Halton Hills Hydro Inc. EB-2015-0074 Exhibit 6

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Exhibit	Tab	Schedule	Appendix	Contents
6	Calcu	ulation of R	evenue Defi	ciency or Surplus
	1	1		Overview
		2		Determination of Net Utility Income
		3		Statement of Rate Base
		4		Actual Utility Return on Rate Base
		5		Cost Drivers for Revenue Deficiency
				Appendix
			A	Revenue Requirement Work Form

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OVERVIEW

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- 2 HHHI has included the following information in this Exhibit, excluding energy costs (i.e. Cost of
- 3 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
- The information in this Exhibit supports HHHI request in this Application for an increase in its
- Revenue Requirement to support the proposed capital and operating budgets for 2016 to service
- debt, to pay deemed PILs and to return the allowed Return on Equity.
- 15 HHHI has determined that the Revenue Deficiency for the 2016 Test Year is \$2,209,583.
- 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
- 21 These items are considered elsewhere in this Application and are treated either as recoveries of
- 22 regulatory assets or regulatory liabilities on the Balance Sheet, or as energy related costs
- recorded in the OEB-prescribed Retail Settlement Variance Accounts.

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Revenue Requirement

- 2 HHHI Revenue Requirement consists of the following:
- Operations, Maintenance and Administration Expense
- Property Taxes
 - Depreciation/Amortization Expense
- PILs

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- Return on Rate Base (Deemed Interest & Return on Equity)
- 9 HHHI Revenue Requirement is primarily received through electricity distribution rates with
- 10 Other Revenue from Board-approved specific service charges such as Late Payment Charges and
- 11 Other Miscellaneous Charges.
- 12 These Other Revenues, as described in Exhibit 3, are treated as offsets against HHHI Service
- 13 Revenue Requirement to calculate the Base Revenue Requirement upon which class-specific
- 14 distribution rates are calculated.
- 15 HHHI has included the OEB's Revenue Requirement Work Form ("RRWF") as Appendix 6-A
- of this Exhibit and has also been provided in Excel.
- 17 HHHI has ensured that numbers entered in the RRWF reconcile with the appropriate numbers in
- other Exhibits of this Application.

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Determination of Net Utility Income

- 2 HHHI has determined its allowable 2016 Net Income as \$2,311,908. Table 6-1 provides the
- detailed Net Income calculation for the 2016 Test Year.

Table 6-1: Determination of Net Utility Income

	Initial
Details	Application
Operating Revenue:	
Distribution Revenue (at Propose Rates)	11,262,055
Other Revenue	1,210,681
Total Operating Revenues	12,472,736
Operating Expenses:	
OM&A Expenses	6,757,846
Depreciation/Amortization	2,356,442
Property Tax	101,400
Total Operating Expenses	9,215,688
Deemed Interest Expenses	1,165,806
Total Expenses	10,381,495
Utility income before income taxes	2,091,242
Income tax/(loss) grossed up	-220,666
Utility Net Income	2,311,908

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Statement of Rate Base

- 2 A summary of HHHI Rate Base for the 2016 Test Year, calculated on HHHI deemed capital
- 3 structure in accordance with the OEB Filing Requirements, is summarized in Table 6-2. HHHI
- 4 2016 Rate Base is \$62,148,062.

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Table 6-2: Rate Base

Rate Base					
Details	Initial Application				
Net Fixed Assets					
Gross Fixed Assets (Average)	86,942,725				
Accumulated Depreciation (Average)	30,251,761				
Net Fixed Assets (Average)	56,690,964				
Allownace for Working Capital	5,457,098				
Total Rate Base	62,148,062				
Allowance for Working Capital - Derivation					
Controllable Expenses	6,685,666				
Cost of Power	66,075,638				
Working Capital Base	72,761,304				
Working Capital Rate	7.5%				
Working Capital Allowance	5,457,098				

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Actual Utility Return on Rate Base

- Table 6-3 summarizes the computation of HHHI 2016 Test Year at Existing Rates and the 2016
- 3 Test Year at Proposed Rates in order to achieve the Required Revenue.

