

Exhibit 6:

Revenue

Requirement

TABLE OF CONTENTS

6	Revenue Requirement	1
6.1	Overview	4
6.2	Calculation of Revenue Requirement	6
6.3	Determination of Net Utility Income	7
6.4	Statement of Rate Base	8
6.5	Actual Utility Return on Rate Base.....	9
6.5.1	Indicated Rate of Return.....	9
6.5.2	Requested Rate of Return.....	9
6.6	Revenue Deficiency.....	10
6.7	Cost Drivers on Revenue Deficiency	11

1 **LIST OF ATTACHMENT**

- 2 6-A. Revenue Requirement Work Form

6.1 OVERVIEW

Entegrus Powerlines Inc. ("EPI") has included the following information in this Exhibit, excluding energy costs (i.e. cost of power and associated costs) and revenue:

- Determination of Net Utility Income
- Statement of Rate Base
- Actual Utility Return on Rate Base
- Indicated Rate of Return
- Requested Rate of Return
- Gross Deficiency in Revenue

The information supports EPI's request in this Application for an increase in its Revenue Requirement while continuing to support the proposed capital and operating budgets for 2016 and to service debt, pay PILs and provide the allowed Return on Equity.

EPI has determined that the Revenue Deficiency for the 2016 Test Year is \$155,997.

The calculations on which this Revenue Deficiency was determined are discussed in detail below. EPI has completed the Revenue Requirement Work Form version 6.0 ("RRWF Model") as provided by the Board on July 16, 2015. The RRWF Model has been filed in Live Excel format as part of this Application and is also included as Attachment 6-A to this Exhibit.

In accordance with the Board's Filing Requirements, the calculation of gross Revenue Deficiency/Sufficiency must isolate the delivery-related Deficiency/Sufficiency from any energy-related Deficiency/Sufficiency. The above noted Revenue Deficiency calculation does not include the following:

- Recovery of deferral and variance accounts, or
- Other electricity charges which include Energy Commodity, Transmission Charges and Wholesale Market Service Charges.

- 1 • Smart Meter rate riders (i.e. SMIRRs) and any other rate adders, and the Smart Metering Entity
2 charge.

3 These items are considered elsewhere in this Application and are treated either as recoveries of
4 regulatory assets or regulatory liabilities on the Balance Sheet or as energy related costs recorded in the
5 Board prescribed Retail Settlement Variance Accounts. SMIRRs cease April 30, 2015.

6.2 CALCULATION OF REVENUE REQUIREMENT

EPI's Revenue Requirement consists of the following:

- Operations, Maintenance and Administration ("OM&A") Expenses,
- Property Taxes,
- Depreciation/Amortization Expense,
- PILs, and
- Return on Rate Base (Deemed Interest & Return on Equity).

EPI's Revenue Requirement is primarily received through electricity distribution rates with Other Revenue from Board approved specific service charges such as Late Payment Charges and Other Miscellaneous Charges.

These Other Revenues, as described in Exhibit 3, are treated as offsets against EPI's Service Revenue Requirement to calculate the Base Revenue Requirement upon which class-specific distribution rates are calculated.

EPI has completed the Revenue Requirement Work Form version 6.0 ("RRWF Model") as provided by the Board on July 16, 2015. The RRWF Model has been filed in Live Excel format as part of this Application and is also included as Attachment 6-A to this Exhibit.

EPI has ensured that numbers entered in the RRWF reconcile with the appropriate numbers in other Exhibits of this Application.

6.3 DETERMINATION OF NET UTILITY INCOME

EPI has determined that its allowable 2016 Net Income as \$3,219,905. Table 6-1 below provides the detailed Net Income calculation for the 2016 Test Year.

TABLE 6-1: EPI's 2016 TEST YEAR NET UTILITY INCOME

Line No.	Description	Amount
1	Operating Revenues:	
2	Distribution Revenue	\$18,189,984
3	Other Revenue	\$1,188,521
4	Total Revenue	\$19,378,505
5	Operating Expenses:	
6	OM&A Expenses	\$9,762,015
7	Depreciation/Amortization	\$3,849,791
8	Deemed Interest Expense	\$2,386,884
9	Total Cost and Expenses	\$15,998,690
10	Net Income before Income Taxes	\$3,379,815
11	Income Taxes (grossed-up)	\$159,910
12	Utility Net Income	\$3,219,905

6.4 STATEMENT OF RATE BASE

A summary of EPI's Rate Base for the 2016 Test Year, calculated on EPI's deemed capital structure in accordance with the OEB Filing Requirements, is summarized in Table 6-2 below. EPI's 2016 Proposed Rate Base is \$86,556,573. For more details on the calculation of EPI's 2016 rate base, please see Exhibit 2.

