

**EXHIBIT 6 – REVENUE DEFICIENCY OR SUFFICIENCY**

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**ATTACHMENT 6-1 REVENUE REQUIREMENT WORKFORM**

## REVENUE DEFICIENCY - OVERVIEW

The information in this Exhibit supports Milton Hydro's request in its Application for an increase in its revenue requirement to support its proposed capital and operating budgets for 2016 Test Year; service its debt; pay its deemed PILs; and earn its allowed ROE.

Milton Hydro has included the following information in this EXHIBIT, excluding energy costs (i.e. Cost of Power and associated costs) and revenues:

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

Milton Hydro has determined that its Revenue Deficiency for the 2016 Test Year is \$990,647.

The calculations on which this determination is based are set out below. The Revenue Deficiency calculation does not include the following:

- Recovery of Deferral and Variance Accounts
- Other electricity charges which include Energy Commodity, Transmission Charges and Wholesale Market Service Charges

These items are considered elsewhere in this Application and are treated either as recoveries of regulatory assets or regulatory liabilities on the Balance Sheet, or as energy related costs recorded in the OEB-prescribed Retail Settlement Variance Accounts.

## REVENUE REQUIREMENT

Milton Hydro's Revenue Requirement consists of the following:

- Administrative & General, Billing & Collecting Expense

- Operation & Maintenance Expense
- Depreciation Expense
- Property Taxes
- PILs
- Deemed Interest & Return on Equity

Milton Hydro's revenue requirement is primarily received through electricity distribution rates with Other Revenue from OEB approved specific service charges such as Late Payment Charges and Other Miscellaneous Charges. The Other Revenues are detailed in EXHIBIT 3 – Operating Revenues and are treated as revenue offsets against Milton Hydro's Service Revenue Requirement to calculate Base Revenue Requirement upon which class specific distribution rates are calculated.

Milton Hydro has included the OEB's Revenue Requirement Work Form ("RRWF") as Attachment 6-1 to this EXHIBIT and has also filed the Excel model.

Milton Hydro has ensured that numbers entered in the RRWF reconcile with the appropriate numbers in other EXHIBITS to this Application.

#### **Determination of Net Income**

Milton Hydro has determined its allowable 2016 Test Year Net Income to be \$3,420,359. The following Table 6-1 provides the detailed Net Income calculations.

**Table 6-1 – Determination of Net Income**

Details	Initial Application
<b>Operating Revenues</b>	
Distribution Revenue (at Proposed Rate)	17,207,367
Other Revenue	1,902,155
Total Operating Revenues	19,109,522
<b>Operating Expenses</b>	
OM+A Expenses	9,903,388
Depreciation/Amortization	3,292,486
Property taxes	-
Capital taxes	-
Other expense	-
Total Operating Expense	13,195,874
Deemed Interest Expense	2,237,077
<b>Total Expenses</b>	15,432,951
<b>Utility income before income taxes</b>	3,676,571
<b>Income taxes (grossed-up)</b>	256,212
<b>Utility net income</b>	3,420,359

## Statement of Rate Base

Milton Hydro has provided its Rate Base calculations in the amount of \$91,945,126 in the following Table 6-2. Rate Base is used in determining Milton Hydro's actual and regulated return.

**Table 6-2**  
**Rate Base**

<b>Rate Base Calculation</b>	<b>Initial Application</b>
Net Fixed Assets Opening Balance 2016	80,801,054
Net Fixed Assets Closing Balance 2016	85,633,765
<b>Average Net Fixed Asset Balance for 2016</b>	<b>83,217,410</b>
Working Capital Allowance	8,727,717
<b>Rate Base</b>	<b>91,945,126</b>
<b>Working Capital Allowance</b>	
Controllable Expenses	9,903,388
Cost of Power	106,466,168
Total Working Capital Expenses	116,369,556
<b>Working Capital Allowance rate of 7.5%</b>	<b>8,727,717</b>

## Actual Utility Return on Rate Base

Milton Hydro had provided the calculations of its 2015 Bridge Year, 2016 Test Year at Existing Rates and the 2016 Test Year at Proposed Rates in order to achieve the Required Revenue in Table 6-3. Milton Hydro's return for the 2015 Bridge Year is expected to be 4.70% as shown in Table 6-3 below.