4 Table 6-3: Return on Rate Base

Details	2016 Test Year at Existing Rate	2016 Test Required Revenue
Actual Return on Rate Base	Nate	Nevenue
Rate Base	62,148,062	62,148,062
Interest Expense	1,165,806	1,165,806
Net Income	433,762	2,311,908
Total Actual Return on Rate Base	1,599,569	3,477,714
Actual Return on Rate Base	2.57%	5.60%
Required Return on Rate Base		
Rate Base	62,148,062	62,148,062
Rate of Return		
Return on Debt (Weighted)	3.13%	3.13%
Return on Equity	9.30%	9.30%
Deemed Interest Expense	1,165,806	1,165,806
Return on Equity	2,311,908	2,311,908
Total Return	3,477,714	3,477,714
Expected Return on Rate Base	5.60%	5.60%

6 Indicated Rate of Return

- 7 HHHI 2016 Indicated Rate of Return is 5.60% as presented in Table 6-4 and is calculated as the
- 8 sum of Utility Net Income and Deemed Interest Expense divided by the Utility Rate of Return on
- 9 Rate Base.

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1 Requested Rate of Return

- 2 HHHI has determined its requested Rate of Return on Base to be 5.60% or \$3,477,714.
- 3 Table 6-3 above summarizes the computation of HHHI 2016 Requested Rate of Return on Rate
- 4 Base of 5.60%.
- 5 As summarized in Table 6-3, in the absence of a change to distribution rates for 2016, as
- 6 proposed in this Application, and assuming that the 2015 Approved rates remained unchanged,
- 7 HHHI Return on Rate Base would be \$1,599,569 or 2.57%.

8 Deficiency or Sufficiency in Revenue

- 9 HHHI has provided a detailed calculation supporting its 2016 Revenue Deficiency in Table 6-4
- in this Exhibit.

11 Gross Deficiency or Sufficiency in Revenue

- 12 HHHI has provided a detailed calculation supporting its 2016 Revenue Deficiency in Table 6-4.
- 13 The Gross Revenue Deficiency is calculated at \$2,209,583. 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.

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Table 6-4: Revenue Deficiency Calculation

