

November 20, 2015

EMAIL, COURIER & RESS

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Board Secretary

Dear Ms. Walli:

Re: Great Lakes Power Transmission LP - EB-2014-0238 - Revisions to 2016 Revenue Requirement and Updates to Account Balances and Disposition Amounts

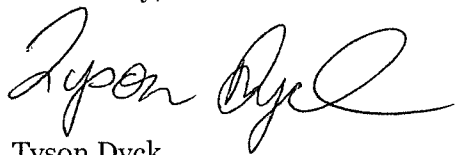
We are counsel to Great Lakes Power Transmission LP ("GLPT"). This letter is in response to Board staff's request that GLPT revise its 2016 Revenue Requirement Work Form and provide an update to its 2016 deferral account disposition amount.

GLPT filed its 2016 Revenue Requirement Work Form with the Board as part of GLPT's Settlement Agreement in EB-2014-0238. In its Decision and Order in that proceeding (the "Decision and Order"), the Board stated that, as a result of the Settlement Agreement, GLPT's 2016 Transmission Revenue Requirement will be adjusted to reflect the cost of capital parameters for 2016 when they are approved by the Board. Subsequently, on October 15, 2015, the Board issued Cost of Capital Parameter Updates for 2016 Cost of Service Applications with Rates Effective in the 2016 Calendar Year (the "Cost of Capital Update"). Further to the Decision and Order, and to reflect the Cost of Capital Update, GLPT has prepared a revised 2016 Revenue Requirement Work Form, which is attached hereto as Appendix A. Also attached as Appendix B is a brief summary calculating (i) GLPT's final 2016 Revenue Requirement and (ii) the Approved 2016 Charge Determinant (MW) for the 3 pools.

GLPT has also provided the regulatory account balance and disposition amount for use in the 2016 UTR calculation, set out in Appendix C.

Should you have any questions or concerns, please do not hesitate to contact me.

Yours truly,

A handwritten signature in black ink, appearing to read "Tyson Dyck". The signature is fluid and cursive, with the first name "Tyson" written in a larger, more prominent script than the last name "Dyck".

Tyson Dyck

Tel 416.865.8136

Fax 416.865.7380

tdyck@torys.com

cc: H. Thiessen, Board Staff
S. Seabrook, GLPT LP
D. Fecteau, GLPT LP
C. Keizer, Torys LLP
All intervenors

APPENDIX A

REVISED 2016 REVENUE REQUIREMENT WORK FORM



Version 4.00

Utility Name	
Service Territory	Great Lakes Power Transmission
Assigned EB Number	EB-2014-0238
Name and Title	Scott Seabrook, Director of Administration
Phone Number	(705) 759-7624
Email Address	sseabrook@glp.ca

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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.



Revenue Requirement Workform

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[3. Data Input Sheet](#)

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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

Data Input ⁽¹⁾

	Initial Application	(2)		(6)	Per Board Decision
1	Rate Base				
Gross Fixed Assets (average)	\$259,531,046	\$ -	\$ 259,531,046	\$ -	\$259,531,046
Accumulated Depreciation (average)	(\$41,366,782)	(5)	(\$41,366,782)	\$ -	(\$41,366,782)
Allowance for Working Capital:					
Controllable Expenses	\$11,331,876	(\$210,000)	\$ 11,121,876	\$ -	\$11,121,876
Cost of Power	\$ -	\$ -		\$ -	\$0
Working Capital Rate (%)	4.32%	(9)	4.40%	(9)	4.40% (9)
2	Utility Income				
Operating Revenues:					
Distribution Revenue at Current Rates	\$38,731,100	\$0	\$38,731,100	\$0	\$38,731,100
Distribution Revenue at Proposed Rates	\$40,230,644	(\$452,525)	\$39,778,120	\$0	\$39,778,120
Other Revenue:					
Specific Service Charges	\$ -	\$0	\$ -	\$0	\$ -
Late Payment Charges	\$ -	\$0	\$ -	\$0	\$ -
Other Distribution Revenue	\$ -	\$0	\$ -	\$0	\$ -
Other Income and Deductions	\$89,900	\$0	\$89,900	\$0	\$89,900
Total Revenue Offsets	\$ -	(7)	\$ -	\$0	\$ -
Operating Expenses:					
OM+A Expenses	\$11,331,876	(\$210,000)	\$ 11,121,876	\$ -	\$11,121,876
Depreciation/Amortization	\$9,771,327	\$ -	\$ 9,771,327	\$ -	\$9,771,327
Property taxes	\$240,424	\$ -	\$ 240,424	\$ -	\$240,424
Other expenses	\$ -	\$ -	0	\$ -	\$0
3	Taxes/PILs				
Taxable Income:	(\$2,115,011)	(3)	(\$2,115,011)		(\$2,115,011)
Adjustments required to arrive at taxable income					
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$1,608,920		\$1,569,519		\$1,569,519
Income taxes (grossed up)	\$2,189,007		\$2,135,400		\$2,135,400
Federal tax (%)	15.00%		15.00%		15.00%
Provincial tax (%)	11.50%		11.50%		11.50%
Income Tax Credits	\$ -		\$ -		\$ -
4	Capitalization/Cost of Capital				
Capital Structure:					
Long-term debt Capitalization Ratio (%)	56.0%		56.0%		56.0%
Short-term debt Capitalization Ratio (%)	4.0%	(8)	4.0%	(8)	4.0%
Common Equity Capitalization Ratio (%)	40.0%		40.0%		40.0%
Preferred Shares Capitalization Ratio (%)					
	100.0%		100.0%		100.0%
Cost of Capital					
Long-term debt Cost Rate (%)	6.87%		6.87%		6.87%
Short-term debt Cost Rate (%)	2.11%		1.65%		1.65%
Common Equity Cost Rate (%)	9.36%		9.19%		9.19%
Preferred Shares Cost Rate (%)					

Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., 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.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- (9) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.



Revenue Requirement Workform

Rate Base and Working Capital

Rate Base										
Line No.	Particulars		Initial Application						Per Board Decision	
1	Gross Fixed Assets (average)	(3)	\$259,531,046		\$ -		\$259,531,046		\$ -	\$259,531,046
2	Accumulated Depreciation (average)	(3)	(\$41,366,782)		\$ -		(\$41,366,782)		\$ -	(\$41,366,782)
3	Net Fixed Assets (average)	(3)	\$218,164,264		\$ -		\$218,164,264		\$ -	\$218,164,264
4	Allowance for Working Capital	(1)	\$489,809		(\$0)		\$489,809		\$ -	\$489,809
5	Total Rate Base		\$218,654,073		(\$0)		\$218,654,073		\$ -	\$218,654,073

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$11,331,876	(\$210,000)	\$11,121,876	\$ -	\$11,121,876
7	Cost of Power	\$ -	\$ -	\$ -	\$ -	\$ -
8	Working Capital Base	\$11,331,876	(\$210,000)	\$11,121,876	\$ -	\$11,121,876
9	Working Capital Rate % (2)	4.32%	0.08%	4.40%	0.00%	4.40%
10	Working Capital Allowance	\$489,809	(\$0)	\$489,809	\$ -	\$489,809

Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2014 cost of service applications is 13%.
- (3) Average of opening and closing balances for the year.



Revenue Requirement Workform

Utility Income

Line No.	Particulars	Initial Application				Per Board Decision	
	Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)	\$40,230,644	(\$452,525)	\$39,778,120	\$ -	\$39,778,120	
2	Other Revenue (1)	\$89,900	\$ -	\$89,900	\$ -	\$89,900	
3	Total Operating Revenues	\$40,320,544	(\$452,525)	\$39,868,020	\$ -	\$39,868,020	
	Operating Expenses:						
4	OM+A Expenses	\$11,331,876	(\$210,000)	\$11,121,876	\$ -	\$11,121,876	
5	Depreciation/Amortization	\$9,771,327	\$ -	\$9,771,327	\$ -	\$9,771,327	
6	Property taxes	\$240,424	\$ -	\$240,424	\$ -	\$240,424	
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	
9	Subtotal (lines 4 to 8)	\$21,343,627	(\$210,000)	\$21,133,627	\$ -	\$21,133,627	
10	Deemed Interest Expense	\$8,601,501	(\$40,232)	\$8,561,269	\$ -	\$8,561,269	
11	Total Expenses (lines 9 to 10)	\$29,945,128	(\$250,232)	\$29,694,896	\$ -	\$29,694,896	
12	Utility income before income taxes	\$10,375,416	(\$202,292)	\$10,173,124	\$ -	\$10,173,124	
13	Income taxes (grossed-up)	\$2,189,007	(\$53,607)	\$2,135,400	\$ -	\$2,135,400	
14	Utility net income	\$8,186,408	(\$148,685)	\$8,037,724	\$ -	\$8,037,724	

