Halton Hills Hydro Inc. EB-2015-0074 Exhibit 6 Page 1 of 11

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Exhibit	Tab	Schedule	Appendix	Contents
6	Calcu	lation 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
- 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
- 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:
 - 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
- 23 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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- 7 Return on Rate Base (Deemed Interest & Return on Equity)
- 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
- 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.

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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.

Table 6-1: Determination of Net Utility Income

Details	(\$)
Operating Revenues	
Distribution Revenue (at Proposed 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 taxes	101,400
Total Operating Expenses	9,215,688
Deemed Interest Expense	1,165,806
Total Expenses	10,381,494
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 2016
- 4 Rate Base is \$62,148,062.

5 Table 6-2: Rate Base

Particulars	(\$)		
Net Fixed Assets			
Gross Fixed Assets (average)	86,942,725		
Accumulated Depreciation (average)	(30,251,761)		
Net Fixed Assets (average)	56,690,964		
Allowance for Working Capital	5,457,098		
Total Rate Base	62,148,062		
Allowance for Working Capital - Derivation	on		
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

- 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.

Table 6-3: Return on Rate Base

	2016 Test Year	2016 Revenue
Details	at Existing	Requirement
	Rate	1
Actual Return on Rate Base		
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 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
- 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
- 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
- 15 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	Required Revenue
Revenue	220000	,	
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
Total Revenue	11,057,851	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	1,591,221	(118,342)	2,091,242
•	, , ,		, , ,
Income Taxes: Corporate Income Taxes	(256,455)	(EE2 104)	(220 666)
Total Income Taxes		(552,104)	(220,666)
Total income Taxes	(256,455)	(552,104)	(220,666)
Utility Net Income	1,847,676	433,762	2,311,908
Income Tax Expense Calculation:			
Accounting Income	1,591,221	(118,342)	2,091,242
Tax Adjustments to Accounting Income	(3,245,770)	(3,562,349)	(3,562,349)
Taxable Income	(1,654,549)	(3,680,691)	(1,471,108)
Income tax expense before credits	(256,455)	(552,104)	(220,666)
Credits	0	0	0
Income Tax Expense	(256,455)	(552,104)	(220,666)
Tax Rate Refecting Tax Credits	15.50%	15.00%	15.00%
Actual Return on Rate Base:			
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
Total Actual Return on Rate Base	2,972,718	1,599,569	3,477,714
Actual Return on Rate Base	4.78%	2.57%	5.60%
De suite d Detrom ou Dete Deser			
Required Return on Rate Base: Rate Base	62,201,443	62,148,062	62,148,062
Nato Base	02,201,440	02,140,002	02,140,002
Return Rates:			
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
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	346,790	1,878,146	0
Revenue Deficiency Before Tax	410,403	2209583.238	0
Tax Exhibit			2016
			2010
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			0
Total PILs before gross up after tax credits			(187,566)
Grossed up PILs			(220,666)

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Cost Drivers for Revenue Deficiency

- Table 6-5 below outlines the contributors to the revenue deficiency by revenue requirement component. Column A lists the 2012 approved amounts. Column B lists the 2016 revenue at existing rates shown in Table 6-4 above, allocated to revenue requirement component based on the proportions in Column A. It is HHH'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 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 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)	
Total	9,780,625	10,263,153	12,472,736	2,209,583	
	2012 Board Approved		2016 Proposed Rates	Difference	
	(A)		(C)	(D) = (C) - (A)	
Rate Base	42,429,005		62,148,062	19,719,056	

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

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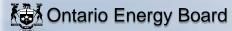
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- The second relates to the increase in return on rate base resulting from an increase in rate base of \$19.7M which is detailed in Exhibit 2. Please refer to Exhibit 2, Table 2-1 Summary of Rate Base which supports the rate base values shown above 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
3	(2.6.1)



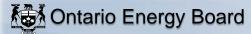


Version 6.00

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.