	2015 Bridge	2016 Test	2016 Test -
Description	Actual	Existing Rates	
Revenue			
Revenue Deficiency			2,209,583
Distribution Revenue	9,847,171	9,052,472	9,052,472
Other Operating Revenue (Net)	652,384	1,210,681	1,210,681
Total Revenue	10,499,554	10,263,153	12,472,736
Costs and Expenses			
Administrative & General, Billing & Collecting	4,501,910	5,013,007	5,013,007
Operation & Maintenance	1,606,363	1,729,772	1,729,772
Donations - LEAP	12,000	12,027	12,027
Depreciation & Amortization	2,119,419	2,356,442	2,356,442
Property Taxes	101,896	104,440	104,440
Deemed Interest	1,125,041	1,165,806	1,165,806
Total Costs and Expenses	9,466,630	10,381,495	10,381,495
Utility Income Before Income Taxes	1,032,924	-118,342	2,091,242
ncome Taxes:			
Corporate Income Taxes	-342,991	-552,104	-220,666
Total Income Taxes	-342,991	-552,104	220,666
Utility Net Income	1,375,916	433,762	2,311,908
Income Tax Expense Calculation:	4.000.004	440.040	2.004.040
Accounting Income Tax Adjustments to Accounting Income	1,032,924	-118,342	2,091,242
Taxable Income	-3,245,770	-3,562,349	-3,562,349
Income tax expense before credits	-2,212,846 -342,991	-3,680,691 -652,104	-1,471,108 -220,666
Credits	-342,991	-002, 104	-220,666
Income Tax Expense	-342,991	-552,104	-220,666
Tax Rate Refecting Tax Credits	15.50%	15.00%	15.00%
THE PROPERTY OF STREET	10.0070	10.0070	10.00%
Actual Return on Rate Base:			
Rate Base	62,201,443	62,148,062	62,148,062
•	,,	,,	7
Interest Expense	1,125,041	1,165,806	1,165,806
Net Income	1,375,916	433,762	2,311,908
Total Actual Return on Rate Base	2,500,957	1,599,569	3,477,714
Actual Return on Rate Base	4.02%	2.57%	5.60%
	4.0276	2.57 70	3.0070
Required Return on Rate Base:			
Rate Base	62,201,443	62,148,062	62,148,062
Patrice Patrice			
Return Rates: Return on Debt (Weighted)	3.01%	3,13%	3.13%
Return on Equity	8.82%	9.30%	9.30%
Netalli on Equity	0.0270	9.3070	5.3070
Deemed Interest Expense	1,125,041	1,165,806	1,165,806
Return On Equity	2,194,467	2,311,908	2,311,908
Total Return	3,319,508	3,477,714	3,477,714
		·	
Expected Return on Rate Base	5.34%	5.60%	5.60%
Revenue Deficiency After Tax	818,551	1,878,146	0
Revenue Deficiency Before Tax	968,700	2,209,583	0
Tax Exhibit			2016
Deemed Utility Income			2,311,908
Tax Adjustments to Accounting Income			(3,562,349)
Taxable Income prior to adjusting revenue to PILs			-1,250,442
Tax Rate			15.00%
Total PILs before gross up before tax credits			-187,566
Tax Credits			-107,000
Total PILs before gross up after tax credits			-187,566
Grossed up PILs			-220,666
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Cost Drivers for Revenue Deficiency

- 2 Table 6-5 below outlines the contributors to the revenue deficiency by revenue requirement
- 3 component. Column A lists the 2012 approved amounts. Column B lists the 2016 revenue at
- 4 existing rates shown in Table 6-4 above, allocated to revenue requirement component based on
- 5 the proportions in Column A. It is HHH's view that Column B estimates the revenue requirement
- 6 components for revenue at existing rates based on the components assumed in existing rates.
- 7 Column C lists the 2016 proposed components. Finally, Column D represents the difference
- 8 between Column C and Column B which provides an estimate of the revenue requirement
- 9 components for the revenue deficiency of \$2,209,583.

Table 6-5: Revenue Deficiency by Revenue Requirement Component

Service Revenue Requirement	2012 Board Approved	2015 Revenue at Exiting Rates Allocate in Porportion to 2012 Approved	2016 Proposed Rates	Revenue Deficiency
	(A)	(B)	(C)	(D) = (C) - (B)
OM&A	5,793,400	6,079,217.90	6,754,806.23	675,588
Property Tax	106,600	111,859.12	104,440.00	- 7,419
Depreciation	1,319,144	1,384,224.09	2,356,442	972,218
Return on Rate Base	2,532,502	2,657,443.21	3,477,714	820,271
PILS	28,979	30,408.68	- 220,666	- 251,075
Total	9,780,625	10,263,153	12,472,736	2,209,583
	2012 Board Approved		2016 Proposed Rates	Difference
	(A)		(C)	(C - A)
Rate Base	42,429,005		62,148,062	19,719,056

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- There are three main contributors to the revenue deficiency of \$2,209,583 for the 2016 Test
- 2 Year:

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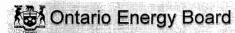
14

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- The first contributor is the cost increases in OM&A as detailed in Exhibit 4. Please refer to Exhibit 4, Table 4-2 Overall Cost Trends for 2016 Test Year OM&A Expenditures and the supporting explanation for the increase of \$678,488 in OM&A since 2012.
 - The second relates to the increase in return on rate base resulting from an increase in rate base of \$19.7M 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 2012 approved and 2016 proposed. The rationale that supports the \$19.7M increase in rate base since 2012 is provided in Exhibit 2.
 - The third is the increase in depreciation expense as result of the \$19.7M asset addition since 2012.
 - As shown in Table 6-5, the increases in OM&A, depreciation expense and return on rate base are offset by decreases in PILs. The decrease in PILs is a result of HHHI expensing its pole replacement cost and some overhead costs for tax purposes and capitalized these amounts for accounting purposes.