TABLE 6-2: EPI'S 2016 PROPOSED RATE BASE

Line No.	Description	Amount
1	Opening Net Fixed Assets	\$74,926,228
2	Closing Net Fixed Assets	\$78,351,864
3	Average Net Fixed Assets	\$76,639,046
4	Working Capital Allowance	\$9,917,527
5	Total Rate Base	\$86,556,573

6.5 ACTUAL UTILITY RETURN ON RATE BASE

The computation of EPI's 2016 Test Year at Existing Rates and the 2016 Test Year at Proposed Rates in order to achieve the Required Revenue is summarized below as Table 6-3.

TABLE 6-3: EPI's 2016 RETURN ON RATE BASE

Line No.	Description	2016 Test at Existing Rate	2016 Test Required Revenue
1	Actual Return on Rate Base		
2	Rate Base	\$86,556,573	\$86,556,573
3	Interest Expense	\$2,386,884	\$2,386,884
4	Net Income	\$3,105,247	\$3,219,905
5	Total Actual Return on Rate Base	\$5,492,131	\$5,606,789
6	Actual Return on Rate Base	6.35%	6.48%
7	Required Return on Rate Base		
8	Rate Base	\$86,556,573	\$86,556,573
9	Return Rates:		
10	Return on Debt (Weighted)	4.60%	4.60%
11	Return on Equity	9.30%	9.30%
12	Deemed Interest Expense	\$2,386,884	\$2,386,884
13	Return on Equity	\$3,219,905	\$3,219,905
14	Total Required Return on Rate Base	\$5,606,789	\$5,606,789
15	Expected Return on Rate Base	6.48%	6.48%

6.5.1 INDICATED RATE OF RETURN

EPI's 2016 Indicated Rate of Return is 6.48% as presented in Line 21 of Table 6-4 and is calculated as the sum of Utility Net Income and Deemed Interest Expense divided by the Utility Rate of Return on Rate Base.

6.5.2 REQUESTED RATE OF RETURN

EPI has determined its requested Rate of Return on Base to be \$5,606,789 or 6.48% as summarized in Table 6-3 above.

As summarized in Table 6-3, in the absence of a change to distribution rates for 2016, as proposed in this Application, and assuming that the 2015 Approved rates remained unchanged, EPI's Return on Rate Base would be \$5,492,131 or 6.35%.

6.6 REVENUE DEFICIENCY

EPI has provided a detailed calculation supporting its 2016 Revenue Deficiency in Table 6-4 below. The 2016 Revenue Deficiency is \$114,658 and is shown on line 24. The Gross Revenue Deficiency of \$155,997 on Line 25 is determined by grossing up the Revenue Deficiency for taxes.

TABLE 6-4: EPI's 2016 REVENUE REQUIREMENT CALCULATION

Line No.	Description	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$155,997
2	Distribution Revenue	\$18,033,987	\$18,033,987
3	Other Operating Revenue Offsets	\$1,188,521	\$1,188,521
4	Total Revenue	\$19,222,508	\$19,378,505
5	Operating Expenses	\$13,611,806	\$13,611,806
6	Deemed Interest Expense	\$2,386,884	\$2,386,884
7	Total Cost and Expenses	\$15,998,690	\$15,998,690
8	Utility Income Before Income Taxes	\$3,223,818	\$3,379,815
9	Tax Adjustments to Accounting	-\$2,583,928	-\$2,583,928
10	Taxable Income	\$639,890	\$795,887
11	Income Tax Rate	26.50%	26.50%
12	Income Tax on Taxable Income	\$169,571	\$210,910
13	Income Tax Credits	-\$51,000	-\$51,000
14	Utility Net Income	\$3,105,247	\$3,219,905
15	Utility Rate Base	\$86,556,573	\$86,556,573
16	Deemed Equity Portion of Rate Base	\$34,622,629	\$34,622,629
17	Income/(Equity Portion of Rate Base)	8.97%	9.30%
18	Target Return - Equity on Rate Base	9.30%	9.30%
19	Deficiency/Sufficiency in Return on Equity	-0.33%	0.00%
20	Indicated Rate of Return	6.35%	6.48%
21	Requested Rate of Return on Rate Base	6.48%	6.48%
22	Deficiency/Sufficiency in Rate of Return	-0.13%	0.00%
23	Target Return on Equity	\$3,219,905	\$3,219,905
24	Revenue Deficiency/(Sufficiency)	\$114,658	\$0
25	Gross Revenue Deficiency/(Sufficiency)	\$155,997	\$0