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_Reqt

<u>5. Utility Income</u> <u>10. Tracking Sheet</u>

Notes:

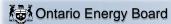
(1) Pale green cells represent inputs

(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) Accumulated Depreciation (average)	\$86,942,725 (\$30,251,761)	(5)	\$	86,942,725 (\$30,251,761)		\$86,942,725 (\$30,251,761)	
	Allowance for Working Capital: Controllable Expenses Cost of Power	\$6,685,666 \$66,075,638		\$	6,685,666 66,075,638		\$6,685,666 \$66,075,638	
	Working Capital Rate (%)	7.50%	(9)	φ	7.50%	(9)	7.50%	(9)
2	Utility Income Operating Revenues:							
	Distribution Revenue at Current Rates Distribution Revenue at Proposed Rates Other Revenue:	\$9,052,472 \$11,262,055						
	Specific Service Charges Late Payment Charges Other Distribution Revenue	\$375,470 \$120,000						
	Other Income and Deductions	\$171,914 \$543,297						
	Total Revenue Offsets	\$1,210,681	(7)					
	Operating Expenses: 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 Other expenses	\$104,440		\$	104,440		\$104,440	
3	Taxes/PILs							
	Taxable Income: Adjustments required to arrive at taxable income	(\$3,562,349)	(3)					
	Utility Income Taxes and Rates:	(0.107.700)						
	Income taxes (not grossed up) Income taxes (grossed up)	(\$187,566) (\$220,666)						
	Federal tax (%)	10.50%						
	Provincial tax (%) Income Tax Credits	4.50%						
4	Capitalization/Cost of Capital Capital Structure:							
	Long-term debt Capitalization Ratio (%)	56.0%						
	Short-term debt Capitalization Ratio (%) Common Equity Capitalization Ratio (%)	4.0% 40.0%	(8)			(8)		(8)
	Prefered Shares Capitalization Ratio (%)							
		100.0%						
	Cost of Capital Long-term debt Cost Rate (%)	2.000/						
	Short-term debt Cost Rate (%)	3.20% 2.16%						
	Common Equity Cost Rate (%)	9.30%						
	Prefered Shares Cost Rate (%)	0.00%						

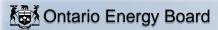
Notes

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). General 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 colimn M and Adjustments in column I
- Net of addbacks and deductions to arrive at taxable income.
- (2) (3) (4) (5)
- Ner or adubtaces and deductions to arrive at taxable income.

 Average of Gross Fixed Assets at beginning and end of the Test Year

 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
- (7) (8) (9) 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

Rate Base

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

(1) Allowance for Working Capital - Derivation

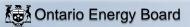
Controllable Expenses		\$6,685,666	\$ -	\$6,685,666	\$ -	\$6,685,666
Cost of Power		\$66,075,638	\$ -	\$66,075,638	\$ -	\$66,075,638
Working Capital Base		\$72,761,304	\$ -	\$72,761,304	\$ -	\$72,761,304
Working Capital Rate %	(2)	7.50%	0.00%	7.50%	0.00%	7.50%
Working Capital Allowance	:	\$5,457,098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

10 <u>Notes</u> (2)

(3)

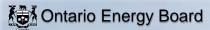
Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2016 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015. Alternatively, a utility could conduct and file its own lead-lag study.

Average of opening and closing balances for the year.