**Table 6-3**  
**Return on Rate Base**

Details	2015 Bridge Year Actual	2016 Test Year Existing Rates	2016 Test Year Required Revenue
<b>Actual Return on Rate Base</b>			
Rate Base	90,759,480	91,945,126	91,945,126
Interest Expense	2,554,335	2,237,077	2,237,077
Net Income	1,707,059	2,692,233	3,420,359
<b>Total Actual Return on Rate Base</b>	<b>4,261,394</b>	<b>4,929,310</b>	<b>5,657,436</b>
<b>Actual Return on Rate Base</b>	<b>4.70%</b>	<b>5.36%</b>	<b>6.15%</b>
<b>Required Return on Rate Base:</b>			
Rate Base	90,759,480	91,945,126	91,945,126
Return Rates:			
Return on Debt (Weighted)	4.70%	4.06%	4.06%
Return on Equity	9.58%	9.30%	9.30%
Deemed Interest Expense	2,554,335	2,237,077	2,237,077
Return On Equity	3,477,903	3,420,359	3,420,359
<b>Total Return</b>	<b>6,032,238</b>	<b>5,657,436</b>	<b>5,657,436</b>
<b>Expected Return on Rate Base</b>	<b>6.65%</b>	<b>6.15%</b>	<b>6.15%</b>

### Indicated Rate of Return

Milton Hydro's 2016 Test Year Indicated Rate of Return at current approved rates is 5.36% as presented in Table 6-4 below on line 21 and is calculated as the sum of Utility Net Income plus Deemed Interest Expense divided by the Utility Rate Base.

### Requested Rate of Return

Milton Hydro has determined its requested Rate of Return on Rate Base to be 6.15% or \$5,657,436, calculated as Deemed Interest Expense plus Return on Equity divided by Rate Base as shown in Table 6-3 above.

Table 6-3 above summarizes the computation of Milton Hydro's 2016 Test Year requested Rate of Return on Rate Base of 6.15%.

Also as summarized in Table 6-3 above, 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, Milton Hydro's Return on Rate Base would be \$4,929,310 or 5.36%.

#### **Deficiency or Sufficiency in Revenue**

Milton Hydro has provided a detailed calculation supporting its 2016 Test Year Revenue Deficiency after tax in the amount of \$728,125 in Table 6-4 below as shown on line 25.

#### **Gross Deficiency or Sufficiency in Revenue**

Milton Hydro has provided a detailed calculation supporting its 2016 Test Year Gross Revenue Deficiency before tax in the following Table 6-4. The Gross Revenue Deficiency before tax is calculated in the amount of \$990,647 as shown on line 26 of this table. Table 6-4 provides the Revenue Deficiency calculation for the 2016 Test Year at Proposed Rates, which balances the Revenue Deficiency, Net Income and Total Return on Rate Base.