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1	APPENDIX 6-A
2	REVENUE REQUIREMENT WORK FORM (2.6.1)



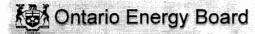


Version 6.00

Utility Name	
Service Territory	photocrania provide a provincia constructiva de la construcción de la
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While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.



1. Info

6. Taxes PILs

2. Table of Contents

7. Cost of Capital

3. Data Input Sheet

8. Rev Def Suff

4. Rate Base

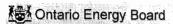
9. Rev Regt

5. Utility Income

10. Tracking Sheet

Notes:

- (1) Pale green cells represent inputs
- (2) Pale green boxes at the bottom of each page are for additional notes
- (3) Pale yellow cells represent drop-down lists
- (4) Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.
- (5) Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel



Data Input (1)

		Initial Application	(2)		(6)	Per Board Decision	
1	Rate Base				,		
•	Gross Fixed Assets (average)	\$86,942,725		\$ 86.942.725		\$86.942.725	
	Accumulated Depreciation (average)	(\$30,251,761)	(5)	(\$30,251,761		(\$30,251,761)	
	Allowance for Working Capital:	(\$00,201,701)	(0)	(\$00,201,701	,	(\$00,201,101)	
	Controllable Expenses	\$6,685,666		\$ 6,685,666		\$6,685,666	
	Cost of Power	\$66,075,638		\$ 66,075,638		\$66,075,638	
	Working Capital Rate (%)	7.50%	(9)	7.509	6 (9)	7.50%	(9)
2	Utility Income						
	Operating Revenues;						
	Distribution Revenue at Current Rates	\$9,052,472					
	Distribution Revenue at Proposed Rates	\$11,262,055					
	Other Revenue:						
	Specific Service Charges	\$375,470					
	Late Payment Charges	\$120,000					
	Other Distribution Revenue	\$171,914					
	Other Income and Deductions	\$543,297					
	Total Revenue Offsets	\$1,210,681	(7)				
	Operating Expenses:						
	OM+A Expenses	\$6,754,806		\$ 6,754,800		\$6,754,806	
	Depreciation/Amortization	\$2,356,442		\$ 2,356,442		\$2,356,442	
	Property taxes	\$104,440		\$ 104,440		\$104,440	
	Other expenses						
3	Taxes/PILs						
	Taxable Income:						
	Adjustments required to arrive at taxable income	(\$3,562,349)	(3)				
	Utility Income Taxes and Rates:						
	Income taxes (not grossed up)	(\$187,566)					
	Income taxes (grossed up)	(\$220,666)					
	Federal tax (%)	10.50%					
	Provincial tax (%)	4.50%					
	Income Tax Credits						
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%					
	Prefered Shares Capitalization Ratio (%)						
		100.0%					
	0.440.44						
	Cost of Capital						
	Long-term debt Cost Rate (%)	3.20%					
	Short-term debt Cost Rate (%)	2.16%					
	Common Equity Cost Rate (%) Prefered Shares Cost Rate (%)	9.30%					
	Freiered Stidles Cost Rate (70)	0.00%					

Notes:

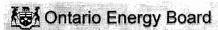
General

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.

- All inputs are in dollars (\$) except where inputs are individually identified as percentages (%) (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 colimn M and Adjustments in column I
- Net of addbacks and deductions to arrive at taxable income.

