

EXHIBIT 7 – COST ALLOCATION

Table of Contents

COST ALLOCATION STUDY REQUIREMENTS	2
Introduction.....	2
WEIGHTING FACTORS	3
Weighting Factor for Services (Account 1855)	3
Weighting Factor for Billing and Collection (Accounts 5315 – 5340, except 5335)	4
Installation Cost per Meter (Sheet I7.1).....	5
Weighting Factor for Meter Reading (Sheet I7.2)	6
Summary of Results and Proposed Changes	7
Embedded Distributor Class	8
Unmetered Loads	8
MicroFIT Class.....	8
New Customer Class	9
Eliminated Customer Class.....	9
CLASS REVENUE REQUIREMENTS	9
REVENUE-TO-COST RATIOS	10

ATTACHMENT 7-1 COST ALLOCATION SHEETS I-6, I-8, O-1, O-2

COST ALLOCATION STUDY REQUIREMENTS

Introduction

On September 29, 2006, the Ontario Energy Board ("OEB") issued its directions on *Cost Allocation Methodology for Electricity Distributors* (the "Directions"). On November 15, 2006, the OEB issued the *Cost Allocation Information Filing Guidelines for Electricity Distributors* (the "Guidelines"), the Cost Allocation Model (the "Model") and User Instructions (the "Instructions") for the Model. Milton Hydro Distribution Inc. ("Milton Hydro") prepared a cost allocation information filing consistent with Milton Hydro's understanding of the Directions, the Guidelines, the Model and the Instructions. Milton Hydro submitted this filing to the OEB on January 15, 2007.

One of the main objectives of the filing was to provide information on any apparent cross-subsidization among a distributor's rate classifications. It was felt that this would give an indication of cross-subsidization from one class to another and this information would be useful as a tool in future rate applications.

In Milton Hydro's 2011 COS Application (EB-2010-0137), the cost allocation model was updated to reflect 2011 Test Year costs, customer numbers and demand values. The 2011 demand values were based on the weather normalized load forecast used to design rates. The results of the 2011 Model was used to move the revenue to cost ratios to be within the OEB's acceptable range as outlined in the *Report on Application of Cost Allocation for Electricity Distributors* (the "Cost Allocation Report") issued by the OEB on November 28, 2007.

On September 2, 2010, the OEB began a proceeding, EB-2010-0219, with the mandate to review and revise the Cost Allocation policy as needed. On March 31, 2011, the Report of the Board was released in relation to EB-2010-0219 ("March Board Report"). In the letter accompanying the report, the OEB indicated that a Working Group would be formed to revise the original Cost Allocation Model to address the revision highlighted in the March Board Report. On August 5, 2011, the OEB released the new Cost Allocation model and instructed 2013 Cost of Service filers to use the revised model in their applications. This model has been

1 subsequently updated by the OEB with some minor revision on an annual basis. On July 16,
2 2015, the OEB released an updated Cost Allocation model to be used by 2016 Cost of Service
3 applicants in their applications. This updated version of the Cost Allocation Model (the "Model")
4 has been used by Milton Hydro in this Application.

5 In Section 2.6.4 of the March Board Report, the OEB stated that "default weighting factors
6 should now be utilized only in exceptional circumstances". Distributors are therefore now
7 expected to develop their own weighting factors.

8 Milton Hydro has used the 2016 COS version of the Model and submitted the revised Model to
9 reflect 2016 Test Year costs, customer numbers and demand values. The 2016 demand values
10 are based on the weather normalized load forecast used to design rates. Milton Hydro has
11 developed weighting factors as outlined below based on discussions with staff experienced in
12 the subject area.

