

Exhibit	Tab	Schedule	Appendix	Contents
6				<b>Calculation of Revenue Deficiency or Surplus</b>
	1	1		<b>Overview</b>
		2		Determination of Net Utility Income
		3		Statement of Rate Base
		4		Actual Utility Return on Rate Base
		5		Cost Drivers for Revenue Deficiency
				<b>Appendix</b>
			A	Revenue Requirement Work Form

1 **OVERVIEW**

2 HHHI has included the following information in this Exhibit, excluding energy costs (i.e. Cost of  
3 Power and associated costs) and revenues:

- 4 • Determination of Net Utility Income
- 5 • Statement of Rate Base
- 6 • Actual Utility Return on Rate Base
- 7 • Indicated Rate of Return
- 8 • Requested Rate of Return
- 9 • Deficiency or Sufficiency in Revenue
- 10 • Gross Deficiency or Sufficiency in Revenue

11  
12 The information in this Exhibit supports HHHI request in this Application for an increase in its  
13 Revenue Requirement to support the proposed capital and operating budgets for 2016 to service  
14 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.

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

- 18 • Recovery of Deferral and Variance Accounts
- 19 • Other electricity charges which include Energy Commodity, Transmission Charges and  
20 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  
23 the OEB-prescribed Retail Settlement Variance Accounts.

1    **Revenue Requirement**

2    HHHI Revenue Requirement consists of the following:

- 3           • Operations, Maintenance and Administration Expense  
4           • Property Taxes  
5           • Depreciation/Amortization Expense  
6           • PILs  
7           • Return on Rate Base (Deemed Interest & Return on Equity)

8  
9    HHHI Revenue Requirement is primarily received through electricity distribution rates with Other  
10   Revenue from Board-approved specific service charges such as Late Payment Charges and Other  
11   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  
16   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  
18   other Exhibits of this Application.

1 **Determination of Net Utility Income**

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

4 **Table 6-1: Determination of Net Utility Income**

Details	(\$)
<b>Operating Revenues</b>	
Distribution Revenue (at Proposed Rates)	11,262,055
Other Revenue	1,210,681
<b>Total Operating Revenues</b>	<b>12,472,736</b>
<b>Operating Expenses</b>	
OM&A Expenses	6,757,846
Depreciation/Amortization	2,356,442
Property taxes	101,400
<b>Total Operating Expenses</b>	<b>9,215,688</b>
Deemed Interest Expense	1,165,806
<b>Total Expenses</b>	<b>10,381,494</b>
<b>Utility income before income taxes</b>	<b>2,091,242</b>
Income tax/(loss) grossed up	(220,666)
<b>Utility net income</b>	<b>2,311,908</b>

5



1 **Actual Utility Return on Rate Base**

2 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 Revenue Requirement
<b>Actual Return on Rate Base</b>		
Rate Base	62,148,062	62,148,062
Interest Expense	1,165,806	1,165,806
Net Income	433,762	2,311,908
<b>Total Actual Return on Rate Base</b>	<b>1,599,569</b>	<b>3,477,714</b>
<b>Actual Return on Rate Base</b>	<b>2.57%</b>	<b>5.60%</b>
<b>Required Return on Rate Base</b>		
Rate Base	62,148,062	62,148,062
<b>Rate of Return</b>		
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
<b>Total Return</b>	<b>3,477,714</b>	<b>3,477,714</b>
<b>Expected Return on Rate Base</b>	<b>5.60%</b>	<b>5.60%</b>

5

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.

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 proposed  
6    in this Application, and assuming that the 2015 Approved rates remained unchanged, HHHI Return  
7    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  
10   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. The  
13   Gross Revenue Deficiency is calculated at \$2,209,583. Table 6-4 provides the Revenue Deficiency  
14   calculation for the 2016 Test Year at Proposed Rates, which balances the Revenue Deficiency, Net  
15   Income and Total Return on Rate Base.