6.7 COST DRIVERS ON REVENUE DEFICIENCY

As described throughout this Application, EPI currently maintains the following four rate zones as a result of acquisition and amalgamation with legacy distributors:

- Chatham-Kent ("CK") Rate Zone representing the territory of the former Chatham-Kent Hydro ("CKH");
- SMP Rate Zone representing the former territory of Strathroy, Mount Brydges & Parkhill (SMP), as originating from the former Middlesex Power Distribution Company ("MPDC");
- Dutton Rate Zone representing the former Dutton Hydro Inc. service territory; and,
- Newbury Rate Zone representing the former Newbury Power Inc. service territory.

In Table 6-5 below, EPI outlines the contributors to the 2016 Revenue Deficiency by the various Revenue Requirement components. Since CKH and MPDC operated separately until 2012, the CKH 2010 Cost of Service (EB-2009-0261) Board Approved figures do not include MPDC (e.g. the rate zones of SMP, Dutton and Newbury, which last rebased under the 2006 EDR). In order to facilitate comparison of Revenue Requirements, EPI has developed a Board Approved Proxy (shown in Column A), which is calculated as the aggregate of Revenue Requirement Components sourced as follows:

- The CKH 2010 Board-Approved Cost of Service (EB-2009-0261);
- MPDC's 2006 Board-Approved EDR (EB-2005-0351), as inflated for the 2007, 2008, 2009 and 2010 utilizing the Board IRM inflation factors as applicable for each of those years;
- Dutton's 2006 Board-Approved EDR (EB-2009-0177), as inflated for the 2007, 2008, 2009 and 2010 utilizing the Board IRM inflation factors as applicable for each of those years; and,
- Newbury's 2006 Board-Approved EDR (EB-2005-0352), as inflated for the 2007, 2008, 2009 and 2010 utilizing the Board IRM inflation factors as applicable for each of those years.

In Column B, EPI has allocated the 2016 revenue at 2015 Approved rates based on the percentages from the 2010 BAP. Column C represents the Actual 2016 Test Year Revenue Requirement by component. Lastly, in Column D is the calculated variance based on the Column C minus Column B.

TABLE 6-5: REVENUE DEFICIENCY BY REVENUE REQUIREMENT COMPONENT

Line No.	Description	2010 Board Approved Proxy	2016 Revenue at Existing Rates Allocated in Proportion to 2010 BAP	2016 Test Year Revenue Requirement	Variance
		A	B	C	D = C - B
1	Revenue Requirement:				
2	OM&A	\$7,896,250	\$8,050,750	\$9,495,813	\$1,445,063
3	Depreciation	\$4,546,796	\$4,635,760	\$3,849,791	-\$785,968
4	Property Tax	\$309,686	\$315,746	\$243,162	-\$72,584
5	Income Tax	\$1,158,999	\$1,181,676	\$159,910	-\$1,021,766
6	LEAP	\$0	\$0	\$23,040	\$23,040
7	Return on Rate Base	\$4,941,883	\$5,038,577	\$5,606,789	\$568,211
8	Total	\$18,853,614	\$19,222,508	\$19,378,505	\$155,997
9	Rate Base				
10	Rate Base	\$66,672,028	\$66,672,028	\$86,556,573	\$19,884,545

The main drivers of the Revenue Deficiency of \$155,997 are described as follows:

- Operating Maintenance & Administration (“OM&A”) Expense Increase:** EPI’s OM&A deficiency component has increased by approximately \$1.4M, which is directionally consistent with the variance between the 2010 BAP and the 2016 Test Year, as explained in Exhibit 4, Table 4-3. This includes an increase of \$600k related to the transition from CGAAP to MIFRS, which results in costs that were previously capitalized now being expensed as OM&A (as shown in Exhibit 1, Section 1.7.7, Appendix 2-Y).
- Depreciation Decrease:** Under normal circumstances, the growth in rate base between 2010 BAP and 2016 Test Year would have driven an increase to EPI’s depreciation expense. However, EPI’s depreciation deficiency component has decreased by approximately \$800k, which is directionally consistent with the variance between the 2010 BAP and the 2016 Test Year. This decrease in depreciation, which occurs despite the increase in Rate Base, is the result of EPI adopting IFRS-compliant depreciation accounting policies in 2013. These new policies (e.g.

longer useful asset lives) have resulted in a \$1.9M decrease in what the 2016 Test Year depreciation would have otherwise been under CGAAP. For additional details, please refer to Exhibit 1, Section 1.7.7, Appendix 2-Y.

