>\$3,656,225</u>	<u>\$3,656,225</u>	
6	Total taxes	<u>\$3,656,225</u>	<u>\$3,656,225</u>	<u>\$3,656,225</u>	
7	Gross-up of Income Taxes	<u>\$1,302,223</u>	<u>\$1,302,223</u>	<u>\$1,302,223</u>	
8	Grossed-up Income Taxes	<u>\$4,958,448</u>	<u>\$4,958,448</u>	<u>\$4,958,448</u>	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$4,958,448</u>	<u>\$4,958,448</u>	<u>\$4,958,448</u>	
10	Other tax Credits	(\$217,500)	(\$217,500)	(\$217,500)	
<u>Tax Rates</u>					
11	Federal tax (%)	15.00%	15.00%	15.00%	
12	Provincial tax (%)	11.26%	11.26%	11.26%	
13	Total tax rate (%)	<u>26.26%</u>	<u>26.26%</u>	<u>26.26%</u>	

## Notes



Ontario Energy Board

# 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%	\$517,051,284	3.72%	\$19,234,308
2	Short-term Debt	4.00%	\$36,932,235	2.16%	\$797,736
3	Total Debt	60.00%	\$553,983,519	3.62%	\$20,032,044
	Equity				
4	Common Equity	40.00%	\$369,322,346	9.30%	\$34,346,978
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$369,322,346	9.30%	\$34,346,978
7	Total	100.00%	\$923,305,865	5.89%	\$54,379,022
		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%	\$923,305,865	0.00%	\$ -
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	3.72%	\$ -
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%	\$923,305,865	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





Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## 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	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$17,336,524		(\$37,576,184)		\$127,931,678
2	Distribution Revenue	\$158,233,086	\$158,233,086	\$158,233,086	\$213,145,794	\$ -	(\$127,931,678)
3	Other Operating Revenue	\$11,699,538	\$11,699,538	\$ -	\$ -	\$ -	\$ -
4	Offsets - net						
4	<b>Total Revenue</b>	<u>\$169,932,624</u>	<u>\$187,269,148</u>	<u>\$158,233,086</u>	<u>\$175,569,610</u>	<u>\$ -</u>	<u>\$ -</u>
5	Operating Expenses	\$127,931,678	\$127,931,678	\$127,931,678	\$127,931,678	\$127,931,678	\$127,931,678
6	Deemed Interest Expense	\$20,032,044	\$20,032,044	\$ -	\$ -	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<u>\$147,963,722</u>	<u>\$147,963,722</u>	<u>\$127,931,678</u>	<u>\$127,931,678</u>	<u>\$127,931,678</u>	<u>\$127,931,678</u>
9	<b>Utility Income Before Income Taxes</b>	\$21,968,902	\$39,305,426	\$30,301,408	\$47,637,932	(\$127,931,678)	(\$127,931,678)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$19,597,073)	(\$19,597,073)	(\$19,597,073)	(\$19,597,073)	\$ -	\$ -
11	<b>Taxable Income</b>	<u>\$2,371,829</u>	<u>\$19,708,353</u>	<u>\$10,704,335</u>	<u>\$28,040,859</u>	<u>(\$127,931,678)</u>	<u>(\$127,931,678)</u>
12	Income Tax Rate	26.26%	26.26%	26.26%	26.26%	26.26%	26.26%
13	<b>Income Tax on Taxable Income</b>	\$622,907	\$5,175,948	\$2,811,248	\$7,364,290	(\$33,598,326)	(\$33,598,326)
14	<b>Income Tax Credits</b>	(\$217,500)	(\$217,500)	(\$217,500)	(\$217,500)	\$ -	\$ -
15	<b>Utility Net Income</b>	<u>\$21,563,495</u>	<u>\$34,346,978</u>	<u>\$27,707,659</u>	<u>(\$132,890,126)</u>	<u>(\$94,333,352)</u>	<u>(\$132,890,126)</u>
16	<b>Utility Rate Base</b>	\$923,305,865	\$923,305,865	\$923,305,865	\$923,305,865	\$923,305,865	\$923,305,865

17	Deemed Equity Portion of Rate Base	\$369,322,346	\$369,322,346	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	5.84%	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	-3.46%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	4.51%	5.89%	3.00%	0.00%	-10.22%	0.00%
22	Requested Rate of Return on Rate Base	5.89%	5.89%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-1.38%	0.00%	3.00%	0.00%	-10.22%	0.00%
24	Target Return on Equity	\$34,346,978	\$34,346,978	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$12,783,483	\$0	(\$27,707,659)	\$ -	\$94,333,352	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$17,336,524 (1)		(\$37,576,184) (1)		\$127,931,678 (1)	

**Notes:**

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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$85,017,720		\$85,017,720	
2	Amortization/Depreciation	\$40,826,114		\$40,826,114	
3	Property Taxes	\$2,087,844		\$2,087,844	
5	Income Taxes (Grossed up)	\$4,958,448		\$4,958,448	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$20,032,044	\$ -	\$ -	
	Return on Deemed Equity	\$34,346,978	\$ -	\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$187,269,148</u>	<u>\$132,890,126</u>	<u>\$132,890,126</u>	
9	Revenue Offsets	\$11,699,538	\$ -	\$ -	
10	<b>Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)</b>	<u>\$175,569,610</u>	<u>\$132,890,126</u>	<u>\$132,890,126</u>	
11	Distribution revenue	\$175,569,610	(2) \$ -	\$ -	
12	Other revenue	\$11,699,538	\$ -	\$ -	
13	<b>Total revenue</b>	<u>\$187,269,148</u>	<u>\$ -</u>	<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$0</u>	(1) <u>(\$132,890,126)</u>	(1) <u>(\$132,890,126)</u>	(1)

### Notes

(1) Line 11 - Line 8

(2) Distribution Revenue not including Transformer Ownership Allowance, Total Revenue Requirement is \$176,694,250



Ontario Energy Board

## 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.

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

<sup>(2)</sup> Short description of change, issue, etc.

60 Tracking Rows have been provided below. If you require more, please contact Industry Relations @ [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca).

### Summary of Proposed Changes

Reference <sup>(1)</sup>	Item / Description <sup>(2)</sup>	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	\$ 54,379,022	5.89%	\$ 923,305,865	\$ 981,391,050	\$ 139,357,529	\$ 40,826,114	\$ 4,958,448	\$ 85,017,720	\$ 187,269,148	\$ 11,699,538	\$ 175,569,610	\$ 17,336,524



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers



Version 5.00

Utility Name	Hydro Ottawa Limited
Service Territory	
Assigned EB Number	EB-2015-0004
Name and Title	April Barrie; Manager, Rates and Revenue
Phone Number	613-738-5499, ext 106
Email Address	RegulatoryAffairs@HydroOttawa.com

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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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[3. Data Input Sheet](#)

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[6. Taxes PILs](#)

[7. Cost of Capital](#)

[8. Rev Def Suff](#)

[9. Rev Req](#)