**Table 6-4**  
**Revenue Deficiency Calculation**

Line No.	Particulars	Initial Application	
		At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		990,647
2	Distribution Revenue	16,216,720	16,216,720
3	Other Operating Revenue Offsets - net	1,902,155	1,902,155
4	<b>Total Revenue</b>	<b>18,118,875</b>	<b>19,109,522</b>
5	Operating Expenses	13,195,874	13,195,874
6	Deemed Interest Expense	2,237,077	2,237,077
8	<b>Total Cost and Expenses</b>	<b>15,432,951</b>	<b>15,432,951</b>
9	<b>Utility Income Before Income Taxes</b>	<b>2,685,924</b>	<b>3,676,571</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	- 2,709,732	- 2,709,732
11	Taxable Income	- 23,808	966,839
12	Income Tax Rate	26.50%	26.50%
13	Income Tax on Taxable Income	- 6,309	256,212
14	Income Tax Credits	-	-
15	<b>Utility Net Income (line 9-line13)</b>	<b>2,692,233</b>	<b>3,420,359</b>
16	<b>Utility Rate Base</b>	<b>91,945,126</b>	<b>91,945,126</b>
17	Deemed Equity Portion of Rate Base	36,778,051	36,778,051
18	Income/(Equity Portion of Rate Base) (line 15/line 17)	7.32%	9.30%
19	Target Return - Equity on Rate Base	9.30%	9.30%
20	Deficiency/Sufficiency in Return on Equity	-1.98%	0.00%
21	Indicated Rate of Return (line 15+line 6)/line 16	5.36%	6.15%
22	Requested Rate of Return on Rate Base	6.15%	6.15%
23	Deficiency/Sufficiency in Rate of Return	-0.79%	0.00%
24	Target Return on Equity	3,420,359	3,420,359
25	Revenue Deficiency/(Sufficiency) After Tax	728,125	0
26	<b>Gross Revenue Deficiency/(Sufficiency) Before Tax</b>	<b>990,647</b>	

### Cost Drivers on Revenue Deficiency

Table 6-5 below outlines the contributors to the Revenue Deficiency by Revenue Requirement component. Column A lists the 2011 approved amounts. Column B lists the 2016 revenue at existing rates shown in Table 6-4 above, allocated to each Revenue Requirement component



based on the proportions in Column A. It is Milton Hydro's view that Column B estimates the Revenue Requirement components for revenue at existing rates based on the components assumed in existing rates. Column C lists the 2016 Test Year proposed components. Finally, Column D represents the difference between Column C and Column B which provides an estimate of the Revenue Requirement components for the Revenue Deficiency of \$990,647.

**Table 6-5**  
**Revenue Deficiency by Revenue Requirement Component**

Service Revenue Requirement	2011 Approved (A)	2016 Base Revenue Allocated based on Proportion of Revenue at Existing Rates (B)	2016 Proposed "C"	Revenue Deficiency (D) = (C)-(B)
OM&A Expenses	6,300,000	7,891,617	9,903,388	2,011,771
Amortization	3,656,765	4,580,602	3,292,486	- 1,288,116
Return on Rate Base	3,975,297	4,979,607	5,657,436	677,829
PILS	532,516	667,050	256,212	- 410,837
<b>Total</b>	<b>14,464,578</b>	<b>18,118,875</b>	<b>19,109,522</b>	<b>990,647</b>
	<b>2011 Approved (A)</b>		<b>2016 Proposed "C"</b>	<b>Difference (D) = (C-A)</b>
Rate Base	59,787,790	91,945,126	91,945,126	32,157,336

There are two main contributors to the Revenue Deficiency of \$990,647 for the 2016 Test Year:

- The first contributor is the cost increases in OM&A as detailed in EXHIBIT 4 – Operating Expenses. Please refer to EXHIBIT 4, Table 4-2 - 2016 Test Year OM&A Expenditures and the supporting explanation for the increase of \$3,603,388 in OM&A since Milton Hydro's 2011 COS. (Column C minus Column A). The change in amortization is due to the change in asset lives resulting from the implementation of MIFRS on January 1, 2013.
- The second relates to the increase in Return on Rate Base resulting from an increase in Rate Base of \$.32M which is detailed in EXHIBIT 2. Please refer to EXHIBIT 2, Table 2-1 Summary of Rate Base which supports the Rate Base values shown above for 2011 approved and 2016 proposed. The rationale that supports the \$32M increase in rate base since 2011 is provided in the evidence that follows Table 2-1 of EXHIBIT 2.