13 **WEIGHTING FACTORS**

14 **Weighting Factor for Services (Account 1855)**

15
16 The analysis for the Services weighting factor included a review of Milton Hydro's installation
17 and cost recovery for Services as set out in Milton Hydro's Conditions of Service Section 3.3
18 General Service (Above 50 to 1000 kW) and Section 3.4 General Service (Above 1000 KW).
19 Milton Hydro has costs in USoA 1855 – Services for Residential and General Service <50 kW
20 customers only. Milton Hydro has calculated the costs to provide a secondary service to either
21 a Residential customer or a General Service <50 kW customer to be the same. All customer
22 classes >50 kW install and pay for their own services. Milton Hydro does not collect capital
23 contributions on these services and does not own or perform any maintenance work on the
24 customer owned services.

25 The instructions for Worksheet I5.2 Weighting Factors state that "Generally the Residential
26 weighting factor should be 1.0, with each other class weighted relative to that."

Milton Hydro has allocated a weighting factor of 1.0 to both the Residential customer class and the General Service <50 kW customer class, all other customer classes are zero as set out in Table 7-1.

Table 7-1
Weighting Factors for Services

Rate Class	Weighting Factor for Services
Residential	1.0
GS<50 kW	1.0
GS 50 to 999 kW	0.0
GS 1000 to 4000 kW	0.0
Large Use	0.0
Street Light	0.0
Sentinel Light	0.0
Unmetered & Scattered	0.0

Weighting Factor for Billing and Collection (Accounts 5315 – 5340, except 5335)

In determining the weighting factors for Billing and Collecting, Milton Hydro Supervisors were asked to give consideration to their staff efforts required to Bill and Collect customer accounts. In discussion, using the Residential customer class as the base for comparative purposes it was determined that the billing activities for the General Service <50 kW were relatively equal to the Residential activities as the meter reads are downloaded through the AMI and exception lists are check, bills printed and mailed. The effort to bill the General Service 50 to 999 kW and General Service 1000 to 4999 customer classes was determined to be more involved because these accounts required manual input in checking and ensuring the billing accuracy. In addition these two classes require some manual monitoring for payments and collections as Milton Hydro has secured credit insurance with coverage only valid as long as the accounts are current. Relative to the activities required for the Residential customers these two classes were assigned a weighting of 1.5. Similarly the Large Use customer class required the same effort in

all respects as the General Service 50 to 999 kW and the General Service 1000 to 4999 kW customer classes. However, as the Large Users are Class A customers for the purpose of the Global Adjustment Milton Hydro staff are required to manually calculate and input the Global Adjustment amount into the billing system for each customer each month. This class was assigned a weighting of 2.0 relative to the Residential customer class.

The weighting factor for the Street Light customer was assigned a weighting factor of 2.0 relative to the Residential customer class as this class requires some manual input to update the street light counts and wattage. Once the account information is updated the data is then run against the street light profile for billing purposes.

The weighting factor for the Sentinel Light and the Street Light customer accounts was assigned a 1.0 relative to the Residential customer class as billing and collection effort is similar.

The weighting for billing and collections are set out in Table 7-2.

Table 7-2
Weighting Factors for Billing and Collection

Rate Class	Weighting Factor for Billing and Collections
Residential	1.0
GS<50 kW	1.0
GS 50 to 999 kW	1.5
GS 1,000 to 4,000 kW	1.5
Large Use	2.0
Street Light	2.0
Sentinel Light	1.0
Unmetered & Scattered	1.0

Installation Cost per Meter (Sheet I7.1)

Milton Hydro's Metering Automation and Control Supervisor evaluated the capital costs for Milton Hydro's different types of meters plus installation. The current installed cost for smart

meters is approximately 11.5% higher than Milton Hydro's smart meter costs from 2010. The rural smart meter installations are significantly more costly mainly due to the costs of additional repeaters required to reach the meters plus the additional labour and travel in the rural service area. The installed costs of Milton Hydro's general service meters include a higher capital cost and installation costs as set out in the Table 7-3 below.