[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**



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

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

	Initial Application	(2)		(6)		Per Board Decision
<b>1</b>	<b>Rate Base</b>					
	Gross Fixed Assets (average)	\$963,191,112		\$ 963,191,112		\$963,191,112
	Accumulated Depreciation (average)	(\$134,843,112)	(5)	(\$134,843,112)		(\$134,843,112)
	<b>Allowance for Working Capital:</b>					
	Controllable Expenses	\$89,932,139		\$ 89,932,139		\$89,932,139
	Cost of Power	\$911,714,427		\$ 911,714,427		\$911,714,427
	Working Capital Rate (%)	14.20%	(9)	14.20%	(9)	14.20% (9)
<b>2</b>	<b>Utility Income</b>					
	<b>Operating Revenues:</b>					
	Distribution Revenue at Current Rates	\$157,869,752	(10)			
	Distribution Revenue at Proposed Rates	\$185,669,946	(11)			
	<b>Other Revenue:</b>					
	Specific Service Charges	\$5,934,229				
	Late Payment Charges	\$720,000				
	Other Distribution Revenue	\$1,426,444				
	Other Income and Deductions	\$3,484,458				
	<b>Total Revenue Offsets</b>		(7)			
	<b>Operating Expenses:</b>					
	OM+A Expenses	\$87,776,545		\$ 87,776,545		\$87,776,545
	Depreciation/Amortization	\$44,145,078		\$ 44,145,078		\$44,145,078
	Property taxes	\$2,155,595		\$ 2,155,595		\$2,155,595
	Other expenses					

### 3 Taxes/PILs

Taxable Income:

	(\$21,610,760)	(3)	\$67,596,391		
Adjustments required to arrive at taxable income					
<u>Utility Income Taxes and Rates:</u>					
Income taxes (not grossed up)	\$3,538,644				
Income taxes (grossed up)	\$4,798,717				
Federal tax (%)	15.00%				
Provincial tax (%)	11.26%				
Income Tax Credits	(\$267,500)				

### 4 Capitalization/Cost of Capital

Capital Structure:

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 (%)					
	100.0%				

Cost of Capital

Long-term debt Cost Rate (%)	3.94%				
Short-term debt Cost Rate (%)	2.16%				
Common Equity Cost Rate (%)	9.30%				
Preferred Shares Cost Rate (%)					

#### Notes:

**General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.

(1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)

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

(10) Revenue at current rates minus Transformer Ownership Allowance

(11) Distribution Revenue not including Transformer Ownership Allowance, Total Revenue Requirement is \$186,784,378





Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Rate Base and Working Capital

Line No.	Particulars	Initial Application				Per Board Decision
1	Gross Fixed Assets (average) (3)	\$963,191,112	\$ -	\$963,191,112	\$ -	\$963,191,112
2	Accumulated Depreciation (average) (3)	(\$134,843,112)	\$ -	(\$134,843,112)	\$ -	(\$134,843,112)
3	Net Fixed Assets (average) (3)	\$828,348,000	\$ -	\$828,348,000	\$ -	\$828,348,000
4	Allowance for Working Capital (1)	\$142,233,812	\$ -	\$142,233,812	\$ -	\$142,233,812
5	<b>Total Rate Base</b>	<b>\$970,581,813</b>	<b>\$ -</b>	<b>\$970,581,813</b>	<b>\$ -</b>	<b>\$970,581,813</b>

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

6	Controllable Expenses	\$89,932,139	\$ -	\$89,932,139	\$ -	\$89,932,139
7	Cost of Power	\$911,714,427	\$ -	\$911,714,427	\$ -	\$911,714,427
8	Working Capital Base	\$1,001,646,566	\$ -	\$1,001,646,566	\$ -	\$1,001,646,566
9	Working Capital Rate % (2)	14.20%	0.00%	14.20%	0.00%	14.20%
10	Working Capital Allowance	\$142,233,812	\$ -	\$142,233,812	\$ -	\$142,233,812

#### 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.



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Utility Income

Line No.	Particulars	Initial Application						Per Board Decision
	<b>Operating Revenues:</b>							
1	Distribution Revenue (at Proposed Rates)	\$185,669,946		(\$185,669,946)		\$ -		\$ -
2	Other Revenue	(1) \$11,565,131		(\$11,565,131)		\$ -		\$ -
3	Total Operating Revenues	\$197,235,078		(\$197,235,078)		\$ -		\$ -
	<b>Operating Expenses:</b>							
4	OM+A Expenses	\$87,776,545		\$ -		\$87,776,545		\$87,776,545
5	Depreciation/Amortization	\$44,145,078		\$ -		\$44,145,078		\$44,145,078
6	Property taxes	\$2,155,595		\$ -		\$2,155,595		\$2,155,595
7	Capital taxes	\$ -		\$ -		\$ -		\$ -
8	Other expense	\$ -		\$ -		\$ -		\$ -
9	Subtotal (lines 4 to 8)	\$134,077,217		\$ -		\$134,077,217		\$134,077,217
10	Deemed Interest Expense	\$22,253,500		(\$22,253,500)		\$ -		\$ -
11	Total Expenses (lines 9 to 10)	\$156,330,717		(\$22,253,500)		\$134,077,217		\$134,077,217
12	Utility income before income taxes	\$40,904,360		(\$174,981,578)		(\$134,077,217)		(\$134,077,217)
13	Income taxes (grossed-up)	\$4,798,717		\$ -		\$4,798,717		\$4,798,717
14	Utility net income	\$36,105,644		(\$174,981,578)		(\$138,875,934)		(\$138,875,934)

**Notes**

**Other Revenues / Revenue Offsets**

(1)	Specific Service Charges	\$5,934,229			\$ -			\$ -
	Late Payment Charges	\$720,000			\$ -			\$ -
	Other Distribution Revenue	\$1,426,444			\$ -			\$ -
	Other Income and Deductions	\$3,484,458			\$ -			\$ -
	<b>Total Revenue Offsets</b>	<b>\$11,565,131</b>		<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Taxes/PILs

Line No.	Particulars	Application		Per Board Decision	
<u>Determination of Taxable Income</u>					
1	Utility net income before taxes	\$36,105,643	\$ -	\$ -	
2	Adjustments required to arrive at taxable utility income	(\$21,610,760)	\$67,596,391	(\$21,610,760)	
3	Taxable income	<u>\$14,494,883</u>	<u>\$67,596,391</u>	<u>(\$21,610,760)</u>	
<u>Calculation of Utility income Taxes</u>					
4	Income taxes	<u>\$3,538,644</u>	<u>\$3,538,644</u>	<u>\$3,538,644</u>	
6	Total taxes	<u>\$3,538,644</u>	<u>\$3,538,644</u>	<u>\$3,538,644</u>	
7	Gross-up of Income Taxes	<u>\$1,260,073</u>	<u>\$1,260,073</u>	<u>\$1,260,073</u>	
8	Grossed-up Income Taxes	<u>\$4,798,717</u>	<u>\$4,798,717</u>	<u>\$4,798,717</u>	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$4,798,717</u>	<u>\$4,798,717</u>	<u>\$4,798,717</u>	
10	Other tax Credits	(\$267,500)	(\$267,500)	(\$267,500)	
<u>Tax Rates</u>					
11	Federal tax (%)	15.00%	15.00%	15.00%	
12	Provincial tax (%)	11.26%	11.26%	11.26%	
13	Total tax rate (%)	<u>26.26%</u>	<u>26.26%</u>	<u>26.26%</u>	