1

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

Description	2015 Bridge Actual	2016 Test Existing Rates	2016 Test - Required Revenue
<b>Revenue</b>			
Revenue Deficiency			2,209,583
Distribution Revenue	9,847,171	9,052,472	9,052,472
Other Operating Revenue (Net)	1,210,681	1,210,681	1,210,681
<b>Total Revenue</b>	<b>11,057,851</b>	<b>10,263,153</b>	<b>12,472,736</b>
<b>Costs and Expenses</b>			
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
<b>Total Costs and Expenses</b>	<b>9,466,630</b>	<b>10,381,495</b>	<b>10,381,495</b>
<b>Utility Income Before Income Taxes</b>	<b>1,591,221</b>	<b>(118,342)</b>	<b>2,091,242</b>
<b>Income Taxes:</b>			
Corporate Income Taxes	(256,455)	(552,104)	(220,666)
<b>Total Income Taxes</b>	<b>(256,455)</b>	<b>(552,104)</b>	<b>(220,666)</b>
<b>Utility Net Income</b>	<b>1,847,676</b>	<b>433,762</b>	<b>2,311,908</b>
<b>Income Tax Expense Calculation:</b>			
Accounting Income	1,591,221	(118,342)	2,091,242
Tax Adjustments to Accounting Income	(3,245,770)	(3,562,349)	(3,562,349)
<b>Taxable Income</b>	<b>(1,654,549)</b>	<b>(3,680,691)</b>	<b>(1,471,108)</b>
<b>Income tax expense before credits</b>	<b>(256,455)</b>	<b>(552,104)</b>	<b>(220,666)</b>
<b>Credits</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Income Tax Expense</b>	<b>(256,455)</b>	<b>(552,104)</b>	<b>(220,666)</b>
<b>Tax Rate Reflecting Tax Credits</b>	<b>15.50%</b>	<b>15.00%</b>	<b>15.00%</b>
<b>Actual Return on Rate Base:</b>			
Rate Base	62,201,443	62,148,062	62,148,062
Interest Expense	1,125,041	1,165,806	1,165,806
Net Income	1,847,676	433,762	2,311,908
<b>Total Actual Return on Rate Base</b>	<b>2,972,718</b>	<b>1,599,569</b>	<b>3,477,714</b>
<b>Actual Return on Rate Base</b>	<b>4.78%</b>	<b>2.57%</b>	<b>5.60%</b>
<b>Required Return on Rate Base:</b>			
Rate Base	62,201,443	62,148,062	62,148,062
<b>Return Rates:</b>			
Return on Debt (Weighted)	3.01%	3.13%	3.13%
Return on Equity	8.82%	9.30%	9.30%
Deemed Interest Expense	1,125,041	1,165,806	1,165,806
Return On Equity	2,194,467	2,311,908	2,311,908
<b>Total Return</b>	<b>3,319,508</b>	<b>3,477,714</b>	<b>3,477,714</b>
<b>Expected Return on Rate Base</b>	<b>5.34%</b>	<b>5.60%</b>	<b>5.60%</b>
<b>Revenue Deficiency After Tax</b>	<b>346,790</b>	<b>1,878,146</b>	<b>0</b>
<b>Revenue Deficiency Before Tax</b>	<b>410,403</b>	<b>2,209,583.238</b>	<b>0</b>
<b>Tax Exhibit</b>			<b>2016</b>
Deemed Utility Income			2,311,908
Tax Adjustments to Accounting Income			(3,562,349)
<b>Taxable Income prior to adjusting revenue to PILs</b>			<b>-1,250,442</b>
Tax Rate			15.00%
Total PILs before gross up before tax credits			<b>-187,566</b>
Tax Credits			<b>0</b>
Total PILs before gross up after tax credits			<b>(187,566)</b>
<b>Grossed up PILs</b>			<b>(220,666)</b>

2



1 **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 the  
 5 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.