1 As shown in Table 6-5, the increases in OM&A and return on Rate Base are offset by decreases  
2 in depreciation and PILs resulting from changes in useful life of assets since 2011. On July 17,  
3 2012 the Board issued a statement that changes to depreciation rates and capitalization policies  
4 that would have been implemented under International Financial Reporting Standards ("IFRS")  
5 could be made in 2012 under Canadian Generally Accepted Accounting Principles ("CGAAP")  
6 (i.e. effective January 1, 2012), and must be made no later than 2013 (i.e. effective January 1,  
7 2013), regardless of whether the Canadian Accounting Standards Board (AcSB) permitted  
8 further deferrals beyond 2013 for the changeover to IFRS (Board Letter, July 17, 2012  
9 *"Regulatory accounting policy direction regarding changes to depreciation expense and*  
10 *capitalization policies in 2012 and 2012"*). In 2013, Milton Hydro implemented the change to  
11 depreciation rates and capitalization policies which is explained in further detail in EXHIBIT 2 –  
12 Capitalization Policy. This change lowers depreciation and also lowers PILs since the tax  
13 adjustment for accounting depreciation, which increases PILs, is lower but the tax adjustment  
14 for capital cost allowance (i.e. depreciation for tax purposes), which reduces PILs, does not  
15 change with the accounting change in useful life.

**ATTACHMENT 6-1**  
**REVENUE REQUIREMENT WORKFORM**



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2016 Filers



Version 6.00

Utility Name	Milton Hydro Distribution inc.
Service Territory	Town of Milton
Assigned EB Number	EB-2015-0089
Name and Title	Cameron McKenzie
Phone Number	289-429-5212
Email Address	cameronmckenzie@miltonhydro.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 <sup>(1)</sup>

	Initial Application	(2)	(6)	Per Board Decision
<b>1 Rate Base</b>				
Gross Fixed Assets (average)	\$148,315,728		\$ 148,315,728	\$148,315,728
Accumulated Depreciation (average)	(\$65,098,318)	(5)	(\$65,098,318)	(\$65,098,318)
<b>Allowance for Working Capital:</b>				
Controllable Expenses	\$9,903,388		\$ 9,903,388	\$9,903,388
Cost of Power	\$106,466,168		\$ 106,466,168	\$106,466,168
Working Capital Rate (%)	7.50%	(9)	7.50%	7.50% (9)
<b>2 Utility Income</b>				
Operating Revenues:				
Distribution Revenue at Current Rates	\$16,216,720			
Distribution Revenue at Proposed Rates	\$17,207,367			
<b>Other Revenue:</b>				
Specific Service Charges	\$24,276			
Late Payment Charges	\$191,188			
Other Distribution Revenue	\$1,598,658			
Other Income and Deductions	\$88,033			
Total Revenue Offsets	\$1,902,155	(7)		
<b>Operating Expenses:</b>				
OM+A Expenses	\$9,903,388		\$ 9,903,388	\$9,903,388
Depreciation/Amortization	\$3,292,486		\$ 3,292,486	\$3,292,486
Property taxes				
Other expenses				
<b>3 Taxes/PILs</b>				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$2,709,732)	(3)		
<b>Utility Income Taxes and Rates:</b>				
Income taxes (not grossed up)	\$188,316			
Income taxes (grossed up)	\$256,212			
Federal tax (%)	15.00%			
Provincial tax (%)	11.50%			
Income Tax Credits				
<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 (%)				
	100.0%			
<b>Cost of Capital</b>				
Long-term debt Cost Rate (%)	4.2%			
Short-term debt Cost Rate (%)	2.2%			
Common Equity Cost Rate (%)	9.3%			
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) 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)	\$148,315,728		\$ -	\$148,315,728		\$ -	\$148,315,728
2	Accumulated Depreciation (average)	(3)	(\$65,098,318)		\$ -	(\$65,098,318)		\$ -	(\$65,098,318)
3	Net Fixed Assets (average)	(3)	\$83,217,410		\$ -	\$83,217,410		\$ -	\$83,217,410
4	Allowance for Working Capital	(1)	\$8,727,717		\$ -	\$8,727,717		\$ -	\$8,727,717
5	Total Rate Base		\$91,945,126		\$ -	\$91,945,126		\$ -	\$91,945,126