## Notes



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application					
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$543,525,815	3.94%	\$21,414,917
2	Short-term Debt	4.00%	\$38,823,273	2.16%	\$838,583
3	<b>Total Debt</b>	60.00%	\$582,349,088	3.82%	\$22,253,500
	<b>Equity</b>				
4	Common Equity	40.00%	\$388,232,725	9.30%	\$36,105,643
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	40.00%	\$388,232,725	9.30%	\$36,105,643
7	<b>Total</b>	100.00%	\$970,581,813	6.01%	\$58,359,143
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%	\$970,581,813	0.00%	\$ -
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
8	Long-term Debt	0.00%	\$ -	3.94%	\$ -
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%	\$970,581,813	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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## 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		\$27,800,194		(\$84,947)
2	Distribution Revenue	\$157,869,752	\$157,869,753	\$157,869,752	\$185,754,893
3	Other Operating Revenue	\$11,565,131	\$11,565,131	\$ -	\$ -
	Offsets - net				
4	<b>Total Revenue</b>	<u>\$169,434,884</u>	<u>\$197,235,078</u>	<u>\$157,869,752</u>	<u>\$185,669,946</u>
5	Operating Expenses	\$134,077,217	\$134,077,217	\$134,077,217	\$134,077,217
6	Deemed Interest Expense	\$22,253,500	\$22,253,500	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<u>\$156,330,717</u>	<u>\$156,330,717</u>	<u>\$134,077,217</u>	<u>\$134,077,217</u>
9	<b>Utility Income Before Income Taxes</b>	\$13,104,167	\$40,904,360	\$23,792,535	\$51,592,729
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$21,610,760)	(\$21,610,760)	\$67,596,391	\$67,596,391
11	<b>Taxable Income</b>	<u>(\$8,506,594)</u>	<u>\$19,293,600</u>	<u>\$91,388,926</u>	<u>\$119,189,120</u>
12	Income Tax Rate	26.26%	26.26%	26.26%	26.26%
13	<b>Income Tax on Taxable Income</b>	<u>(\$2,233,707)</u>	<u>\$5,066,217</u>	<u>\$23,997,394</u>	<u>\$31,297,317</u>
14	<b>Income Tax Credits</b>	<u>(\$267,500)</u>	<u>(\$267,500)</u>	<u>(\$267,500)</u>	<u>(\$267,500)</u>
15	<b>Utility Net Income</b>	<u>\$15,605,373</u>	<u>\$36,105,644</u>	<u>\$62,641</u>	<u>(\$138,875,934)</u>
16	<b>Utility Rate Base</b>	\$970,581,813	\$970,581,813	\$970,581,813	\$970,581,813

17	Deemed Equity Portion of Rate Base	\$388,232,725	\$388,232,725	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	4.02%	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	-5.28%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	3.90%	6.01%	0.01%	0.00%	-12.02%	0.00%
22	Requested Rate of Return on Rate Base	6.01%	6.01%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-2.11%	0.00%	0.01%	0.00%	-12.02%	0.00%
24	Target Return on Equity	\$36,105,643	\$36,105,643	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$20,500,270	\$0	(\$62,641)	\$ -	\$116,620,326	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$27,800,194 (1)		(\$84,947) (1)		\$158,147,559 (1)	

Notes:

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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$87,776,545		\$87,776,545	
2	Amortization/Depreciation	\$44,145,078		\$44,145,078	
3	Property Taxes	\$2,155,595		\$2,155,595	
5	Income Taxes (Grossed up)	\$4,798,717		\$4,798,717	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$22,253,500		\$ -	
	Return on Deemed Equity	\$36,105,643		\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$197,235,077</u>		<u>\$138,875,934</u>	
9	Revenue Offsets	\$ -		\$ -	
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$197,235,077</u>		<u>\$138,875,934</u>	
11	Distribution revenue	\$185,669,946	(2)	\$ -	
12	Other revenue	\$11,565,131		\$ -	
13	<b>Total revenue</b>	<u>\$197,235,078</u>		<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$0</u>	(1)	<u>(\$138,875,934)</u>	(1)

### Notes

(1) Line 11 - Line 8

(2) Distrubution Revenue not including Transformer Ownership Allowance, Total Revenue Requirement is \$186,784,378





Ontario Energy Board

## 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.

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

<sup>(2)</sup> Short description of change, issue, etc.

60 Tracking Rows have been provided below. If you require more, please contact Industry Relations @ [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca).

### Summary of Proposed Changes

Reference <sup>(1)</sup>	Item / Description <sup>(2)</sup>	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	\$ 58,359,143	6.01%	\$ 970,581,813	\$1,001,646,566	\$ 142,233,812	\$ 44,145,078	\$ 4,798,717	\$ 87,776,545	\$ 197,235,077	\$ 11,565,131	\$ 197,235,077	\$ 27,800,194



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers



Version 5.00

Utility Name	Hydro Ottawa Limited
Service Territory	
Assigned EB Number	EB-2015-0004
Name and Title	April Barrie; Manager, Rates and Revenue
Phone Number	613-738-5499, ext 106
Email Address	RegulatoryAffairs@HydroOttawa.com

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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

[1. Info](#)

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[3. Data Input Sheet](#)

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[5. Utility Income](#)

[6. Taxes PILs](#)

[7. Cost of Capital](#)

[8. Rev Def Suff](#)

[9. Rev Req](#)

[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**



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

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

	Initial Application	(2)		(6)		Per Board Decision
<b>1</b>	<b>Rate Base</b>					
Gross Fixed Assets (average)	\$1,051,985,626			\$1,051,985,626		\$1,051,985,626
Accumulated Depreciation (average)	(\$179,426,302)	(5)		(\$179,426,302)		(\$179,426,302)
<b>Allowance for Working Capital:</b>						
Controllable Expenses	\$92,850,437			\$ 92,850,437		\$92,850,437
Cost of Power	\$947,558,773			\$ 947,558,773		\$947,558,773
Working Capital Rate (%)	14.20%	(9)		14.20%	(9)	14.20% (9)
<b>2</b>	<b>Utility Income</b>					
Operating Revenues:						
Distribution Revenue at Current Rates	\$158,309,877	(10)				
Distribution Revenue at Proposed Rates	\$196,398,374	(11)				
<b>Other Revenue:</b>						
Specific Service Charges	\$6,014,982					
Late Payment Charges	\$720,000					
Other Distribution Revenue	\$1,469,736					
Other Income and Deductions	\$3,517,323					
Total Revenue Offsets		(7)				
<b>Operating Expenses:</b>						
OM+A Expenses	\$90,624,894			\$ 90,624,894		\$90,624,894
Depreciation/Amortization	\$47,047,409			\$ 47,047,409		\$47,047,409
Property taxes	\$2,225,544			\$ 2,225,544		\$2,225,544
Other expenses						

### 3 Taxes/PILs

Taxable Income:

Adjustments required to arrive at taxable income

(\$19,959,370) (3)

\$68,837,332

Utility Income Taxes and Rates:

Income taxes (not grossed up)

\$4,476,359

Income taxes (grossed up)

\$6,074,211

Federal tax (%)

15.00%

Provincial tax (%)

11.31%

Income Tax Credits

(\$257,500)

### 4 Capitalization/Cost of Capital

Capital Structure:

Long-term debt Capitalization Ratio (%)

56.0%

Short-term debt Capitalization Ratio (%)

4.0%

Common Equity Capitalization Ratio (%)

40.0%

Preferred Shares Capitalization Ratio (%)

100.0%

(8)

(8)

(8)

Cost of Capital

Long-term debt Cost Rate (%)

4.08%

Short-term debt Cost Rate (%)

2.16%

Common Equity Cost Rate (%)

9.30%

Preferred Shares Cost Rate (%)

#### Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use 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.
- (10) Revenue at current rates minus Transformer Ownership Allowance
- (11) Distribution Revenue not including Transformer Ownership Allowance, Total Revenue Requirement is \$197,507,477