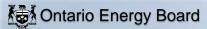
Utility Income

Line No.	Particulars	Initial Application				Per Board Decision
1	Operating Revenues: Distribution Revenue (at Proposed Rates)	\$11,262,055	(\$11,262,055)	\$ -	\$ -	\$ -
2		1)\$1,210,681_	(\$1,210,681)	<u> </u>	\$ -	\$-
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)	\$	<u> </u>	\$-
11	Total Expenses (lines 9 to 10)	\$10,381,495	(\$1,165,806)	\$9,215,688	\$ -	\$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 / Revenues					
(1)	Specific Service Charges Late Payment Charges Other Distribution Revenue Other Income and Deductions	\$375,470 \$120,000 \$171,914 \$543,297		\$ - \$ - \$ - \$ -		\$ - \$ - \$ - \$ -
	Total Revenue Offsets	\$1,210,681	<u> </u>	<u> </u>	<u> </u>	<u> </u>



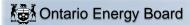
Taxes/PILs

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 Notes	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%	



Capitalization/Cost of Capital

Line No.	Particulars	Capitaliza	ation Ratio	Cost Rate	Return		
		Initial A	oplication				
	Debt	(%)	(\$)	(%)	(\$)		
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	Total Debt	60.00%	\$37,288,837	3.13%	\$1,165,806		
	Equity						
4	Common Equity	40.00%	\$24,859,225	9.30%	\$2,311,908		
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -		
6	Total Equity	40.00%	\$24,859,225	9.30%	\$2,311,908		
7	Total	100.00%	\$62,148,062	5.60%	\$3,477,714		
		(%)	(\$)	(%)	(\$)		
	Debt Debt	0.000/	•	0.000/	•		
1 2	Long-term Debt Short-term Debt	0.00% 0.00%	\$ - \$ -	0.00% 0.00%	\$ - \$ -		
3	Total Debt	0.00%	\$ -	0.00%	\$-		
	Equity		_				
4 5	Common Equity Preferred Shares	0.00% 0.00%	\$ - \$ -	0.00% 0.00%	\$ - \$ -		
6	Total Equity	0.00%	\$ -	0.00%	\$ -		
-							
7	Total	0.00%	\$62,148,062	0.00%	<u> </u>		
		Per Boar	d Decision				
	Debt	(%)	(\$)	(%)	(\$)		
8	Long-term Debt	0.00%	\$ -	3.20%	\$ -		
9	Short-term Debt	0.00%	\$ -	2.16%	\$ -		
10	Total Debt	0.00%	<u> </u>	0.00%	<u> </u>		
	Equity				_		
			·		\$ - \$ -		
							
14	Total	0.00%	\$62,148,062	0.00%	\$ -		
11 12 13 14 Notes (1)	Common Equity Preferred Shares Total Equity Total Data in column E is for	0.00% 0.00% 0.00% 0.00% 0.00% Application as originally to settlement conferences,	iled. For updated revenu	e requirement as a re			

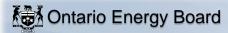


Revenue Deficiency/Sufficiency

		Initial Applic	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 2 3	Revenue Deficiency from Below Distribution Revenue Other Operating Revenue Offsets - net	\$9,052,472 \$1,210,681	\$2,209,583 \$9,052,472 \$1,210,681	\$9,052,472 \$-	(\$465,434) \$11,727,489 \$-	\$ - \$ -	\$9,215,688 (\$9,215,688) \$ -		
4	Total Revenue	\$10,263,153	\$12,472,736	\$9,052,472	\$11,262,055	<u> </u>	\$ -		
5 6 8	Operating Expenses Deemed Interest Expense Total Cost and Expenses	\$9,215,688 \$1,165,806 \$10,381,495	\$9,215,688 \$1,165,806 \$10,381,495	\$9,215,688 \$ - \$9,215,688	\$9,215,688 \$ - \$9,215,688	\$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 15	Income Tax Credits 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 22	Indicated Rate of Return Requested Rate of Return on Rate Base	2.57% 5.60%	5.60% 5.60%	0.64% 0.00%	0.00% 0.00%	-12.60% 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 Deficiency/(Sufficiency)	\$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)	\$ - \$ -		

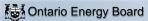
Notes: (1)

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



Revenue Requirement

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

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

Summary of Proposed Changes

		Cost of	st of Capital Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement				
Reference (1)	Item / Description ⁽²⁾	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		
	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

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