Grimsby Power Inc. EB - 2015 - 0072 Exhibit 6 Page 1 of 5 Filed: 2015-12-23

### 1 EXHIBIT 6 - CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

2	CONTENTS	
3	REVENUE DEFICIENCY – OVERVIEW	2
4	REVENUE REQUIREMENT	2
5	COST DRIVERS ON REVENUE DEFICIENCY	4
6	APPENDIX 6 - A - REVENUE REQUIREMENT WORK FORM	

### **EXHIBIT 6 – CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY**

### REVENUE DEFICIENCY – OVERVIEW

Grimsby Power's net revenue deficiency is \$1,375,957. When grossed up for PILs, Grimsby Power's revenue deficiency is \$1,872,051. This deficiency is calculated as the difference between the 2016 Test Year Revenue Requirement of \$6,574,945 and the Forecast 2016 Test Year Revenue, based on the 2015 approved rates, at \$4,702,894. Table 6-1 on the following page provides the revenue deficiency calculations. The table also includes the determination of net utility income, statement of rate base, the utility return on rate base at existing rates and the requested rate of return on rate base in this application. Further details on these items are provided in the pdf version of the Revenue Requirement Work Form ("RRWF") – Appendix A filed as part of this Exhibit 6. A live Microsoft Excel version of the RRWF has also been filed with this Application.

### REVENUE REQUIREMENT

- 14 Grimsby Power's revenue requirement consists of the following:
  - Administrative & General, Billing & Collecting Expense
  - Operation & Maintenance Expense
- 17 Depreciation Expense
- 18 Property Taxes
- 19 PILs

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- 20 Deemed Interest & Return on Equity
- 21 Grimsby Power's revenue requirement is primarily received through electricity distribution
- rates with supplemental revenue from Board-approved specific service charges such as late
- payment charges and other miscellaneous charges.