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Rate Base and Working Capital

Rate Base										
Line No.	Particulars		Initial Application						Per Board Decision	
1	Gross Fixed Assets (average)	(3)	\$1,051,985,626		\$ -		\$1,051,985,626		\$ -	\$1,051,985,626
2	Accumulated Depreciation (average)	(3)	(\$179,426,302)		\$ -		(\$179,426,302)		\$ -	(\$179,426,302)
3	Net Fixed Assets (average)	(3)	\$872,559,324		\$ -		\$872,559,324		\$ -	\$872,559,324
4	Allowance for Working Capital	(1)	\$147,738,108		\$ -		\$147,738,108		\$ -	\$147,738,108
5	Total Rate Base		\$1,020,297,432		\$ -		\$1,020,297,432		\$ -	\$1,020,297,432

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

6	Controllable Expenses		\$92,850,437	\$ -	\$92,850,437	\$ -	\$92,850,437
7	Cost of Power		\$947,558,773	\$ -	\$947,558,773	\$ -	\$947,558,773
8	Working Capital Base		\$1,040,409,211	\$ -	\$1,040,409,211	\$ -	\$1,040,409,211
9	Working Capital Rate %	(2)	14.20%	0.00%	14.20%	0.00%	14.20%
10	Working Capital Allowance		\$147,738,108	\$ -	\$147,738,108	\$ -	\$147,738,108

#### 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.



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Utility Income

Line No.	Particulars	Initial Application						Per Board Decision
	<b>Operating Revenues:</b>							
1	Distribution Revenue (at Proposed Rates)	\$196,398,374	(\$196,398,374)	\$ -	\$ -			\$ -
2	Other Revenue	(1) \$11,722,041	(\$11,722,041)	\$ -	\$ -			\$ -
3	Total Operating Revenues	\$208,120,414	(\$208,120,414)	\$ -	\$ -			\$ -
	<b>Operating Expenses:</b>							
4	OM+A Expenses	\$90,624,894	\$ -	\$90,624,894	\$ -			\$90,624,894
5	Depreciation/Amortization	\$47,047,409	\$ -	\$47,047,409	\$ -			\$47,047,409
6	Property taxes	\$2,225,544	\$ -	\$2,225,544	\$ -			\$2,225,544
7	Capital taxes	\$ -	\$ -	\$ -	\$ -			\$ -
8	Other expense	\$ -	\$ -		\$ -			
9	Subtotal (lines 4 to 8)	\$139,897,846	\$ -	\$139,897,846	\$ -			\$139,897,846
10	Deemed Interest Expense	\$24,193,293	(\$24,193,293)	\$ -	\$ -			\$ -
11	Total Expenses (lines 9 to 10)	\$164,091,139	(\$24,193,293)	\$139,897,846	\$ -			\$139,897,846
12	Utility income before income taxes	\$44,029,275	(\$183,927,122)	(\$139,897,846)	\$ -			(\$139,897,846)
13	Income taxes (grossed-up)	\$6,074,211	\$ -	\$6,074,211	\$ -			\$6,074,211
14	Utility net income	\$37,955,064	(\$183,927,122)	(\$145,972,057)	\$ -			(\$145,972,057)

**Notes**

**Other Revenues / Revenue Offsets**

(1)	Specific Service Charges	\$6,014,982			\$ -			\$ -
	Late Payment Charges	\$720,000			\$ -			\$ -
	Other Distribution Revenue	\$1,469,736			\$ -			\$ -
	Other Income and Deductions	<u>\$3,517,323</u>			<u>\$ -</u>			<u>\$ -</u>
	<b>Total Revenue Offsets</b>	<u><u>\$11,722,041</u></u>		<u><u>\$ -</u></u>	<u><u>\$ -</u></u>		<u><u>\$ -</u></u>	<u><u>\$ -</u></u>





Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Taxes/PILs

Line No.	Particulars	Application		Per Board Decision	
<u>Determination of Taxable Income</u>					
1	Utility net income before taxes	\$37,955,064		\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$19,959,370)		\$68,837,332	(\$19,959,370)
3	Taxable income	<u>\$17,995,695</u>		<u>\$68,837,332</u>	<u>(\$19,959,370)</u>
<u>Calculation of Utility income Taxes</u>					
4	Income taxes	\$4,476,359		\$4,476,359	\$4,476,359
6	Total taxes	<u>\$4,476,359</u>		<u>\$4,476,359</u>	<u>\$4,476,359</u>
7	Gross-up of Income Taxes	\$1,597,852		\$1,597,852	\$1,597,852
8	Grossed-up Income Taxes	<u>\$6,074,211</u>		<u>\$6,074,211</u>	<u>\$6,074,211</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$6,074,211</u>		<u>\$6,074,211</u>	<u>\$6,074,211</u>
10	Other tax Credits	(\$257,500)		(\$257,500)	(\$257,500)
<u>Tax Rates</u>					
11	Federal tax (%)	15.00%		15.00%	15.00%
12	Provincial tax (%)	11.31%		11.31%	11.31%
13	Total tax rate (%)	26.31%		26.31%	26.31%

## Notes



Ontario Energy Board

# 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%		\$571,366,562		4.08%		\$23,311,756
2	Short-term Debt	4.00%		\$40,811,897		2.16%		\$881,537
3	Total Debt	60.00%		\$612,178,459		3.95%		\$24,193,293
	Equity							
4	Common Equity	40.00%		\$408,118,973		9.30%		\$37,955,064
5	Preferred Shares	0.00%		\$ -		0.00%		\$ -
6	Total Equity	40.00%		\$408,118,973		9.30%		\$37,955,064
7	Total	100.00%		\$1,020,297,432		6.09%		\$62,148,357
		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%		\$1,020,297,432		0.00%		\$ -
		(%)		(\$)		(%)		(\$)
	Debt							
8	Long-term Debt	0.00%		\$ -		4.08%		\$ -
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%		\$1,020,297,432		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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## 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		\$38,088,497		\$5,810,282
2	Distribution Revenue	\$158,309,877	\$158,309,877	\$158,309,877	\$190,588,091
3	Other Operating Revenue	\$11,722,041	\$11,722,041	\$ -	\$ -
	Offsets - net				
4	<b>Total Revenue</b>	<b>\$170,031,918</b>	<b>\$208,120,414</b>	<b>\$158,309,877</b>	<b>\$196,398,374</b>
5	Operating Expenses	\$139,897,846	\$139,897,846	\$139,897,846	\$139,897,846
6	Deemed Interest Expense	\$24,193,293	\$24,193,293	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<b>\$164,091,139</b>	<b>\$164,091,139</b>	<b>\$139,897,846</b>	<b>\$139,897,846</b>
9	<b>Utility Income Before Income Taxes</b>	<b>\$5,940,779</b>	<b>\$44,029,275</b>	<b>\$18,412,031</b>	<b>\$56,500,528</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$19,959,370)	(\$19,959,370)	\$68,837,332	\$68,837,332
11	<b>Taxable Income</b>	<b>(\$14,018,591)</b>	<b>\$24,069,906</b>	<b>\$87,249,363</b>	<b>\$125,337,859</b>
12	Income Tax Rate	26.31%	26.31%	26.31%	26.31%
13	<b>Income Tax on Taxable Income</b>	<b>(\$3,687,662)</b>	<b>\$6,331,711</b>	<b>\$22,951,389</b>	<b>\$32,970,762</b>
14	<b>Income Tax Credits</b>	<b>(\$257,500)</b>	<b>(\$257,500)</b>	<b>(\$257,500)</b>	<b>(\$257,500)</b>
15	<b>Utility Net Income</b>	<b>\$9,885,941</b>	<b>\$37,955,064</b>	<b>(\$4,281,858)</b>	<b>(\$145,972,057)</b>
16	<b>Utility Rate Base</b>	<b>\$1,020,297,432</b>	<b>\$1,020,297,432</b>	<b>\$1,020,297,432</b>	<b>\$1,020,297,432</b>