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

Service Revenue Requirement	2012 Board Approved	2015 Revenue at Existing Rates Allocated in Proportion to 2012 Approved	2016 Proposed Rates	Revenue Deficiency
	(A)	(B)	(C)	(D) = (C) - (B)
OM&A	5,793,400	6,079,218	6,754,806	675,588
Property Tax	106,600	111,859	104,440	(7,419)
Depreciation	1,319,144	1,384,224	2,356,442	972,218
Return on Rate Base	2,532,502	2,657,443	3,477,714	820,271
PILs	28,979	30,409	(220,666)	(251,075)
<b>Total</b>	<b>9,780,625</b>	<b>10,263,153</b>	<b>12,472,736</b>	<b>2,209,583</b>
	2012 Board Approved		2016 Proposed Rates	Difference
	(A)		(C)	(D) = (C) - (A)
<b>Rate Base</b>	<b>42,429,005</b>		<b>62,148,062</b>	<b>19,719,056</b>

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

2 • The first contributor is the cost increases in OM&A as detailed in Exhibit 4. Please refer to  
3 Exhibit 4, Table 4-2 - Overall Cost Trends for 2016 Test Year OM&A Expenditures and  
4 the supporting explanation for the increase of \$678,488 in OM&A since 2012.

5 • The second relates to the increase in return on rate base resulting from an increase in rate  
6 base of \$19.7M which is detailed in Exhibit 2. Please refer to Exhibit 2, Table 2-1 Summary  
7 of Rate Base which supports the rate base values shown above for 2012 approved and 2016  
8 proposed. The rationale that supports the \$19.7M increase in rate base since 2012 is  
9 provided in Exhibit 2.

10 • The third is the increase in depreciation expense as result of the \$19.7M asset addition since  
11 2012.

12 As shown in Table 6-5, the increases in OM&A, depreciation expense and return on rate  
13 base are offset by decreases in PILs. The decrease in PILs is a result of HHHI expensing its  
14 pole replacement cost and some overhead costs for tax purposes and capitalized these  
15 amounts for accounting purposes.

1  
2  
3

**APPENDIX 6-A**  
**REVENUE REQUIREMENT WORK FORM**  
**(2.6.1)**



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2016 Filers



Version 6.00

Utility Name	Halton Hills Hydro Inc.
Service Territory	Town of Halton Hills
Assigned EB Number	EB-2015-0074
Name and Title	David J. Smelsky, Chief Financial Officer
Phone Number	519-853-3700 ext 208
Email Address	dsmelsky@haltonhillshydro.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)	\$86,942,725		\$ 86,942,725	\$86,942,725
Accumulated Depreciation (average)	(\$30,251,761) (5)		(\$30,251,761)	(\$30,251,761)
<b>Allowance for Working Capital:</b>				
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)		7.50% (9)	7.50% (9)
<b>2 Utility Income</b>				
<b>Operating Revenues:</b>				
Distribution Revenue at Current Rates	\$9,052,472			
Distribution Revenue at Proposed Rates	\$11,262,055			
<b>Other Revenue:</b>				
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)			
<b>Operating Expenses:</b>				
OM+A Expenses	\$6,754,806		\$ 6,754,806	\$6,754,806
Depreciation/Amortization	\$2,356,442		\$ 2,356,442	\$2,356,442
Property taxes	\$104,440		\$ 104,440	\$104,440
Other expenses				
<b>3 Taxes/PILs</b>				
<b>Taxable Income:</b>				
Adjustments required to arrive at taxable income	(\$3,562,349) (3)			
<b>Utility Income Taxes and Rates:</b>				
Income taxes (not grossed up)	(\$187,566)			
Income taxes (grossed up)	(\$220,666)			
Federal tax (%)	10.50%			
Provincial tax (%)	4.50%			
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 (%)	3.20%			
Short-term debt Cost Rate (%)	2.16%			
Common Equity Cost Rate (%)	9.30%			
Preferred Shares Cost Rate (%)	0.00%			