Table 7-3
Installation Cost per Meter

Meter Type	Installation Cost per Meter \$
Smart Meters - Residential	\$ 192.25
Smart Meters - Rural	\$ 583.50
Smart Meters - Central Metered	\$ 1,096.50
Smart Meters - Network	\$ 229.50
Demand without IT (usually three-phase)	\$ 911.00
Demand with IT and Interval Capability - Secondary	\$ 2,318.50
Demand with IT and Interval Capability - Primary	\$ 5,460.00

Weighting Factor for Meter Reading (Sheet I7.2)

Milton Hydro's Metering Automation and Control Supervisor evaluated the effort required to read Milton Hydro's meters. As all Milton Hydro meters are read either through the AMI or MV90 the supervisor determined the effort to read the smart meters and interval meters to be the same. In addition each meter reading system requires an employee to operate the meter reading systems and push the data for billing purposes. It was determined that no additional effort or costs were required whether reading a Residential smart meter or a General Service interval meter therefore the weighting factors for meter reading were all set to 1.0 relative to the Residential class. There are no meter reading costs associated with the Street Light, Sentinel Light and the Unmetered/Scattered Load customer classes and therefore these classes were assigned a weighting of 0.0 for meter reading. The weighting factors are set out in Table 7-4.

Table 7-4
Weighting Factors for Meter Reading

Rate Class	Weighting Factor for Meter Reading
Residential	1.0
GS<50 kW	1.0
GS 50 to 999 kW	1.0
GS 1,000 to 4,000 kW	1.0
Large Use	1.0
Streetlight	0.0
Sentinel	0.0
Unmetered & Scattered	0.0

Summary of Results and Proposed Changes

The data used in the updated Cost Allocation Study is consistent with Milton Hydro's cost data that supports the proposed 2016 Test Year Revenue Requirement outlined in this Application. Consistent with the Guidelines, Milton Hydro's assets were broken out into primary and secondary distribution functions using breakout percentages developed by Milton Hydro's Engineering department through CableCAD. Milton Hydro's breakout percentages are more detailed than its 2006 and 2011 load forecasts and provide a better allocation of its primary and secondary assets across the customer classes. Milton Hydro has also updated the kilometers of roads with distribution plant. An Excel version of the updated cost allocation study has been included with the filed application material. In addition, Appendix 7-X outlines Input Sheets I-6 & I-8 and Output Sheets O-1 & O-2.

Capital contributions, depreciation and accumulated depreciation by USoA are consistent with the information provided in the 2016 Test Year continuity statement shown in EXHIBIT 2. The rate class customer data used in the updated cost allocation study is consistent with the 2016 Test Year customer forecast outlined in EXHIBIT 3. The load profiles for each rate class are the same as those used in the original information filing but have been scaled to match the 2016 load forecast. The following Table 7-5 outlines the scaling factors used by rate class:

Table 7-5
Load Profiling Scaling Factors

Class	2004 Weather Normal Values used in Information Filing (kWh)	2016 Weather Normal Values (kWh)	Scaling Factor
Residential	180,727,341	309,752,959	171.4%
General Service < 50 kW	63,397,758	92,617,956	146.1%
General Service 50 to 999 kW	164,770,833	205,340,394	124.6%
General Service 1000 to 4999 kW	119,214,676	109,869,211	92.2%
Large User	84,667,930	133,210,761	157.3%
Street Lighting	3,780,661	5,632,779	149.0%
Sentinel Lighting	197,795	145,711	73.7%
Unmetered/Scattered Load	942,956	1,096,423	116.3%
Total	617,699,951	857,666,193	138.8%

Embedded Distributor Class

Milton Hydro is not a host distributor

Unmetered Loads

Milton Hydro has communicated with all unmetered load customers including Street Lighting customers. In May 2015 Milton Hydro contacted all twenty (20) Unmetered Load customers in writing to confirm the number of connections and the load being billed. Milton Hydro received responses from six (6) customers and has adjusted the number of connections and load accordingly. Milton Hydro will make this a regular business practice but will note that all loads are now metered and there will not be new unmetered loads connected other than Street Lighting.