17	Deemed Equity Portion of Rate Base	\$408,118,973	\$408,118,973	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	2.42%	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	-6.88%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	3.34%	6.09%	-0.42%	0.00%	-11.88%	0.00%
22	Requested Rate of Return on Rate Base	6.09%	6.09%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-2.75%	0.00%	-0.42%	0.00%	-11.88%	0.00%
24	Target Return on Equity	\$37,955,064	\$37,955,064	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$28,069,124	(\$0)	\$4,281,858	\$ -	\$121,205,016	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$38,088,497 (1)		\$5,810,282 (1)		\$164,469,575 (1)	

Notes:

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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

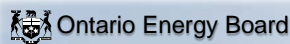
## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$90,624,894		\$90,624,894	
2	Amortization/Depreciation	\$47,047,409		\$47,047,409	
3	Property Taxes	\$2,225,544		\$2,225,544	
5	Income Taxes (Grossed up)	\$6,074,211		\$6,074,211	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$24,193,293	\$ -	\$ -	
	Return on Deemed Equity	\$37,955,064	\$ -	\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$208,120,415</u>	<u>\$145,972,057</u>	<u>\$145,972,057</u>	
9	Revenue Offsets	\$ -	\$ -	\$ -	
10	<b>Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)</b>	<u>\$208,120,415</u>	<u>\$145,972,057</u>	<u>\$145,972,057</u>	
11	Distribution revenue	\$196,398,374	(2) \$ -	\$ -	
12	Other revenue	\$11,722,041	\$ -	\$ -	
13	<b>Total revenue</b>	<u>\$208,120,414</u>	<u>\$ -</u>	<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>(\$0)</u>	<u>(1)</u>	<u>(\$145,972,057)</u>	<u>(1)</u>

### Notes

(1) Line 11 - Line 8

(2) Distribution Revenue not including Transformer Ownership Allowance, Total Revenue Requirement is \$197,507,477



## 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.

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

<sup>(2)</sup> Short description of change, issue, etc.

60 Tracking Rows have been provided below. If you require more, please contact Industry Relations @ [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca).

### Summary of Proposed Changes

Reference <sup>(1)</sup>	Item / Description <sup>(2)</sup>	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
1	Original Application	\$ 62,148,357	6.09%	\$1,020,297,432	\$1,040,409,211	\$ 147,738,108	\$ 47,047,409	\$ 6,074,211	\$ 90,624,894	\$ 208,120,415	\$ 11,722,041	\$ 208,120,415	\$ 38,088,497



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers



Version 5.00

Utility Name	Hydro Ottawa Limited
Service Territory	
Assigned EB Number	EB-2015-0004
Name and Title	April Barrie; Manager, Rates and Revenue
Phone Number	613-738-5499, ext 106
Email Address	RegulatoryAffairs@HydroOttawa.com

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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**





Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

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

	Initial Application	(2)		(6)		Per Board Decision
<b>1</b>	<b>Rate Base</b>					
Gross Fixed Assets (average)	\$1,131,642,673			\$1,131,642,673		\$1,131,642,673
Accumulated Depreciation (average)	(\$226,411,300)	(5)		(\$226,411,300)		(\$226,411,300)
<b>Allowance for Working Capital:</b>						
Controllable Expenses	\$95,863,434			\$ 95,863,434		\$95,863,434
Cost of Power	\$928,733,588			\$ 928,733,588		\$928,733,588
Working Capital Rate (%)	14.20%	(9)		14.20%	(9)	14.20% (9)
<b>2</b>	<b>Utility Income</b>					
Operating Revenues:						
Distribution Revenue at Current Rates	\$158,868,175	(10)				
Distribution Revenue at Proposed Rates	\$206,014,098	(11)				
<b>Other Revenue:</b>						
Specific Service Charges	\$6,039,578					
Late Payment Charges	\$720,000					
Other Distribution Revenue	\$1,491,865					
Other Income and Deductions	\$3,550,516					
Total Revenue Offsets		(7)				
<b>Operating Expenses:</b>						
OM+A Expenses	\$93,565,672			\$ 93,565,672		\$93,565,672
Depreciation/Amortization	\$48,948,694			\$ 48,948,694		\$48,948,694
Property taxes	\$2,297,762			\$ 2,297,762		\$2,297,762
Other expenses						

### 3 Taxes/PILs

Taxable Income:

Adjustments required to arrive at taxable income (\$14,483,338) (3)

Utility Income Taxes and Rates:

Income taxes (not grossed up) \$6,239,454

Income taxes (grossed up) \$8,472,655

Federal tax (%) 15.00%

Provincial tax (%) 11.36%

Income Tax Credits (\$245,500)

### 4 Capitalization/Cost of Capital

Capital Structure:

Long-term debt Capitalization Ratio (%) 56.0%

Short-term debt Capitalization Ratio (%) 4.0% (8)

Common Equity Capitalization Ratio (%) 40.0%

Preferred Shares Capitalization Ratio (%)

100.0%

Cost of Capital

Long-term debt Cost Rate (%) 4.17%

Short-term debt Cost Rate (%) 2.16%

Common Equity Cost Rate (%) 9.30%

Preferred Shares Cost Rate (%)

#### Notes:

**General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.

(1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)

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.,

(2) 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.

(10) Revenue at current rates minus Transformer Ownership Allowance

(11) Distribution Revenue not including Transformer Ownership Allowance, Total Revenue Requirement is \$207,120,495



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Rate Base and Working Capital

Line No.	Particulars	Initial Application				Per Board Decision
1	Gross Fixed Assets (average) (3)	\$1,131,642,673	\$ -	\$1,131,642,673	\$ -	\$1,131,642,673
2	Accumulated Depreciation (average) (3)	(\$226,411,300)	\$ -	(\$226,411,300)	\$ -	(\$226,411,300)
3	Net Fixed Assets (average) (3)	\$905,231,373	\$ -	\$905,231,373	\$ -	\$905,231,373
4	Allowance for Working Capital (1)	\$145,492,777	\$ -	\$145,492,777	\$ -	\$145,492,777
5	<b>Total Rate Base</b>	<b>\$1,050,724,150</b>	<b>\$ -</b>	<b>\$1,050,724,150</b>	<b>\$ -</b>	<b>\$1,050,724,150</b>

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

6	Controllable Expenses	\$95,863,434	\$ -	\$95,863,434	\$ -	\$95,863,434
7	Cost of Power	\$928,733,588	\$ -	\$928,733,588	\$ -	\$928,733,588
8	Working Capital Base	\$1,024,597,022	\$ -	\$1,024,597,022	\$ -	\$1,024,597,022
9	Working Capital Rate % (2)	14.20%	0.00%	14.20%	0.00%	14.20%
10	Working Capital Allowance	\$145,492,777	\$ -	\$145,492,777	\$ -	\$145,492,777