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$ -	\$ -	\$ -	\$ -	\$ -
	Late Payment Charges	\$ -	\$ -	\$ -	\$ -	\$ -
	Other Distribution Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Other Income and Deductions	\$89,900	\$ -	\$89,900	\$ -	\$89,900
	Total Revenue Offsets	\$89,900	\$ -	\$89,900	\$ -	\$89,900



Revenue Requirement Workform

Taxes/PILs

Line No.	Particulars	Application		Per Board Decision	
<u>Determination of Taxable Income</u>					
1	Utility net income before taxes	\$8,186,408		\$8,037,724	
2	Adjustments required to arrive at taxable utility income	(\$2,115,011)		(\$2,115,011)	
3	Taxable income	\$6,071,397		\$5,922,713	
<u>Calculation of Utility income Taxes</u>					
4	Income taxes	\$1,608,920		\$1,569,519	
6	Total taxes	\$1,608,920		\$1,569,519	
7	Gross-up of Income Taxes	\$580,087		\$565,881	
8	Grossed-up Income Taxes	\$2,189,007		\$2,135,400	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$2,189,007		\$2,135,400	
10	Other tax Credits	\$ -		\$ -	
<u>Tax Rates</u>					
11	Federal tax (%)	15.00%		15.00%	
12	Provincial tax (%)	11.50%		11.50%	
13	Total tax rate (%)	26.50%		26.50%	

Notes



Revenue Requirement Workform

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$122,446,281	6.87%	\$8,416,957
2	Short-term Debt	4.00%	\$8,746,163	2.11%	\$184,544
3	Total Debt	60.00%	\$131,192,444	6.56%	\$8,601,501
	Equity				
4	Common Equity	40.00%	\$87,461,629	9.36%	\$8,186,408
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$87,461,629	9.36%	\$8,186,408
7	Total	100.00%	\$218,654,073	7.68%	\$16,787,910
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$122,446,281	6.87%	\$8,416,957
2	Short-term Debt	4.00%	\$8,746,163	1.65%	\$144,312
3	Total Debt	60.00%	\$131,192,444	6.53%	\$8,561,269
	Equity				
4	Common Equity	40.00%	\$87,461,629	9.19%	\$8,037,724
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$87,461,629	9.19%	\$8,037,724
7	Total	100.00%	\$218,654,073	7.59%	\$16,598,993
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	56.00%	\$122,446,281	6.87%	\$8,416,957
9	Short-term Debt	4.00%	\$8,746,163	1.65%	\$144,312
10	Total Debt	60.00%	\$131,192,444	6.53%	\$8,561,269
	Equity				
11	Common Equity	40.00%	\$87,461,629	9.19%	\$8,037,724
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	40.00%	\$87,461,629	9.19%	\$8,037,724
14	Total	100.00%	\$218,654,073	7.59%	\$16,598,993

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

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		\$1,499,544		\$1,047,020		\$1,047,020
2	Distribution Revenue	\$38,731,100	\$38,731,100	\$38,731,100	\$38,731,100	\$38,731,100	\$38,731,100
3	Other Operating Revenue	\$89,900	\$89,900	\$89,900	\$89,900	\$89,900	\$89,900
	Offsets - net						
4	Total Revenue	\$38,821,000	\$40,320,544	\$38,821,000	\$39,868,020	\$38,821,000	\$39,868,020
5	Operating Expenses	\$21,343,627	\$21,343,627	\$21,133,627	\$21,133,627	\$21,133,627	\$21,133,627
6	Deemed Interest Expense	\$8,601,501	\$8,601,501	\$8,561,269	\$8,561,269	\$8,561,269	\$8,561,269
8	Total Cost and Expenses	\$29,945,128	\$29,945,128	\$29,694,896	\$29,694,896	\$29,694,896	\$29,694,896
9	Utility Income Before Income Taxes	\$8,875,872	\$10,375,416	\$9,126,104	\$10,173,124	\$9,126,104	\$10,173,124
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$2,115,011)	(\$2,115,011)	(\$2,115,011)	(\$2,115,011)	(\$2,115,011)	(\$2,115,011)
11	Taxable Income	\$6,760,861	\$8,260,405	\$7,011,093	\$8,058,113	\$7,011,093	\$8,058,113
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13	Income Tax on Taxable Income	\$1,791,628	\$2,189,007	\$1,857,940	\$2,135,400	\$1,857,940	\$2,135,400
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	\$7,084,244	\$8,186,408	\$7,268,164	\$8,037,724	\$7,268,164	\$8,037,724
16	Utility Rate Base	\$218,654,073	\$218,654,073	\$218,654,073	\$218,654,073	\$218,654,073	\$218,654,073
17	Deemed Equity Portion of Rate Base	\$87,461,629	\$87,461,629	\$87,461,629	\$87,461,629	\$87,461,629	\$87,461,629
18	Income/(Equity Portion of Rate Base)	8.10%	9.36%	8.31%	9.19%	8.31%	9.19%
19	Target Return - Equity on Rate Base	9.36%	9.36%	9.19%	9.19%	9.19%	9.19%
20	Deficiency/Sufficiency in Return on Equity	-1.26%	0.00%	-0.88%	0.00%	-0.88%	0.00%
21	Indicated Rate of Return	7.17%	7.68%	7.24%	7.59%	7.24%	7.59%
22	Requested Rate of Return on Rate Base	7.68%	7.68%	7.59%	7.59%	7.59%	7.59%
23	Deficiency/Sufficiency in Rate of Return	-0.50%	0.00%	-0.35%	0.00%	-0.35%	0.00%
24	Target Return on Equity	\$8,186,408	\$8,186,408	\$8,037,724	\$8,037,724	\$8,037,724	\$8,037,724
25	Revenue Deficiency/(Sufficiency)	\$1,102,165	\$ -	\$769,559	\$ -	\$769,559	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$1,499,544 (1)		\$1,047,020 (1)		\$1,047,020 (1)	