- **Payments-in-Lieu of Taxes (“PILs”) Decrease:** The decrease in the PILs deficiency component by approximately \$1.0M is consistent with decrease in accounting depreciation resulting from the adoption of longer useful asset lives, as well as a decrease in tax rates since EPI’s previous rebasing. The result is that EPI’s Capital Cost Allowance (i.e. depreciation for tax purposes) is now higher than accounting depreciation, which has reduced PILs. For further details on PILS, please refer to Exhibit 4, Section 4.12.1.

- **Return on Rate Base:** The increase in Return on Rate Base deficiency component by approximately \$600k is driven by an increase in Rate Base of \$19.9M. The Net Book Value of EPI’s assets increased by approximately \$21.2M between the 2010 Board-Approved Proxy and the 2016 Test Year, as shown in Exhibit 2, Table 2-4. This increase in Return on Rate has been partially offset by two factors:

- A decrease in Working Capital Allowance from the 2010 Default Value of 15% to the 2016 EPI Lead/Lag Study value of 8.22%; and,
- A decrease in EPI’s Weighted Average Cost of Capital (“WACC”) from approximately 7.41% in 2010 to 6.48% in the 2016 Test Year, based on Board capital parameters. EPI acknowledges that these parameters are subject to further update.

ATTACHMENT 6-A

Revenue Requirement Work Form



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers



Version 6.00

Utility Name	Entegrus Powerlines Inc.
Service Territory	
Assigned EB Number	EB-2015-0061
Name and Title	Andrya Eagen, Senior Regulatory Specialist
Phone Number	519-352-6300 Ext 243
Email Address	regulatory@entegrus.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 2016 Filers

[1. Info](#)

[2. Table of Contents](#)

[3. Data Input Sheet](#)

[4. Rate Base](#)

[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**



Revenue Requirement Workform (RRWF) for 2016 Filers

Data Input ⁽¹⁾

	Initial Application	(2)		(6)	Per Board Decision
1 Rate Base					
Gross Fixed Assets (average)	\$143,730,124		\$ 143,730,124		\$143,730,124
Accumulated Depreciation (average)	(\$67,091,078)	(5)	(\$67,091,078)		(\$67,091,078)
Allowance for Working Capital:					
Controllable Expenses	\$9,762,015		\$ 9,762,015		\$9,762,015
Cost of Power	\$110,889,168		\$ 110,889,168		\$110,889,168
Working Capital Rate (%)	8.22%	(9)	8.22%	(9)	8.22% (9)
2 Utility Income					
Operating Revenues:					
Distribution Revenue at Current Rates	\$18,033,987				
Distribution Revenue at Proposed Rates	\$18,189,984				
Other Revenue:					
Specific Service Charges	\$327,731				
Late Payment Charges	\$250,000				
Other Distribution Revenue	\$436,738				
Other Income and Deductions	\$174,052				
Total Revenue Offsets	\$1,188,521	(7)			
Operating Expenses:					
OM+A Expenses	\$9,495,813		\$ 9,495,813		\$9,495,813
Depreciation/Amortization	\$3,849,791		\$ 3,849,791		\$3,849,791
Property taxes	\$243,162		\$ 243,162		\$243,162
Other expenses	\$23,040		23040		\$23,040
3 Taxes/PILs					
Taxable Income:					
Adjustments required to arrive at taxable income	(\$2,583,928)	(3)			
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$117,534				
Income taxes (grossed up)	\$159,910				
Federal tax (%)	15.00%				
Provincial tax (%)	11.50%				
Income Tax Credits	(\$51,000)				
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 (%)	4.77%				
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) The default Working Capital Allowance factor is 7.5% (of Cost of Power plus controllable expenses), per the letter issued by the Board on June 3, 2015. Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Rate Base and Working Capital

Rate Base									
Line No.	Particulars		Initial Application						Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$143,730,124		\$ -	\$143,730,124		\$ -	\$143,730,124
2	Accumulated Depreciation (average)	(3)	(\$67,091,078)		\$ -	(\$67,091,078)		\$ -	(\$67,091,078)
3	Net Fixed Assets (average)	(3)	\$76,639,046		\$ -	\$76,639,046		\$ -	\$76,639,046
4	Allowance for Working Capital	(1)	\$9,917,527		\$ -	\$9,917,527		\$ -	\$9,917,527
5	Total Rate Base		\$86,556,573		\$ -	\$86,556,573		\$ -	\$86,556,573