#### 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.



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Utility Income

Line No.	Particulars	Initial Application						Per Board Decision
	<b>Operating Revenues:</b>							
1	Distribution Revenue (at Proposed Rates)	\$206,014,098	(\$206,014,098)	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenue (1)	\$11,801,959	(\$11,801,959)	\$ -	\$ -	\$ -	\$ -	\$ -
3	Total Operating Revenues	\$217,816,057	(\$217,816,057)	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Operating Expenses:</b>							
4	OM+A Expenses	\$93,565,672	\$ -	\$93,565,672	\$ -	\$93,565,672	\$ -	\$93,565,672
5	Depreciation/Amortization	\$48,948,694	\$ -	\$48,948,694	\$ -	\$48,948,694	\$ -	\$48,948,694
6	Property taxes	\$2,297,762	\$ -	\$2,297,762	\$ -	\$2,297,762	\$ -	\$2,297,762
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$144,812,128	\$ -	\$144,812,128	\$ -	\$144,812,128	\$ -	\$144,812,128
10	Deemed Interest Expense	\$25,444,336	(\$25,444,336)	\$ -	\$ -	\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$170,256,464	(\$25,444,336)	\$144,812,128	\$ -	\$144,812,128	\$ -	\$144,812,128
12	Utility income before income taxes	\$47,559,593	(\$192,371,721)	(\$144,812,128)	\$ -	(\$144,812,128)	\$ -	(\$144,812,128)
13	Income taxes (grossed-up)	\$8,472,655	\$ -	\$8,472,655	\$ -	\$8,472,655	\$ -	\$8,472,655
14	Utility net income	\$39,086,939	(\$192,371,721)	(\$153,284,783)	\$ -	(\$153,284,783)	\$ -	(\$153,284,783)

<u>Notes</u>		Other Revenues / Revenue Offsets									
(1)	Specific Service Charges	\$6,039,578						\$ -			\$ -
	Late Payment Charges	\$720,000						\$ -			\$ -
	Other Distribution Revenue	\$1,491,865						\$ -			\$ -
	Other Income and Deductions	<u>\$3,550,516</u>						\$ -			\$ -
	Total Revenue Offsets	<u>\$11,801,959</u>						\$ -			\$ -



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Taxes/PILs

Line No.	Particulars	Application		Per Board Decision	
<u>Determination of Taxable Income</u>					
1	Utility net income before taxes	\$39,086,938	\$ -	\$ -	
2	Adjustments required to arrive at taxable utility income	(\$14,483,338)	\$ -	(\$14,483,338)	
3	Taxable income	<u>\$24,603,601</u>	<u>\$ -</u>	<u>(\$14,483,338)</u>	
<u>Calculation of Utility income Taxes</u>					
4	Income taxes	<u>\$6,239,454</u>	<u>\$6,239,454</u>	<u>\$6,239,454</u>	
6	Total taxes	<u><u>\$6,239,454</u></u>	<u><u>\$6,239,454</u></u>	<u><u>\$6,239,454</u></u>	
7	Gross-up of Income Taxes	<u>\$2,233,201</u>	<u>\$2,233,201</u>	<u>\$2,233,201</u>	
8	Grossed-up Income Taxes	<u><u>\$8,472,655</u></u>	<u><u>\$8,472,655</u></u>	<u><u>\$8,472,655</u></u>	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u><u>\$8,472,655</u></u>	<u><u>\$8,472,655</u></u>	<u><u>\$8,472,655</u></u>	
10	Other tax Credits	(\$245,500)	(\$245,500)	(\$245,500)	
<u>Tax Rates</u>					
11	Federal tax (%)	15.00%	15.00%	15.00%	
12	Provincial tax (%)	<u>11.36%</u>	<u>11.36%</u>	<u>11.36%</u>	
13	Total tax rate (%)	<u>26.36%</u>	<u>26.36%</u>	<u>26.36%</u>	

## Notes



Ontario Energy Board

# 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%	\$588,405,524	4.17%	\$24,536,510
2	Short-term Debt	4.00%	\$42,028,966	2.16%	\$907,826
3	Total Debt	60.00%	\$630,434,490	4.04%	\$25,444,336
	Equity				
4	Common Equity	40.00%	\$420,289,660	9.30%	\$39,086,938
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$420,289,660	9.30%	\$39,086,938
7	Total	100.00%	\$1,050,724,150	6.14%	\$64,531,274
		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%	\$1,050,724,150	0.00%	\$ -
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	4.17%	\$ -
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%	\$1,050,724,150	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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## 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		\$47,145,922		(\$19,573,235)
2	Distribution Revenue	\$158,868,175	\$158,868,176	\$158,868,175	\$225,587,333
3	Other Operating Revenue	\$11,801,959	\$11,801,959	\$ -	\$ -
	Offsets - net				
4	<b>Total Revenue</b>	<u>\$170,670,135</u>	<u>\$217,816,057</u>	<u>\$158,868,175</u>	<u>\$206,014,098</u>
5	Operating Expenses	\$144,812,128	\$144,812,128	\$144,812,128	\$144,812,128
6	Deemed Interest Expense	\$25,444,336	\$25,444,336	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<u>\$170,256,464</u>	<u>\$170,256,464</u>	<u>\$144,812,128</u>	<u>\$144,812,128</u>
9	<b>Utility Income Before Income Taxes</b>	\$413,671	\$47,559,593	\$14,056,048	\$61,201,970
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$14,483,338)	(\$14,483,338)	(\$14,483,338)	(\$14,483,338)
11	<b>Taxable Income</b>	<u>(\$14,069,667)</u>	<u>\$33,076,256</u>	<u>(\$427,290)</u>	<u>\$46,718,632</u>
12	Income Tax Rate	26.36%	26.36%	26.36%	26.36%
13	<b>Income Tax on Taxable Income</b>	<u>(\$3,708,447)</u>	<u>\$8,718,155</u>	<u>(\$112,624)</u>	<u>\$12,313,978</u>
14	<b>Income Tax Credits</b>	<u>(\$245,500)</u>	<u>(\$245,500)</u>	<u>(\$245,500)</u>	<u>(\$245,500)</u>
15	<b>Utility Net Income</b>	<u>\$4,367,618</u>	<u>\$39,086,939</u>	<u>\$14,414,172</u>	<u>(\$153,284,783)</u>



16	Utility Rate Base	\$1,050,724,150	\$1,050,724,150	\$1,050,724,150	\$1,050,724,150	\$1,050,724,150	\$1,050,724,150
17	Deemed Equity Portion of Rate Base	\$420,289,660	\$420,289,660	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	1.04%	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	-8.26%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	2.84%	6.14%	1.37%	0.00%	-10.15%	0.00%
22	Requested Rate of Return on Rate Base	6.14%	6.14%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-3.30%	0.00%	1.37%	0.00%	-10.15%	0.00%
24	Target Return on Equity	\$39,086,938	\$39,086,938	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$34,719,321	\$0	(\$14,414,172)	\$ -	\$106,642,917	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$47,145,922 (1)		(\$19,573,235) (1)		\$144,812,128 (1)	

Notes:

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

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Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$93,565,672		\$93,565,672	
2	Amortization/Depreciation	\$48,948,694		\$48,948,694	
3	Property Taxes	\$2,297,762		\$2,297,762	
5	Income Taxes (Grossed up)	\$8,472,655		\$8,472,655	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$25,444,336		\$ -	
	Return on Deemed Equity	\$39,086,938		\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$217,816,057</u>		<u>\$153,284,783</u>	
9	Revenue Offsets	\$ -		\$ -	
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$217,816,057</u>		<u>\$153,284,783</u>	
11	Distribution revenue	\$206,014,098	(2)	\$ -	
12	Other revenue	\$11,801,959		\$ -	
13	<b>Total revenue</b>	<u>\$217,816,057</u>		<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$0</u>	(1)	<u>(\$153,284,783)</u>	(1)

### Notes

(1) Line 11 - Line 8

(2) Distrubution Revenue not including Transformer Ownership Allowance, Total Revenue Requirement is \$207,120,495



Ontario Energy Board

# 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.

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

<sup>(2)</sup> Short description of change, issue, etc.