Notes:

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



Revenue Requirement Workform

Revenue Requirement

Line No.	Particulars	Application				Per Board Decision	
1	OM&A Expenses	\$11,331,876		\$11,121,876		\$11,121,876	
2	Amortization/Depreciation	\$9,771,327		\$9,771,327		\$9,771,327	
3	Property Taxes	\$240,424		\$240,424		\$240,424	
5	Income Taxes (Grossed up)	\$2,189,007		\$2,135,400		\$2,135,400	
6	Other Expenses	\$ -		\$ -		\$ -	
7	Return						
	Deemed Interest Expense	\$8,601,501		\$8,561,269		\$8,561,269	
	Return on Deemed Equity	\$8,186,408		\$8,037,724		\$8,037,724	
8	Service Revenue Requirement (before Revenues)	<u>\$40,320,544</u>		<u>\$39,868,020</u>		<u>\$39,868,020</u>	
9	Revenue Offsets	\$ -		\$ -		\$ -	
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$40,320,544</u>		<u>\$39,868,020</u>		<u>\$39,868,020</u>	
11	Distribution revenue	\$40,230,644		\$39,778,120		\$39,778,120	
12	Other revenue	\$89,900		\$89,900		\$89,900	
13	Total revenue	<u>\$40,320,544</u>		<u>\$39,868,020</u>		<u>\$39,868,020</u>	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ -</u>	(1)	<u>\$ -</u>	(1)	<u>\$ -</u>	(1)

Notes

(1) Line 11 - Line 8

APPENDIX B

FINAL 2016 GLPT REVENUE REQUIREMENT

&

APPROVED 2016 CHARGE DETERMINANTS

EB-2014-0238 Great Lakes Power Transmission LP (GLPT)

Reference: OEB Decision and Order dated December 18, 2014

Rates Rev Req for UTR effective Jan 1 2016		
<i>Approved 2016 revenue requirement</i>	A	39,778,120
<i>Add D&VA annual disposition</i>	B	787,816
2016 Rates Rev Req =	C = A+B	40,565,936

Approved Charge Determinant (MW)			
	Network	Line Connection	Transformation Connection
2016	3,498.236	2,734.624	635.252

APPENDIX C

2016 ACCOUNT BALANCES AND DISPOSITION AMOUNTS

(S's)		
Account Number	Account Description	Balance for Disbursal
1595	Three Year Liability Amount (1 Yr Remaining)	(\$699,363)
1508	Legal Claim (Comstock)	2,354,305
1508	IFRS Gains and Losses (2013-2014)	634,138
1508	EWT Variance	451,345
1508	EWT Support Costs	56,967
1575	IFRS CGAAP Transitional PP&E Amounts	(433,945)
Total Deferral Accounts		<u>\$2,363,448</u>

Account Number	Account Description	Total Disbursal	Annual Disbursal
1595	Three Year Asset Disbursement	\$2,797,393	\$932,464
1575	Three Year Transitional PP&E Disbursement	(433,945)	(144,648)
Total Disbursement		<u>\$2,363,448</u>	<u>\$787,816</u>