 Average of Gross Fixed Assets at beginning and end of the Test Year
- (2) (3) (4) (5)
 - Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- 4.0% unless an Applicant has proposed or been approved for another amount.

 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.



Rate Base and Working Capital

п	ata	\mathbf{D}	_	_	_

Line No.	Particulars		Initial Application				Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$86,942,725	\$ -	\$86,942,725	\$ -	\$86,942,725
2	Accumulated Depreciation (average)	(3)	(\$30,251,761)	\$ -	(\$30,251,761)	\$ -	(\$30,251,761)
3	Net Fixed Assets (average)	(3)	\$56,690,964	\$ -	\$56,690,964	\$ -	\$56,690,964
4	Allowance for Working Capital	(1)	\$5,457,098	\$	\$5,457,098	<u> </u>	\$5,457,098
5	Total Rate Base		\$62,148,062	\$-	\$62,148,062	\$ -	\$62,148,062

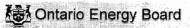
(1) Allowance for Working Capital - Derivation

Controllable Expenses		\$6,685,666	\$ -	\$6,685,666	\$ -	\$6,685,666 \$66,075,638
Cost of Power Working Capital Base		\$66,075,638 \$72,761,304	\$ -	\$66,075,638 \$72,761,304	\$ -	\$72,761,304
Working Capital Rate %	(2)	7.50%	0.00%	7.50%	0.00%	7.50%
Working Capital Allowance		\$5,457,098	\$ -	\$5,457,098	\$ -	\$5,457,098

10 Notes (2)

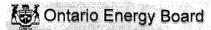
Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2016 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015. Alternatively, a utility could conduct and file its own lead-lag study.

(3) Average of opening and closing balances for the year.



Utility Income

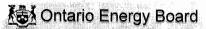
Line No.	Particulars	Initial Application				Per Board Decision
1	Operating Revenues: Distribution Revenue (at Proposed Rates)	\$11,262,055	(\$11,262,055)	\$ -	\$ -	\$-
2	Other Revenue	(1) \$1,210,681	(\$1,210,681)	\$ -	\$ -	\$ -
3	Total Operating Revenues	\$12,472,736	(\$12,472,736)	<u> </u>	\$-	\$-
4 5 6 7 8	Operating Expenses: OM+A Expenses Depreciation/Amortization Property taxes Capital taxes Other expense	\$6,754,806 \$2,356,442 \$104,440 \$- \$-	\$ - \$ - \$ - 	\$6,754,806 \$2,356,442 \$104,440 \$ -	\$ - \$ - \$ - \$ -	\$6,754,806 \$2,356,442 \$104,440 \$-
9	Subtotal (lines 4 to 8)	\$9,215,688	\$ -	\$9,215,688	\$ -	\$9,215,688
10	Deemed Interest Expense	\$1,165,806	(\$1,165,806)	\$-	\$ -	\$-
11	Total Expenses (lines 9 to 10)	\$10,381,495	(\$1,165,806)	\$9,215,688	<u> </u>	\$9,215,688
12	Utility income before income taxes	\$2,091,242	(\$11,306,930)	(\$9,215,688)	<u> </u>	(\$9,215,688)
13	Income taxes (grossed-up)	(\$220,666)	\$ -	(\$220,666)	\$ -	(\$220,666)
14	Utility net income	\$2,311,908	(\$11,306,930)	(\$8,995,022)	<u> </u>	(\$8,995,022)
Notes	Other Revenues / Reve	nue Offsets				
(1)	Specific Service Charges Late Payment Charges Other Distribution Revenue Other Income and Deductions Total Revenue Offsets	\$375,470 \$120,000 \$171,914 \$543,297		\$ - \$ - \$ - \$ -		\$ - \$ - \$ - \$ -
	I otal Revenue Offsets	\$1,210,681	\$ -	<u> </u>	<u> </u>	<u> </u>