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

6	Controllable Expenses	\$9,903,388	\$ -	\$9,903,388	\$ -	\$9,903,388
7	Cost of Power	\$106,466,168	\$ -	\$106,466,168	\$ -	\$106,466,168
8	Working Capital Base	\$116,369,556	\$ -	\$116,369,556	\$ -	\$116,369,556
9	Working Capital Rate % (2)	7.50%	0.00%	7.50%	0.00%	7.50%
10	Working Capital Allowance	\$8,727,717	\$ -	\$8,727,717	\$ -	\$8,727,717

#### 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
	<b>Operating Revenues:</b>						
1	Distribution Revenue (at Proposed Rates)	\$17,207,367	(\$17,207,367)	\$ -	\$ -	\$ -	
2	Other Revenue (1)	\$1,902,155	(\$1,902,155)	\$ -	\$ -	\$ -	
3	Total Operating Revenues	\$19,109,522	(\$19,109,522)	\$ -	\$ -	\$ -	
	<b>Operating Expenses:</b>						
4	OM+A Expenses	\$9,903,388	\$ -	\$9,903,388	\$ -	\$9,903,388	
5	Depreciation/Amortization	\$3,292,486	\$ -	\$3,292,486	\$ -	\$3,292,486	
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	
9	Subtotal (lines 4 to 8)	\$13,195,874	\$ -	\$13,195,874	\$ -	\$13,195,874	
10	Deemed Interest Expense	\$2,237,077	(\$2,237,077)	\$ -	\$ -	\$ -	
11	Total Expenses (lines 9 to 10)	\$15,432,951	(\$2,237,077)	\$13,195,874	\$ -	\$13,195,874	
12	Utility income before income taxes	\$3,676,571	(\$16,872,445)	(\$13,195,874)	\$ -	(\$13,195,874)	
13	Income taxes (grossed-up)	\$256,212	\$ -	\$256,212	\$ -	\$256,212	
14	Utility net income	\$3,420,359	(\$16,872,445)	(\$13,452,086)	\$ -	(\$13,452,086)	

## Notes

### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$24,276		\$ -		\$ -
	Late Payment Charges	\$191,188		\$ -		\$ -
	Other Distribution Revenue	\$1,598,658		\$ -		\$ -
	Other Income and Deductions	\$88,033		\$ -		\$ -
	Total Revenue Offsets	\$1,902,155	\$ -	\$ -	\$ -	\$ -





# 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	\$3,420,359		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$2,709,732)		\$ -		(\$2,709,732)	
3	Taxable income	<u>\$710,626</u>		<u>\$ -</u>		<u>(\$2,709,732)</u>	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	<u>\$188,316</u>		<u>\$188,316</u>		<u>\$188,316</u>	
6	Total taxes	<u>\$188,316</u>		<u>\$188,316</u>		<u>\$188,316</u>	
7	Gross-up of Income Taxes	<u>\$67,896</u>		<u>\$67,896</u>		<u>\$67,896</u>	
8	Grossed-up Income Taxes	<u>\$256,212</u>		<u>\$256,212</u>		<u>\$256,212</u>	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$256,212</u>		<u>\$256,212</u>		<u>\$256,212</u>	
10	Other tax Credits	\$ -		\$ -		\$ -	
<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 (%)	26.50%		26.50%		26.50%	