MicroFIT Class

Milton Hydro has not included microFIT as a separate class in the Cost Allocation Model in the 2016 Test Year.

New Customer Class

Milton Hydro is not proposing to include any new customer classes.

Eliminated Customer Class

Milton Hydro is not proposing to eliminate any customer classes.

CLASS REVENUE REQUIREMENTS

The allocated cost by rate class for the 2011 Cost of Service filing and 2015 updated study are provided in the following Table 7-6.

Table 7-6
Allocated Cost – Consistent with Appendix 2-P: Allocated Costs

Classes	Costs Allocated from Previous Study	%	Costs Allocated in Test Year Study (Column 7A)	%
Residential	\$ 8,965,982	61.99%	\$ 13,383,589	70.04%
GS < 50 kW	\$ 1,900,067	13.14%	\$ 2,229,765	11.67%
GS > 50 kW to 999 kW	\$ 2,011,917	13.91%	\$ 2,184,092	11.43%
GS > 1,000 kW to 4,999 kW	\$ 655,657	4.53%	\$ 399,997	2.09%
Large User	\$ 507,188	3.51%	\$ 477,780	2.50%
Street Lighting	\$ 353,261	2.44%	\$ 332,694	1.74%
Sentinel Lighting	\$ 25,369	0.18%	\$ 50,970	0.27%
Unmetered Scattered Load (USL)	\$ 45,137	0.31%	\$ 50,636	0.26%
Total	\$ 14,464,578	100.00%	\$ 19,109,522	100.00%

The following Table 7-7 provides information on calculated class revenue which is consistent with Appendix 2-P. The resulting 2016 Proposed Base Revenue will be the amount used in EXHIBIT 8 to design the proposed distribution charges in this application.

Table 7-7

Calculated Class Revenue – Consistent with Appendix 2-P: Calculated Class Revenue

Classes	Column 7B	Column 7C	Column 7D	Column 7E
	Load Forecast (LF) X current approved rates	L.F. X current approved rates X (1 + d)	LF X proposed rates	Miscellaneous Revenue
Residential	\$ 10,791,873	\$ 11,451,126	\$ 11,780,108	\$ 1,493,761
GS < 50 kW	\$ 2,135,416	\$ 2,265,864	\$ 2,182,114	\$ 181,436
GS > 50 kW to 999 kW	\$ 1,656,237	\$ 1,757,413	\$ 2,050,581	\$ 133,512
GS > 1,000 kW to 4,999 kW	\$ 651,021	\$ 690,790	\$ 395,338	\$ 28,658
Large User	\$ 708,569	\$ 751,854	\$ 469,596	\$ 36,850
Street Lighting	\$ 219,504	\$ 232,913	\$ 253,593	\$ 12,562
Sentinel Lighting	\$ 14,584	\$ 15,475	\$ 32,876	\$ 7,899
Unmetered Scattered Load (USL)	\$ 39,517	\$ 41,931	\$ 43,160	\$ 7,476
Total	\$ 16,216,720	\$ 17,207,367	\$ 17,207,367	\$ 1,902,155

REVENUE-TO-COST RATIOS

The results of a cost allocation study are typically presented in the form of revenue to cost ratios. The ratio is shown by rate classification and is the percentage of distribution revenue collected by rate classification compared to the costs allocated to the classification. The percentage identifies the rate classifications that are being subsidized and those that are over-contributing. A percentage of less than 100% means the rate classification is under-contributing and is being subsidized by other classes of customers. A percentage of greater than 100% indicates the rate classification is over-contributing and is subsidizing other classes of customers.