60 Tracking Rows have been provided below. If you require more, please contact Industry Relations @ [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca).

## Summary of Proposed Changes

Reference <sup>(1)</sup>	Item / Description <sup>(2)</sup>	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
1	Original Application	\$ 64,531,274	6.14%	\$1,050,724,150	\$1,024,597,022	\$ 145,492,777	\$ 48,948,694	\$ 8,472,655	\$ 93,565,672	\$ 217,816,057	\$ 11,801,959	\$ 217,816,057	\$ 47,145,922



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers



Version 5.00

Utility Name	Hydro Ottawa Limited
Service Territory	
Assigned EB Number	EB-2015-0004
Name and Title	April Barrie; Manager, Rates and Revenue
Phone Number	613-738-5499, ext 106
Email Address	RegulatoryAffairs@HydroOttawa.com

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Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

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- (5) **Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel**



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

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

	Initial Application	(2)		(6)		Per Board Decision
<b>1</b>	<b><u>Rate Base</u></b>					
Gross Fixed Assets (average)	\$1,221,017,793			\$1,221,017,793		\$1,221,017,793
Accumulated Depreciation (average)	(\$275,019,996)	(5)		(\$275,019,996)		(\$275,019,996)
<b>Allowance for Working Capital:</b>						
Controllable Expenses	\$98,974,203			\$98,974,203		\$98,974,203
Cost of Power	\$945,198,501			\$945,198,501		\$945,198,501
Working Capital Rate (%)	14.20%	(9)		14.20%	(9)	14.20% (9)
<b>2</b>	<b><u>Utility Income</u></b>					
Operating Revenues:						
Distribution Revenue at Current Rates	\$159,356,002	(10)				
Distribution Revenue at Proposed Rates	\$212,531,699	(11)				
<b>Other Revenue:</b>						
Specific Service Charges	\$6,064,123					
Late Payment Charges	\$720,000					
Other Distribution Revenue	\$1,529,669					
Other Income and Deductions	\$3,584,041					
Total Revenue Offsets		(7)				
<b>Operating Expenses:</b>						
OM+A Expenses	\$96,601,878			\$96,601,878		\$96,601,878
Depreciation/Amortization	\$50,294,804			\$50,294,804		\$50,294,804
Property taxes	\$2,372,325			\$2,372,325		\$2,372,325
Other expenses						
<b>3</b>	<b><u>Taxes/PILs</u></b>					
Taxable Income:						

Adjustments required to arrive at taxable income	(\$18,604,719)	(3)				
<b>Utility Income Taxes and Rates:</b>						
Income taxes (not grossed up)	\$5,588,566					
Income taxes (grossed up)	\$7,587,145					
Federal tax (%)	15.00%					
Provincial tax (%)	11.34%					
Income Tax Credits	(\$233,500)					
<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 (%)	4.23%					
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.
- (10) Revenue at current rates minus Transformer Ownership Allowance
- (11) Distribution Revenue not including Transformer Ownership Allowance, Total Revenue Requirement is \$213,637,062



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Rate Base and Working Capital

Rate Base										
Line No.	Particulars		Initial Application						Per Board Decision	
1	Gross Fixed Assets (average)	(3)	\$1,221,017,793		\$ -		\$1,221,017,793		\$ -	\$1,221,017,793
2	Accumulated Depreciation (average)	(3)	(\$275,019,996)		\$ -		(\$275,019,996)		\$ -	(\$275,019,996)
3	Net Fixed Assets (average)	(3)	\$945,997,797		\$ -		\$945,997,797		\$ -	\$945,997,797
4	Allowance for Working Capital	(1)	\$148,272,524		\$ -		\$148,272,524		\$ -	\$148,272,524
5	Total Rate Base		\$1,094,270,321		\$ -		\$1,094,270,321		\$ -	\$1,094,270,321

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

6	Controllable Expenses	\$98,974,203	\$ -	\$98,974,203	\$ -	\$98,974,203
7	Cost of Power	\$945,198,501	\$ -	\$945,198,501	\$ -	\$945,198,501
8	Working Capital Base	\$1,044,172,704	\$ -	\$1,044,172,704	\$ -	\$1,044,172,704
9	Working Capital Rate % (2)	14.20%	0.00%	14.20%	0.00%	14.20%
10	Working Capital Allowance	\$148,272,524	\$ -	\$148,272,524	\$ -	\$148,272,524

#### 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.





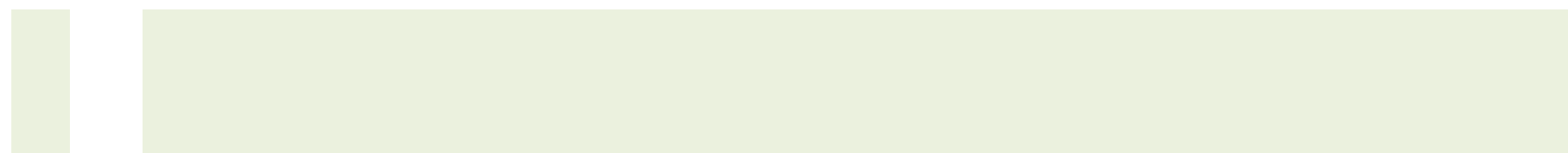
Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Utility Income

Line No.	Particulars	Initial Application						Per Board Decision
	<b>Operating Revenues:</b>							
1	Distribution Revenue (at Proposed Rates)	\$212,531,699	(\$212,531,699)	\$ -	\$ -		\$ -	
2	Other Revenue	(1) \$11,897,833	(\$11,897,833)	\$ -	\$ -		\$ -	
3	Total Operating Revenues	\$224,429,532	(\$224,429,532)	\$ -	\$ -		\$ -	
	<b>Operating Expenses:</b>							
4	OM+A Expenses	\$96,601,878	\$ -	\$96,601,878	\$ -		\$96,601,878	
5	Depreciation/Amortization	\$50,294,804	\$ -	\$50,294,804	\$ -		\$50,294,804	
6	Property taxes	\$2,372,325	\$ -	\$2,372,325	\$ -		\$2,372,325	
7	Capital taxes	\$ -	\$ -	\$ -	\$ -		\$ -	
8	Other expense	\$ -	\$ -		\$ -			
9	Subtotal (lines 4 to 8)	\$149,269,006	\$ -	\$149,269,006	\$ -		\$149,269,006	
10	Deemed Interest Expense	\$26,866,525	(\$26,866,525)	\$ -	\$ -		\$ -	
11	Total Expenses (lines 9 to 10)	\$176,135,531	(\$26,866,525)	\$149,269,006	\$ -		\$149,269,006	
12	Utility income before income taxes	\$48,294,001	(\$197,563,007)	(\$149,269,006)	\$ -		(\$149,269,006)	
13	Income taxes (grossed-up)	\$7,587,145	\$ -	\$7,587,145	\$ -		\$7,587,145	
14	Utility net income	\$40,706,856	(\$197,563,007)	(\$156,856,151)	\$ -		(\$156,856,151)	