## 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%	\$51,489,271	4.19%		\$2,157,636
2	Short-term Debt	4.00%	\$3,677,805	2.16%		\$79,441
3	Total Debt	60.00%	\$55,167,076	4.06%		\$2,237,077
	Equity					
4	Common Equity	40.00%	\$36,778,051	9.30%		\$3,420,359
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	40.00%	\$36,778,051	9.30%		\$3,420,359
7	Total	100.00%	\$91,945,126	6.15%		\$5,657,436
		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%	\$91,945,126	0.00%		\$ -
		Per Board Decision				
		(%)	(\$)	(%)		(\$)
	Debt					
8	Long-term Debt	0.00%	\$ -	4.19%		\$ -
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%	\$91,945,126	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		\$990,647		(\$3,997,825)
2	Distribution Revenue	\$16,216,720	\$16,216,720	\$16,216,720	\$21,205,191
3	Other Operating Revenue	\$1,902,155	\$1,902,155	\$ -	\$ -
	Offsets - net				
4	<b>Total Revenue</b>	<b>\$18,118,875</b>	<b>\$19,109,522</b>	<b>\$16,216,720</b>	<b>\$17,207,367</b>
5	Operating Expenses	\$13,195,874	\$13,195,874	\$13,195,874	\$13,195,874
6	Deemed Interest Expense	\$2,237,077	\$2,237,077	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<b>\$15,432,951</b>	<b>\$15,432,951</b>	<b>\$13,195,874</b>	<b>\$13,195,874</b>
9	<b>Utility Income Before Income Taxes</b>	<b>\$2,685,924</b>	<b>\$3,676,571</b>	<b>\$3,020,846</b>	<b>\$4,011,493</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$2,709,732)	(\$2,709,732)	(\$2,709,732)	(\$2,709,732)
11	<b>Taxable Income</b>	<b>(\$23,808)</b>	<b>\$966,839</b>	<b>\$311,114</b>	<b>\$1,301,761</b>
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%
13	<b>Income Tax on Taxable Income</b>	<b>(\$6,309)</b>	<b>\$256,212</b>	<b>\$82,445</b>	<b>\$344,967</b>
14	<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
15	<b>Utility Net Income</b>	<b>\$2,692,233</b>	<b>\$3,420,359</b>	<b>\$2,938,401</b>	<b>(\$13,452,086)</b>
16	<b>Utility Rate Base</b>	<b>\$91,945,126</b>	<b>\$91,945,126</b>	<b>\$91,945,126</b>	<b>\$91,945,126</b>
17	Deemed Equity Portion of Rate Base	\$36,778,051	\$36,778,051	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	7.32%	9.30%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.30%	9.30%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-1.98%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	5.36%	6.15%	3.20%	0.00%
22	Requested Rate of Return on Rate Base	6.15%	6.15%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-0.79%	0.00%	3.20%	0.00%
24	Target Return on Equity	\$3,420,359	\$3,420,359	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$728,125	(\$0)	(\$2,938,401)	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$990,647 (1)</b>		<b>(\$3,997,825) (1)</b>	<b>\$13,195,874 (1)</b>

## Notes:

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



Ontario Energy Board

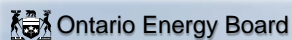
# Revenue Requirement Workform (RRWF) for 2016 Filers

## Revenue Requirement

Line No.	Particulars	Application				Per Board Decision			
1	OM&A Expenses	\$9,903,388		\$9,903,388		\$9,903,388			
2	Amortization/Depreciation	\$3,292,486		\$3,292,486		\$3,292,486			
3	Property Taxes	\$ -							
5	Income Taxes (Grossed up)	\$256,212		\$256,212		\$256,212			
6	Other Expenses	\$ -							
7	Return								
	Deemed Interest Expense	\$2,237,077		\$ -		\$ -			
	Return on Deemed Equity	\$3,420,359		\$ -		\$ -			
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$19,109,522</u>		<u>\$13,452,086</u>		<u>\$13,452,086</u>			
9	Revenue Offsets	\$1,902,155		\$ -		\$ -			
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$17,207,367</u>		<u>\$13,452,086</u>		<u>\$13,452,086</u>			
11	Distribution revenue	\$17,207,367		\$ -		\$ -			
12	Other revenue	\$1,902,155		\$ -		\$ -			
13	<b>Total revenue</b>	<u>\$19,109,522</u>		<u>\$ -</u>		<u>\$ -</u>			
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>(\$0)</u>	(1)	<u>(\$13,452,086)</u>	(1)	<u>(\$13,452,086)</u>	(1)		

### Notes

(1) Line 11 - Line 8



## 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.

<sup>(1)</sup> 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](mailto:IndustryRelations@ontarioenergyboard.ca).

## Summary of Proposed Changes

[illegible]