In its March Board Report, the OEB established what it considered to be the appropriate ranges of Revenue to Cost Ratios which are summarized in Table 7-8 below. The Status Quo Ratios are calculated in the Cost Allocation Model Tab O1 Revenue to cost | RR. Milton Hydro's revenue to cost ratios for the General Service 1000 to 4999 kW and the Large User customer classes have increased significantly since Milton Hydro's last Cost Allocation Study. As discussed above, Milton Hydro's 2016 Test Year Cost Allocation Model has been updated with more accurate allocation of assets to primary and secondary as well as length of road with distribution lines. Milton Hydro prepared its 2011 Cost Allocation Model based on its 2006

Informational Filing which did not allocate the underground assets into primary and secondary categories. For its 2016 Test Year Cost Allocation Milton Hydro's engineering department prepared a more detailed breakout of Milton Hydro's assets into primary and secondary categories and set out in Table 7-8 below. In addition, the kilometers of road with distribution plant was 421.8 km in 2006/2011 which did not include those roads which have underground distribution plant along them. By taking this into account the kilometers of road with distribution plant increased to 715 km. These two major updates to Milton Hydro's 2016 Test Year Cost Allocation Model has resulted in the change in the revenue to cost ratios for the General Service 1000 to 4999 kW and the Large User customer classes. Milton Hydro confirmed this impact by preparing the Cost Allocation Model using the 2006/2011 asset breakout and kilometer of road with distribution plant with results similar to the 2011 Cost Allocation Model.

Table 7-8
Comparison Asset Breakout

USoA	Asset	2011 Load Forecast	2016 Test Year Load Forecast
1830	Poles, Towers and Fixtures		
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	0.00%	0.00%
1830-4	Poles, Towers and Fixtures - Primary	93.90%	87.00%
1830-5	Poles, Towers and Fixtures - Secondary	6.10%	13.00%
1835	Overhead Conductors and Devices		
1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	0.00%	0.00%
1835-4	Overhead Conductors and Devices - Primary	97.81%	90.00%
1835-5	Overhead Conductors and Devices - Secondary	2.19%	10.00%
1840	Underground Conduit		
1840-3	Underground Conduit - Bulk Delivery	0.00%	0.00%
1840-4	Underground Conduit - Primary	100.00%	30.00%
1840-5	Underground Conduit - Secondary	0.00%	70.00%
1845	Underground Conductors and Devices		
1845-3	Underground Conductors and Devices - Bulk Delivery	0.00%	0.00%
1845-4	Underground Conductors and Devices - Primary	100.00%	30.00%
1845-5	Underground Conductors and Devices - Secondary	0.00%	70.00%

Milton Hydro has proposed the Revenue to Cost ratios set out in Table 7-9 which, Milton Hydro submits corrects the Revenue to Cost ratios for the General Service 1000 to 4999 kW and the Large User customer classes while minimizing the impacts on the remaining customer classes.

Table 7-8 provides Milton Hydro's OEB approved revenue to cost ratios from its 2012 IRM Application, the results of the 2016 Test Year Cost Allocation Model and Milton Hydro's proposed 2016 Test Year Revenue to Cost Ratios.

Table 7-9
Revenue to Cost Ratios - Consistent with Appendix 2-P: Revenue to Cost Ratios

Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios	Policy Range
	Most Recent Year: 2011	(7C + 7E) / (7A)	(7D + 7E) / (7A)	
	%	%	%	%
Residential	104.40	96.72	99.18	85 - 115
GS < 50 kW	99.20	109.76	106.00	80 - 120
GS > 50 kW to 999 kW	83.80	86.58	100.00	80 - 120
GS > 1,000 kW to 4,999 kW	105.00	179.86	106.00	80 - 120
Large User	105.00	165.08	106.00	85 - 115
Street Lighting	70.00	73.78	80.00	80 - 120
Sentinel Lighting	70.00	45.86	80.00	80 - 120
Unmetered Scattered Load (USL)	105.00	97.57	100.00	80 - 120

ATTACHMENT 7-1
COST ALLOCATION
Sheets I-6, I-8, O-1, O-2

Sheet I6.1 Revenue Worksheet -[illegible]

2016 Cost Allocation Model

EB-2015-0089
Sheet 18 Demand Data Worksheet -

This is an input sheet for demand allocators.