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$9,762,015	\$ -	\$9,762,015	\$ -	\$9,762,015
7	Cost of Power	\$110,889,168	\$ -	\$110,889,168	\$ -	\$110,889,168
8	Working Capital Base	\$120,651,183	\$ -	\$120,651,183	\$ -	\$120,651,183
9	Working Capital Rate % (2)	8.22%	0.00%	8.22%	0.00%	8.22%
10	Working Capital Allowance	\$9,917,527	\$ -	\$9,917,527	\$ -	\$9,917,527

Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2016 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015. Alternatively, a utility could conduct and file its own lead-lag study.
- (3) Average of opening and closing balances for the year.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Utility Income

Line No.	Particulars	Initial Application					Per Board Decision
	Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)	\$18,189,984	(\$18,189,984)	\$ -	\$ -	\$ -	
2	Other Revenue (1)	\$1,188,521	(\$1,188,521)	\$ -	\$ -	\$ -	
3	Total Operating Revenues	\$19,378,505	(\$19,378,505)	\$ -	\$ -	\$ -	
	Operating Expenses:						
4	OM+A Expenses	\$9,495,813	\$ -	\$9,495,813	\$ -	\$9,495,813	
5	Depreciation/Amortization	\$3,849,791	\$ -	\$3,849,791	\$ -	\$3,849,791	
6	Property taxes	\$243,162	\$ -	\$243,162	\$ -	\$243,162	
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Other expense	\$23,040	\$ -	\$23,040	\$ -	\$23,040	
9	Subtotal (lines 4 to 8)	\$13,611,806	\$ -	\$13,611,806	\$ -	\$13,611,806	
10	Deemed Interest Expense	\$2,386,884	(\$2,386,884)	\$ -	\$ -	\$ -	
11	Total Expenses (lines 9 to 10)	\$15,998,690	(\$2,386,884)	\$13,611,806	\$ -	\$13,611,806	
12	Utility income before income taxes	\$3,379,815	(\$16,991,621)	(\$13,611,806)	\$ -	(\$13,611,806)	
13	Income taxes (grossed-up)	\$159,910	\$ -	\$159,910	\$ -	\$159,910	
14	Utility net income	\$3,219,905	(\$16,991,621)	(\$13,771,716)	\$ -	(\$13,771,716)	

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$327,731		\$ -		\$ -
	Late Payment Charges	\$250,000		\$ -		\$ -
	Other Distribution Revenue	\$436,738		\$ -		\$ -
	Other Income and Deductions	\$174,052		\$ -		\$ -
	Total Revenue Offsets	\$1,188,521	\$ -	\$ -	\$ -	\$ -



Revenue Requirement Workform (RRWF) for 2016 Filers

Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$3,219,905		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$2,583,928)		\$ -		(\$2,583,928)	
3	Taxable income	<u>\$635,977</u>		<u>\$ -</u>		<u>(\$2,583,928)</u>	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	<u>\$117,534</u>		<u>\$117,534</u>		<u>\$117,534</u>	
6	Total taxes	<u>\$117,534</u>		<u>\$117,534</u>		<u>\$117,534</u>	
7	Gross-up of Income Taxes	<u>\$42,376</u>		<u>\$42,376</u>		<u>\$42,376</u>	
8	Grossed-up Income Taxes	<u>\$159,910</u>		<u>\$159,910</u>		<u>\$159,910</u>	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$159,910</u>		<u>\$159,910</u>		<u>\$159,910</u>	
10	Other tax Credits	(\$51,000)		(\$51,000)		(\$51,000)	
<u>Tax Rates</u>							
11	Federal tax (%)	15.00%		15.00%		15.00%	
12	Provincial tax (%)	11.50%		11.50%		11.50%	
13	Total tax rate (%)	<u>26.50%</u>		<u>26.50%</u>		<u>26.50%</u>	

Notes



Revenue Requirement Workform (RRWF) for 2016 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$48,471,681	4.77%	\$2,312,099
2	Short-term Debt	4.00%	\$3,462,263	2.16%	\$74,785
3	Total Debt	60.00%	\$51,933,944	4.60%	\$2,386,884
	Equity				
4	Common Equity	40.00%	\$34,622,629	9.30%	\$3,219,905
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$34,622,629	9.30%	\$3,219,905
7	Total	100.00%	\$86,556,573	6.48%	\$5,606,789
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%	\$86,556,573	0.00%	\$ -
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	4.77%	\$ -
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%	\$86,556,573	0.00%	\$ -