Notes:

General

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

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- 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
- (2) Net of addbacks and deductions to arrive at taxable income.
- (3) Average of Gross Fixed Assets at beginning and end of the Test Year
- (4) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (5) 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.
- (6) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (7) 4.0% unless an Applicant has proposed or been approved for another amount.
- (8) 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.
- (9)



# Revenue Requirement Workform (RRWF) for 2016 Filers

## Rate Base and Working Capital

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

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

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

### 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.



# 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)	\$11,262,055	(\$11,262,055)	\$ -	\$ -	\$ -
2	Other Revenue (1)	\$1,210,681	(\$1,210,681)	\$ -	\$ -	\$ -
3	<b>Total Operating Revenues</b>	<b>\$12,472,736</b>	<b>(\$12,472,736)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenses:</b>						
4	OM+A Expenses	\$6,754,806	\$ -	\$6,754,806	\$ -	\$6,754,806
5	Depreciation/Amortization	\$2,356,442	\$ -	\$2,356,442	\$ -	\$2,356,442
6	Property taxes	\$104,440	\$ -	\$104,440	\$ -	\$104,440
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	<b>Subtotal (lines 4 to 8)</b>	<b>\$9,215,688</b>	<b>\$ -</b>	<b>\$9,215,688</b>	<b>\$ -</b>	<b>\$9,215,688</b>
10	Deemed Interest Expense	\$1,165,806	(\$1,165,806)	\$ -	\$ -	\$ -
11	<b>Total Expenses (lines 9 to 10)</b>	<b>\$10,381,495</b>	<b>(\$1,165,806)</b>	<b>\$9,215,688</b>	<b>\$ -</b>	<b>\$9,215,688</b>
12	<b>Utility income before income taxes</b>	<b>\$2,091,242</b>	<b>(\$11,306,930)</b>	<b>(\$9,215,688)</b>	<b>\$ -</b>	<b>(\$9,215,688)</b>
13	Income taxes (grossed-up)	(\$220,666)	\$ -	(\$220,666)	\$ -	(\$220,666)
14	<b>Utility net income</b>	<b>\$2,311,908</b>	<b>(\$11,306,930)</b>	<b>(\$8,995,022)</b>	<b>\$ -</b>	<b>(\$8,995,022)</b>

### Notes

#### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$375,470		\$ -		\$ -
	Late Payment Charges	\$120,000		\$ -		\$ -
	Other Distribution Revenue	\$171,914		\$ -		\$ -
	Other Income and Deductions	\$543,297		\$ -		\$ -
	<b>Total Revenue Offsets</b>	<b>\$1,210,681</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>





# Revenue Requirement Workform (RRWF) for 2016 Filers

**Taxes/PILs**

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

**Notes**



# Revenue Requirement Workform (RRWF) for 2016 Filers

## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
<b>Initial Application</b>					
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$34,802,914	3.20%	\$1,112,111
2	Short-term Debt	4.00%	\$2,485,922	2.16%	\$53,696
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$37,288,837</b>	<b>3.13%</b>	<b>\$1,165,806</b>
	<b>Equity</b>				
4	Common Equity	40.00%	\$24,859,225	9.30%	\$2,311,908
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$24,859,225</b>	<b>9.30%</b>	<b>\$2,311,908</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$62,148,062</b>	<b>5.60%</b>	<b>\$3,477,714</b>
<b>Per Board Decision</b>					
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	<b>Total Debt</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
	<b>Equity</b>				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
7	<b>Total</b>	<b>0.00%</b>	<b>\$62,148,062</b>	<b>0.00%</b>	<b>\$ -</b>