CP TEST RESULTS	12 CP
NCP TEST RESULTS	4 NCP

Co-incident Peak	Indicator
1 CP	CP 1
4 CP	CP 4
12 CP	CP 12

Non-co-incident Peak	Indicator
1 NCP	NCP 1
4 NCP	NCP 4
12 NCP	NCP 12

Customer Classes	Total	1	2	3	5	6	7	8	9		
		Residential	GS <50	GS 50 to 999 kW	GS 1,000 to 4,999 kW	Large Use >5MW	Street Light	Sentinel	Unmetered Scattered Load		
CO-INCIDENT PEAK											
1 CP											
Transformation CP	TCP1	138,971	60,388	17,164	27,226	13,519	19,177	1,325	31	141	
Bulk Delivery CP	BCP1	138,971	60,388	17,164	27,226	13,519	19,177	1,325	31	141	
Total Sytem CP	DCP1	138,971	60,388	17,164	27,226	13,519	19,177	1,325	31	141	
4 CP											
Transformation CP	TCP4	549,835	246,988	68,548	111,081	49,878	68,718	3,967	101	554	
Bulk Delivery CP	BCP4	549,835	246,988	68,548	111,081	49,878	68,718	3,967	101	554	
Total Sytem CP	DCP4	549,835	246,988	68,548	111,081	49,878	68,718	3,967	101	554	
12 CP											
Transformation CP	TCP12	1,570,324	683,635	189,310	315,959	159,280	208,333	11,857	307	1,643	
Bulk Delivery CP	BCP12	1,570,324	683,635	189,310	315,959	159,280	208,333	11,857	307	1,643	
Total Sytem CP	DCP12	1,570,324	683,635	189,310	315,959	159,280	208,333	11,857	307	1,643	
NON CO. INCIDENT PEAK											
1 NCP											
Classification NCP from Load Data Provider		DNCP1	171,605	70,367	24,854	36,636	16,165	22,055	1,335	36	155
Primary NCP		PNCP1	171,605	70,367	24,854	36,636	16,165	22,055	1,335	36	155
Line Transformer NCP		LTNCP1	134,731	70,367	24,854	36,636	1,347		1,335	36	155
Secondary NCP		SNCP1	134,731	70,367	24,854	36,636	1,347	-	1,335	36	155
4 NCP											
Classification NCP from Load Data Provider		DNCP4	657,031	270,654	85,985	143,448	63,243	87,636	5,310	140	614
Primary NCP		PNCP4	657,031	270,654	85,985	143,448	63,243	87,636	5,310	140	614
Line Transformer NCP		LTNCP4	511,422	270,654	85,985	143,448	5,270		5,310	140	614
Secondary NCP		SNCP4	511,422	270,654	85,985	143,448	5,270		5,310	140	614
12 NCP											
Classification NCP from Load Data Provider		DNCP12	1,809,130	723,948	224,313	409,840	181,037	251,927	15,872	411	1,783
Primary NCP		PNCP12	1,809,130	723,948	224,313	409,840	181,037	251,927	15,872	411	1,783
Line Transformer NCP		LTNCP12	1,391,252	723,948	224,313	409,840	15,086		15,872	411	1,783
Secondary NCP		SNCP12	1,391,252	723,948	224,313	409,840	15,086		15,872	411	1,783

2016 Cost Allocation Model

EB-2015-0089
Sheet O1 Revenue to Cost Summary Worksheet -

Instructions:
Please see the first tab in this workbook for detailed instructions