Notes

(1)

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



Revenue Requirement Workform (RRWF) for 2016 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		\$155,997		(\$5,423,189)
2	Distribution Revenue	\$18,033,987	\$18,033,987	\$18,033,987	\$23,613,173
3	Other Operating Revenue	\$1,188,521	\$1,188,521	\$ -	\$ -
4	Offsets - net				
4	Total Revenue	\$19,222,508	\$19,378,505	\$18,033,987	\$18,189,984
5	Operating Expenses	\$13,611,806	\$13,611,806	\$13,611,806	\$13,611,806
6	Deemed Interest Expense	\$2,386,884	\$2,386,884	\$ -	\$ -
8	Total Cost and Expenses	\$15,998,690	\$15,998,690	\$13,611,806	\$13,611,806
9	Utility Income Before Income Taxes	\$3,223,818	\$3,379,815	\$4,422,181	\$4,578,178
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$2,583,928)	(\$2,583,928)	(\$2,583,928)	(\$2,583,928)
11	Taxable Income	\$639,890	\$795,887	\$1,838,253	\$1,994,250
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%
13	Income Tax on Taxable Income	\$169,571	\$210,910	\$487,137	\$528,476
14	Income Tax Credits	(\$51,000)	(\$51,000)	(\$51,000)	(\$51,000)
15	Utility Net Income	\$3,105,247	\$3,219,905	\$3,986,044	(\$13,771,716)
16	Utility Rate Base	\$86,556,573	\$86,556,573	\$86,556,573	\$86,556,573
17	Deemed Equity Portion of Rate Base	\$34,622,629	\$34,622,629	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	8.97%	9.30%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.30%	9.30%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-0.33%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	6.35%	6.48%	4.61%	0.00%
22	Requested Rate of Return on Rate Base	6.48%	6.48%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-0.13%	0.00%	4.61%	0.00%
24	Target Return on Equity	\$3,219,905	\$3,219,905	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$114,658	\$ -	(\$3,986,044)	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$155,997 (1)		(\$5,423,189) (1)	

Notes:

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



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Revenue Requirement

Line No.	Particulars	Application				Per Board Decision			
1	OM&A Expenses	\$9,495,813		\$9,495,813		\$9,495,813			
2	Amortization/Depreciation	\$3,849,791		\$3,849,791		\$3,849,791			
3	Property Taxes	\$243,162		\$243,162		\$243,162			
5	Income Taxes (Grossed up)	\$159,910		\$159,910		\$159,910			
6	Other Expenses	\$23,040		\$23,040		\$23,040			
7	Return								
	Deemed Interest Expense	\$2,386,884		\$ -		\$ -			
	Return on Deemed Equity	\$3,219,905		\$ -		\$ -			
8	Service Revenue Requirement (before Revenues)	<u>\$19,378,505</u>		<u>\$13,771,716</u>		<u>\$13,771,716</u>			
9	Revenue Offsets	\$1,188,521		\$ -		\$ -			
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$18,189,984</u>		<u>\$13,771,716</u>		<u>\$13,771,716</u>			
11	Distribution revenue	\$18,189,984		\$ -		\$ -			
12	Other revenue	\$1,188,521		\$ -		\$ -			
13	Total revenue	<u>\$19,378,505</u>		<u>\$ -</u>		<u>\$ -</u>			
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ -</u>	(1)	<u>(\$13,771,716)</u>	(1)	<u>(\$13,771,716)</u>	(1)		

Notes

(1) Line 11 - Line 8



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Tracking Form

The last row shown is the most current estimate of the cost of service data reflecting the original application and any updates provided by the applicant distributor (for updated evidence, responses to interrogatories, undertakings, etc.)

Please ensure a Reference (Column B) and/or Item Description (Column C) is entered. Please note that unused rows will automatically be hidden and the PRINT AREA set when the PRINT BUTTON on Sheet 1 is activated.

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

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

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

Summary of Proposed Changes

Reference ⁽¹⁾	Item / Description ⁽²⁾	Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
		Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
	Original Application	\$ 5,606,789	6.48%	\$ 86,556,573	\$ 120,651,183	\$ 9,917,527	\$ 3,849,791	\$ 159,910	\$ 9,495,813	\$ 19,378,505	\$ 1,188,521	\$ 18,189,984	\$ 155,997