### 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		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$2,209,583		(\$465,434)		\$9,215,688
2	Distribution Revenue	\$9,052,472	\$9,052,472	\$9,052,472	\$11,727,489	\$ -	(\$9,215,688)
3	Other Operating Revenue Offsets - net	\$1,210,681	\$1,210,681	\$ -	\$ -	\$ -	\$ -
4	<b>Total Revenue</b>	<b>\$10,263,153</b>	<b>\$12,472,736</b>	<b>\$9,052,472</b>	<b>\$11,262,055</b>	<b>\$ -</b>	<b>\$ -</b>
5	Operating Expenses	\$9,215,688	\$9,215,688	\$9,215,688	\$9,215,688	\$9,215,688	\$9,215,688
6	Deemed Interest Expense	\$1,165,806	\$1,165,806	\$ -	\$ -	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<b>\$10,381,495</b>	<b>\$10,381,495</b>	<b>\$9,215,688</b>	<b>\$9,215,688</b>	<b>\$9,215,688</b>	<b>\$9,215,688</b>
9	<b>Utility Income Before Income Taxes</b>	<b>(\$118,341)</b>	<b>\$2,091,242</b>	<b>(\$163,216)</b>	<b>\$2,046,367</b>	<b>(\$9,215,688)</b>	<b>(\$9,215,688)</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$3,562,349)	(\$3,562,349)	(\$3,562,349)	(\$3,562,349)	\$ -	\$ -
11	<b>Taxable Income</b>	<b>(\$3,680,691)</b>	<b>(\$1,471,108)</b>	<b>(\$3,725,565)</b>	<b>(\$1,515,982)</b>	<b>(\$9,215,688)</b>	<b>(\$9,215,688)</b>
12	Income Tax Rate	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
13	<b>Income Tax on Taxable Income</b>	<b>(\$552,104)</b>	<b>(\$220,666)</b>	<b>(\$558,835)</b>	<b>(\$227,397)</b>	<b>(\$1,382,353)</b>	<b>(\$1,382,353)</b>
14	<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
15	<b>Utility Net Income</b>	<b>\$433,762</b>	<b>\$2,311,908</b>	<b>\$395,619</b>	<b>(\$8,995,022)</b>	<b>(\$7,833,335)</b>	<b>(\$8,995,022)</b>
16	<b>Utility Rate Base</b>	<b>\$62,148,062</b>	<b>\$62,148,062</b>	<b>\$62,148,062</b>	<b>\$62,148,062</b>	<b>\$62,148,062</b>	<b>\$62,148,062</b>
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	Target Return on Equity	\$2,311,908	\$2,311,908	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$1,878,146	\$0	(\$395,619)	\$ -	\$7,833,335	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$2,209,583 (1)</b>		<b>(\$465,434) (1)</b>		<b>\$9,215,688 (1)</b>	

Notes:

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



# Revenue Requirement Workform (RRWF) for 2016 Filers

## Revenue Requirement

Line No.	Particulars	Application		Per 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		\$ -	\$ -
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$12,472,736</u>		<u>\$8,995,022</u>	<u>\$8,995,022</u>
9	Revenue Offsets	\$1,210,681		\$ -	\$ -
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$11,262,055</u>		<u>\$8,995,022</u>	<u>\$8,995,022</u>
11	Distribution revenue	\$11,262,055		\$ -	\$ -
12	Other revenue	\$1,210,681		\$ -	\$ -
13	<b>Total revenue</b>	<u>\$12,472,736</u>		<u>\$ -</u>	<u>\$ -</u>
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$0</u>	(1)	<u>(\$8,995,022)</u>	(1) <u>(\$8,995,022)</u>

**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.)

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

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

### Summary of Proposed Changes

Reference <sup>(1)</sup>	Item / Description <sup>(2)</sup>	Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
		Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
	Original Application	\$ 3,477,714	5.60%	\$ 62,148,062	\$ 72,761,304	\$ 5,457,098	\$ 2,356,442	-\$ 220,666	\$ 6,754,806	\$ 12,472,736	\$ 1,210,681	\$ 11,262,055	\$ 2,209,583