Class Revenue, Cost Analysis, and Return on Rate Base

			1	2	3	5	6	7	8	9
Rate Base Assets		Total	Residential	GS <50	GS 50 to 999 kW	GS 1,000 to 4,999 kW	Large Use >5MW	Street Light	Sentinel	Unmetered Scattered Load
crev mi	Distribution Revenue at Existing Rates	\$16,216,720	\$10,791,873	\$2,135,416	\$1,656,237	\$651,021	\$708,569	\$219,504	\$14,584	\$39,517
	Miscellaneous Revenue (mi)	\$1,902,155	\$1,493,761	\$181,436	\$133,512	\$28,658	\$36,850	\$12,562	\$7,899	\$7,476
	Miscellaneous Revenue Input equals Output									
	Total Revenue at Existing Rates	\$18,118,875	\$12,285,634	\$2,316,852	\$1,789,748	\$679,679	\$745,419	\$232,067	\$22,483	\$46,993
	Factor required to recover deficiency (1 + D) 1.0611									
di cu ad dep INPUT INT	Distribution Revenue at Status Quo Rates	\$17,207,367	\$11,451,126	\$2,265,864	\$1,757,413	\$690,790	\$751,854	\$232,913	\$15,475	\$41,931
	Miscellaneous Revenue (mi)	\$1,902,155	\$1,493,761	\$181,436	\$133,512	\$28,658	\$36,850	\$12,562	\$7,899	\$7,476
	Total Revenue at Status Quo Rates	\$19,109,522	\$12,944,887	\$2,447,300	\$1,890,925	\$719,449	\$788,704	\$245,476	\$23,374	\$49,407
	Expenses									
	Distribution Costs (di)	\$3,007,017	\$1,795,021	\$366,135	\$506,990	\$120,161	\$153,638	\$51,168	\$6,767	\$7,137
	Customer Related Costs (cu)	\$2,922,494	\$2,540,850	\$267,923	\$61,000	\$3,598	\$1,044	\$20,668	\$14,241	\$13,169
	General and Administration (ad)	\$3,973,877	\$2,897,257	\$426,392	\$385,706	\$83,665	\$104,482	\$48,951	\$13,936	\$13,487
	Depreciation and Amortization (dep)	\$3,292,486	\$2,239,471	\$474,565	\$475,674	\$16,598	(\$4,171)	\$79,590	\$5,194	\$5,565
	PILs (INPUT)	\$256,212	\$169,446	\$30,100	\$32,699	\$7,624	\$9,652	\$5,733	\$469	\$489
	Interest	\$2,237,077	\$1,479,490	\$262,817	\$285,504	\$66,570	\$84,278	\$50,054	\$4,098	\$4,266
Total Expenses		\$15,689,163	\$11,121,536	\$1,827,932	\$1,747,574	\$298,215	\$348,924	\$256,165	\$44,704	\$44,114
NI	Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Allocated Net Income (NI)	\$3,420,359	\$2,262,053	\$401,832	\$436,519	\$101,781	\$128,856	\$76,529	\$6,265	\$6,522
	Revenue Requirement (includes NI)	\$19,109,522	\$13,383,589	\$2,229,765	\$2,184,092	\$399,997	\$477,780	\$332,694	\$50,970	\$50,636
	Revenue Requirement Input equals Output									
Rate Base Calculation										
dp gp accum dep co	Net Assets									
	Distribution Plant - Gross	\$178,550,690	\$114,052,638	\$22,216,324	\$26,801,272	\$5,118,265	\$6,220,095	\$3,376,749	\$374,159	\$391,189
	General Plant - Gross	\$26,150,001	\$16,841,353	\$3,182,690	\$3,845,638	\$738,001	\$899,029	\$531,421	\$54,731	\$57,137
	Accumulated Depreciation	(\$65,098,318)	(\$41,387,993)	(\$8,310,071)	(\$9,665,828)	(\$1,952,067)	(\$2,396,068)	(\$1,118,801)	(\$130,645)	(\$136,844)