Taxes/PILs

Line No.	Particulars	Application		Per Board Decision	
	Determination of Taxable Income				
1	Utility net income before taxes	\$2,311,908	\$ -	\$ -	
2	Adjustments required to arrive at taxable utility income	(\$3,562,349)	\$ -	(\$3,562,349)	
3	Taxable income	(\$1,250,442)	\$ -	(\$3,562,349)	
	Calculation of Utility income Taxes				
4	Income taxes	(\$187,566)	(\$187,566)	(\$187,566)	
6	Total taxes	(\$187,566)	(\$187,566)	(\$187,566)	
7	Gross-up of Income Taxes	(\$33,100)	(\$33,100)	(\$33,100)	
8	Grossed-up Income Taxes	(\$220,666)	(\$220,666)	(\$220,666)	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	(\$220,666)	(\$220,666)	(\$220,666)	
10	Other tax Credits	\$ -	\$ -	\$ -	
	Tax Rates				
11 12 13	Federal tax (%) Provincial tax (%) Total tax rate (%)	10.50% 4.50% 15.00%	10.50% 4.50% 15.00%	10.50% 4.50% 15.00%	

Notes



Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return							
Initial Application												
1 2 3	Debt Long-term Debt Short-term Debt Total Debt	(%) 56.00% 4.00% 60.00%	(\$) \$34,802,914 \$2,485,922 \$37,288,837	(%) 3.20% 2.16% 3.13%	(\$) \$1,112,111 \$53,696 \$1,165,806							
4 5 6	Equity Common Equity Preferred Shares Total Equity	40.00% 0.00% 40.00%	\$24,859,225 \$- \$24,859,225	9.30% 0.00% 9.30%	\$2,311,908 \$- \$2,311,908							
7	Total	100.00%	\$62,148,062	5.60%	\$3,477,714							
1 2 3 4 5 6	Debt Long-term Debt Short-term Debt Total Debt Equity Common Equity Preferred Shares Total Equity Total	(%) 0.00% 0.00% 0.00% 0.00% 0.00%	\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	0.00% 0.00% 0.00% 0.00% 0.00% 0.00%	(\$) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$							
•	Total	0.0070	402,140,002	0.0070								
		Per Bo	ard Decision									
8 9 10	Debt Long-term Debt Short-term Debt Total Debt	(%) 0.00% 0.00% 0.00%	(\$) \$ - \$ - \$ -	(%) 3.20% 2.16% 0.00%	(\$) \$ - \$ - \$ -							
11 12 13	Equity Common Equity Preferred Shares Total Equity Total	0.00% 0.00% 0.00%	\$ - \$ - \$ - \$ - \$ -	9.30% 0.00% 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 colimn M and Adjustments in column I

Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

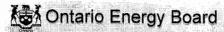
Revenue Deficiency/Sufficiency

		Initial Appli	cation	Per Board Decision			
Line No.	Particulars	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$2,209,583		(\$465,434)		\$9,215,688
2 3	Distribution Revenue Other Operating Revenue Offsets - net	\$9,052,472 \$1,210,681	\$9,052,472 \$1,210,681	\$9,052,472 \$ -	\$11,727,489 \$-	\$ - \$ -	(\$9,215,688) \$ -
4	Total Revenue	\$10,263,153	\$12,472,736	\$9,052,472	\$11,262,055	\$ -	\$-
5 6	Operating Expenses Deemed Interest Expense	\$9,215,688 \$1,165,806	\$9,215,688 \$1,165,806	\$9,215,688 \$-	\$9,215,688 \$ -	\$9,215,688 \$ -	\$9,215,688 \$-
8	Total Cost and Expenses	\$10,381,495	\$10,381,495	\$9,215,688	\$9,215,688	\$9,215,688	\$9,215,688
9	Utility Income Before Income Taxes	(\$118,341)	\$2,091,242	(\$163,216)	\$2,046,367	(\$9,215,688)	(\$9,215,688)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$3,562,349)	(\$3,562,349)	(\$3,562,349)	(\$3,562,349)	\$ -	\$ -
11	Taxable Income	(\$3,680,691)	(\$1,471,108)	(\$3,725,565)	(\$1,515,982)	(\$9,215,688)	(\$9,215,688)
12 13	Income Tax Rate Income Tax on Taxable Income	15.00% (\$552,104)	15.00% (\$220,666)	15.00% (\$558,835)	15.00% (\$227,397)	15.00% (\$1,382,353)	15.00% (\$1,382,353)
14	Income Tax Credits	\$-	\$ -	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	\$433,762	\$2,311,908	\$395,619	(\$8,995,022)	(\$7,833,335)	(\$8,995,022)
16	Utility Rate Base	\$62,148,062	\$62,148,062	\$62,148,062	\$62,148,062	\$62,148,062	\$62,148,062
17	Deemed Equity Portion of Rate Base	\$24,859,225	\$24,859,225	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	1.74%	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	-7.56%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	2.57%	5.60%	0.64%	0.00%	-12.60%	0.00%
22	Requested Rate of Return on Rate Base	5.60%	5.60%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-3.02%	0.00%	0.64%	0.00%	-12.60%	0.00%
24 25 26	Target Return on Equity Revenue Deficiency/(Sufficiency) Gross Revenue	\$2,311,908 \$1,878,146 \$2,209,583 (1)	\$2,311,908 \$0	\$ - (\$395,619) (\$465,434) (1)	\$ - \$ -	\$ - \$7,833,335 \$9,215,688 (1	\$ - \$ -

Notes:

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

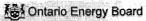
Deficiency/(Sufficiency)



Revenue Requirement

Line No.	Particulars	Application			P	er Board Decision
1	OM&A Expenses	\$6,754,806		\$6,754,806		\$6,754,806
2	Amortization/Depreciation	\$2,356,442		\$2,356,442		\$2,356,442
3	Property Taxes	\$104,440		\$104,440		\$104,440
5	Income Taxes (Grossed up)	(\$220,666)		(\$220,666)		(\$220,666)
6	Other Expenses	\$ -		, ,		
.7	Return					
	Deemed Interest Expense	\$1,165,806		\$ -		\$ -
	Return on Deemed Equity	\$2,311,908		\$-		<u> </u>
8	Service Revenue Requirement (before Revenues)	\$12,472,736		\$8,995,022		\$8,995,022
9 10	Revenue Offsets Base Revenue Requirement	\$1,210,681 \$11,262,055		\$ - \$8,995,022		\$ - \$8,995,022
	(excluding Tranformer Owership Allowance credit adjustment)					
11	Distribution revenue	\$11,262,055		\$ -		\$ -
12	Other revenue	\$1,210,681		<u> </u>		\$ -
13	Total revenue	\$12,472,736		\$ -		\$ -
14	Difference (Total Revenue Less Distribution Revenue Requirement					
	before Revenues)	\$0	(1)	(\$8,995,022)	(1)	(\$8,995,022)
Notes						

(1) Line 11 - Line 8



Tracking Form

The last row shown is the most current estimate of the cost of service data reflecting the original application and any updates provided by the applicant distributor (for updated evidence, responses to interrogatories, undertakings, etc.)
Please ensure a Reference (Column B) and/or Item Description (Column C) is entered. Please note that unused rows will automatically be hidden and the PRINT AREA set when the PRINT BUTTON on Sheet 1 is activated.

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

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

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

Summary of Proposed Changes

Ĩ		Cost of Capital Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement					
	Item / Description ⁽²⁾	Regulated Return on Capital	Regulated Rate of Return	Rate Base		Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues		
	Original Application	\$ 3,477,714	5.60%	\$ 62,148,062	\$ 72,761,304				\$ 6,754,806	\$ 12,472,736	\$ 1,210,681	\$ 11,262,055	\$ 2,209,583