<u>Notes</u>		Other Revenues / Revenue Offsets									
(1)	Specific Service Charges	\$6,064,123				\$ -					\$ -
	Late Payment Charges	\$720,000				\$ -					\$ -
	Other Distribution Revenue	\$1,529,669				\$ -					\$ -
	Other Income and Deductions	<u>\$3,584,041</u>				<u>\$ -</u>					<u>\$ -</u>
	Total Revenue Offsets	<u>\$11,897,833</u>			<u>\$ -</u>	<u>\$ -</u>			<u>\$ -</u>		<u>\$ -</u>





Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Taxes/PILs

Line No.	Particulars	Application		Per Board Decision	
<u>Determination of Taxable Income</u>					
1	Utility net income before taxes	\$40,706,856		\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$18,604,719)		\$ -	(\$18,604,719)
3	Taxable income	<u>\$22,102,137</u>		<u>\$ -</u>	<u>(\$18,604,719)</u>
<u>Calculation of Utility Income Taxes</u>					
4	Income taxes	<u>\$5,588,566</u>		<u>\$5,588,566</u>	<u>\$5,588,566</u>
6	Total taxes	<u>\$5,588,566</u>		<u>\$5,588,566</u>	<u>\$5,588,566</u>
7	Gross-up of Income Taxes	<u>\$1,998,579</u>		<u>\$1,998,579</u>	<u>\$1,998,579</u>
8	Grossed-up Income Taxes	<u>\$7,587,145</u>		<u>\$7,587,145</u>	<u>\$7,587,145</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$7,587,145</u>		<u>\$7,587,145</u>	<u>\$7,587,145</u>
10	Other tax Credits	(\$233,500)		(\$233,500)	(\$233,500)
<u>Tax Rates</u>					
11	Federal tax (%)	15.00%		15.00%	15.00%
12	Provincial tax (%)	11.34%		11.34%	11.34%
13	Total tax rate (%)	26.34%		26.34%	26.34%

## Notes



Ontario Energy Board

# 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%		\$612,791,380	4.23%			\$25,921,075
2	Short-term Debt	4.00%		\$43,770,813	2.16%			\$945,450
3	Total Debt	60.00%		\$656,562,192	4.09%			\$26,866,525
	Equity							
4	Common Equity	40.00%		\$437,708,128	9.30%			\$40,706,856
5	Preferred Shares	0.00%		\$ -	0.00%			\$ -
6	Total Equity	40.00%		\$437,708,128	9.30%			\$40,706,856
7	Total	100.00%		\$1,094,270,321	6.18%			\$67,573,381
		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%		\$1,094,270,321	0.00%			\$ -
		Per Board Decision						
		(%)		(\$)		(%)		(\$)
	Debt							
8	Long-term Debt	0.00%		\$ -	4.23%			\$ -
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%		\$1,094,270,321	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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## 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		\$53,175,698		(\$17,057,405)
2	Distribution Revenue	\$159,356,002	\$159,356,002	\$159,356,002	\$229,589,104
3	Other Operating Revenue	\$11,897,833	\$11,897,833	\$ -	\$ -
4	Offsets - net				
4	<b>Total Revenue</b>	<b>\$171,253,835</b>	<b>\$224,429,532</b>	<b>\$159,356,002</b>	<b>\$212,531,699</b>
5	Operating Expenses	\$149,269,006	\$149,269,006	\$149,269,006	\$149,269,006
6	Deemed Interest Expense	\$26,866,525	\$26,866,525	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<b>\$176,135,531</b>	<b>\$176,135,531</b>	<b>\$149,269,006</b>	<b>\$149,269,006</b>
9	<b>Utility Income Before Income Taxes</b>	<b>(\$4,881,697)</b>	<b>\$48,294,001</b>	<b>\$10,086,995</b>	<b>\$63,262,693</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$18,604,719)	(\$18,604,719)	(\$18,604,719)	(\$18,604,719)
11	<b>Taxable Income</b>	<b>(\$23,486,415)</b>	<b>\$29,689,282</b>	<b>(\$8,517,723)</b>	<b>\$44,657,974</b>
12	Income Tax Rate	26.34%	26.34%	26.34%	26.34%
13	<b>Income Tax on Taxable Income</b>	<b>(\$6,186,708)</b>	<b>\$7,820,645</b>	<b>(\$2,243,708)</b>	<b>\$11,763,645</b>
14	<b>Income Tax Credits</b>	<b>(\$233,500)</b>	<b>(\$233,500)</b>	<b>(\$233,500)</b>	<b>(\$233,500)</b>
15	<b>Utility Net Income</b>	<b>\$1,538,511</b>	<b>\$40,706,856</b>	<b>\$12,564,204</b>	<b>(\$156,856,151)</b>

16	Utility Rate Base	\$1,094,270,321	\$1,094,270,321	\$1,094,270,321	\$1,094,270,321	\$1,094,270,321	\$1,094,270,321
17	Deemed Equity Portion of Rate Base	\$437,708,128	\$437,708,128	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	0.35%	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	-8.95%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	2.60%	6.18%	1.15%	0.00%	-10.05%	0.00%
22	Requested Rate of Return on Rate Base	6.18%	6.18%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-3.58%	0.00%	1.15%	0.00%	-10.05%	0.00%
24	Target Return on Equity	\$40,706,856	\$40,706,856	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$39,168,345	\$0	(\$12,564,204)	\$ -	\$109,949,096	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$53,175,698 (1)		(\$17,057,405) (1)		\$149,269,006 (1)	

Notes:

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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$96,601,878		\$96,601,878	
2	Amortization/Depreciation	\$50,294,804		\$50,294,804	
3	Property Taxes	\$2,372,325		\$2,372,325	
5	Income Taxes (Grossed up)	\$7,587,145		\$7,587,145	
6	Other Expenses	\$ -			
7	Return				
	Deemed Interest Expense	\$26,866,525	\$ -	\$ -	
	Return on Deemed Equity	\$40,706,856	\$ -	\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$224,429,532</u>	<u>\$156,856,151</u>	<u>\$156,856,151</u>	
9	Revenue Offsets	\$ -	\$ -	\$ -	
10	<b>Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)</b>	<u>\$224,429,532</u>	<u>\$156,856,151</u>	<u>\$156,856,151</u>	
11	Distribution revenue	\$212,531,699	(2)	\$ -	\$ -
12	Other revenue	\$11,897,833		\$ -	\$ -
13	<b>Total revenue</b>	<u>\$224,429,532</u>	<u>\$ -</u>	<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$0</u>	(1)	<u>(\$156,856,151)</u>	(1)

### Notes

(1) Line 11 - Line 8

(2) Distribution Revenue not including Transformer Ownership Allowance, Total Revenue Requirement is \$213,637,062



# 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.

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

<sup>(2)</sup> Short description of change, issue, etc.

60 Tracking Rows have been provided below. If you require more, please contact Industry Relations @ [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca).

## Summary of Proposed Changes

Reference <sup>(1)</sup>	Item / Description <sup>(2)</sup>	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
1	Original Application	\$ 67,573,381	6.18%	\$1,094,270,321	\$1,044,172,704	\$ 148,272,524	\$ 50,294,804	\$ 7,587,145	\$ 96,601,878	\$ 224,429,532	\$ 11,897,833	\$ 224,429,532	\$ 53,175,698