	Capital Contribution	(\$56,384,963)	(\$34,805,155)	(\$7,230,621)	(\$9,984,681)	(\$1,457,554)	(\$1,651,677)	(\$967,102)	(\$140,758)	(\$147,414)
Total Net Plant		\$83,217,409	\$54,700,843	\$9,858,322	\$10,996,401	\$2,446,644	\$3,071,378	\$1,822,266	\$157,486	\$164,068
COP	Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Cost of Power (COP)	\$106,466,168	\$38,648,316	\$11,483,935	\$25,406,872	\$13,594,173	\$16,482,235	\$696,947	\$18,029	\$135,661
	OM&A Expenses	\$9,903,388	\$7,233,129	\$1,060,450	\$953,697	\$207,424	\$259,164	\$120,788	\$34,943	\$33,794
	Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal	\$116,369,556	\$45,881,445	\$12,544,385	\$26,360,568	\$13,801,597	\$16,741,400	\$817,734	\$52,972	\$169,455
	Working Capital	\$8,727,717	\$3,441,108	\$940,829	\$1,977,043	\$1,035,120	\$1,255,605	\$61,330	\$3,973	\$12,709
	Total Rate Base	\$91,945,126	\$58,141,951	\$10,799,151	\$12,973,443	\$3,481,764	\$4,326,983	\$1,883,596	\$161,459	\$176,777
Rate Base Input equals Output										
Equity Component of Rate Base		\$36,778,050	\$23,256,781	\$4,319,660	\$5,189,377	\$1,392,706	\$1,730,793	\$753,439	\$64,584	\$70,711
Net Income on Allocated Assets		\$3,420,359	\$1,823,352	\$619,368	\$143,351	\$421,234	\$439,781	(\$10,689)	(\$21,330)	\$5,293
Net Income on Direct Allocation Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income		\$3,420,359	\$1,823,352	\$619,368	\$143,351	\$421,234	\$439,781	(\$10,689)	(\$21,330)	\$5,293
RATIOS ANALYSIS										
REVENUE TO EXPENSES STATUS QUO%		100.00%	96.72%	109.76%	86.58%	179.86%	165.08%	73.78%	45.86%	97.57%
EXISTING REVENUE MINUS ALLOCATED COSTS		(\$990,647)	(\$1,097,955)	\$87,087	(\$394,344)	\$279,683	\$267,639	(\$100,627)	(\$28,486)	(\$3,643)
Deficiency Input equals Output										
STATUS QUO REVENUE MINUS ALLOCATED COSTS		(\$0)	(\$438,701)	\$217,536	(\$293,168)	\$319,452	\$310,925	(\$87,218)	(\$27,596)	(\$1,229)
RETURN ON EQUITY COMPONENT OF RATE BASE		9.30%	7.84%	14.34%	2.76%	30.25%	25.41%	-1.42%	-33.03%	7.49%

2016 Cost Allocation Model

EB-2015-0089

Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet -

Output sheet showing minimum and maximum level for
Monthly Fixed Charge

Summary

Customer Unit Cost per month - Avoided Cost

Customer Unit Cost per month - Directly Related

Customer Unit Cost per month - Minimum System
with PLCC Adjustment

Existing Approved Fixed Charge

1	2	3	5	6	7	8	9
Residential	GS <50	GS 50 to 999 kW	GS 1,000 to 4,999 kW	Large Use >5MW	Street Light	Sentinel	Unmetered Scattered Load
\$7.66	\$14.28	\$28.81	\$62.38	\$56.76	\$0.53	\$4.83	\$4.83
\$12.05	\$20.91	\$42.77	\$85.30	\$82.80	\$0.90	\$8.05	\$8.05
\$21.81	\$31.13	\$52.37	\$109.48	\$195.95	\$2.51	\$15.85	\$12.94
\$15.51	\$16.50	\$77.98	\$899.32	\$3,755.43	\$2.04	\$2.43	\$7.86