### Table 6-1 Revenue Deficiency Calculation

Revenue Revenue Deficiency Distribution Revenue Other Operating Revenue (Net) Total Revenue Costs and Expenses Administrative & General, Billing & Collecting Operation & Maintenance Donations - LEAP Depreciation & Amortization Property Taxes Deemed Interest Total Costs and Expenses  Utility Income Before Income Taxes Total Income Taxes Utility Net Income	2015 Bridge Actual  4,673,008 296,461 4,969,469  1,809,000 1,424,500 4,662 853,578 27,000 649,708 4,768,448  201,021  -32,413 -32,413 -32,413	2016 Test - Required Revenue  1,872,051 4,401,305 301,588 6,574,945  2,282,367 1,642,996 7,528 1,000,584 27,594 627,153 5,588,221  986,723  69,211 69,211 917,512
Revenue Revenue Deficiency Distribution Revenue Other Operating Revenue (Net) Total Revenue  Costs and Expenses Administrative & General, Billing & Collecting Operation & Maintenance Donations - LEAP Depreciation & Amortization Property Taxes Deemed Interest Total Costs and Expenses  Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	4,673,008 296,461 4,969,469 1,809,000 1,424,500 4,662 853,578 27,000 649,708 4,768,448 201,021	1,872,051 4,401,305 301,588 6,574,945  2,282,367 1,642,996 7,528 1,000,584 27,594 627,153 5,588,221  986,723
Revenue Deficiency Distribution Revenue Other Operating Revenue (Net)  Total Revenue  Costs and Expenses Administrative & General, Billing & Collecting Operation & Maintenance Donations - LEAP Depreciation & Amortization Property Taxes Deemed Interest  Total Costs and Expenses  Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	296,461 4,969,469 1,809,000 1,424,500 4,662 853,578 27,000 649,708 4,768,448 201,021 -32,413 -32,413	4,401,305 301,588 6,574,945  2,282,367 1,642,996 7,528 1,000,584 27,594 627,153 5,588,221  986,723
Distribution Revenue Other Operating Revenue (Net) Total Revenue  Costs and Expenses Administrative & General, Billing & Collecting Operation & Maintenance Donations - LEAP Depreciation & Amortization Property Taxes Deemed Interest Total Costs and Expenses  Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	296,461 4,969,469 1,809,000 1,424,500 4,662 853,578 27,000 649,708 4,768,448 201,021 -32,413 -32,413	4,401,305 301,588 6,574,945  2,282,367 1,642,996 7,528 1,000,584 27,594 627,153 5,588,221  986,723
Other Operating Revenue (Net)  Total Revenue  Costs and Expenses Administrative & General, Billing & Collecting Operation & Maintenance Donations - LEAP Depreciation & Amortization Property Taxes Deemed Interest  Total Costs and Expenses  Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	296,461 4,969,469 1,809,000 1,424,500 4,662 853,578 27,000 649,708 4,768,448 201,021 -32,413 -32,413	301,588 6,574,945 2,282,367 1,642,996 7,528 1,000,584 27,594 627,153 5,588,221 986,723 69,211 69,211
Total Revenue  Costs and Expenses Administrative & General, Billing & Collecting Operation & Maintenance Donations - LEAP Depreciation & Amortization Property Taxes Deemed Interest Total Costs and Expenses  Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	4,969,469  1,809,000 1,424,500 4,662 853,578 27,000 649,708 4,768,448  201,021  -32,413 -32,413	6,574,945  2,282,367 1,642,996 7,528 1,000,584 27,594 627,153 5,588,221  986,723
Costs and Expenses Administrative & General, Billing & Collecting Operation & Maintenance Donations - LEAP Depreciation & Amortization Property Taxes Deemed Interest Total Costs and Expenses Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	1,809,000 1,424,500 4,662 853,578 27,000 649,708 4,768,448 201,021	2,282,367 1,642,996 7,528 1,000,584 27,594 627,153 5,588,221 986,723
Administrative & General, Billing & Collecting Operation & Maintenance Donations - LEAP Depreciation & Amortization Property Taxes Deemed Interest Total Costs and Expenses Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	1,424,500 4,662 853,578 27,000 649,708 4,768,448 201,021	1,642,996 7,528 1,000,584 27,594 627,153 5,588,221 986,723
Operation & Maintenance Donations - LEAP Depreciation & Amortization Property Taxes Deemed Interest Total Costs and Expenses Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	1,424,500 4,662 853,578 27,000 649,708 4,768,448 201,021	1,642,996 7,528 1,000,584 27,594 627,153 5,588,221 986,723
Donations - LEAP Depreciation & Amortization Property Taxes Deemed Interest Total Costs and Expenses Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	4,662 853,578 27,000 649,708 4,768,448 201,021 -32,413 -32,413	7,528 1,000,584 27,594 627,153 5,588,221 986,723
Depreciation & Amortization Property Taxes Deemed Interest Total Costs and Expenses Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	853,578 27,000 649,708 4,768,448 201,021 -32,413 -32,413	1,000,584 27,594 627,153 <b>5,588,221</b> <b>986,723</b> 69,211 <b>69,211</b>
Property Taxes Deemed Interest Total Costs and Expenses Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	27,000 649,708 4,768,448 201,021 -32,413 -32,413	27,594 627,153 <b>5,588,221</b> <b>986,723</b> 69,211 <b>69,211</b>
Deemed Interest Total Costs and Expenses Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	649,708 4,768,448 201,021 -32,413 -32,413	627,153 5,588,221 986,723 69,211 69,211
Total Costs and Expenses  Utility Income Before Income Taxes  Income Taxes:  Corporate Income Taxes  Total Income Taxes	4,768,448 201,021 -32,413 -32,413	5,588,221 986,723 69,211 69,211
Utility Income Before Income Taxes Income Taxes: Corporate Income Taxes Total Income Taxes	201,021 -32,413 -32,413	986,723 69,211 69,211
Income Taxes:  Corporate Income Taxes  Total Income Taxes	-32,413 -32,413	69,211 <b>69,211</b>
Corporate Income Taxes Total Income Taxes	-32,413	69,211
Corporate Income Taxes Total Income Taxes	-32,413	69,211
Total Income Taxes	-32,413	69,211
Utility Net Income	233,433	917,512
Income Tax Expense Calculation:		
Accounting Income	201,021	986,723
Tax Adjustments to Accounting Income	-323,333	†
Taxable Income	-122,312	-725,549 261,174
Income tax expense before credits	-32,413	69,211
Credits	0	03,211
Income Tax Expense	-32,413	69,211
Tax Rate Refecting Tax Credits	26.50%	26.50%
Actual Return on Rate Base:		
Rate Base	26,195,379	24,959,518
Interest Expense	649,708	627,153
Net Income	233,433	917,512
Total Actual Return on Rate Base	883,141	1,544,665
Actual Return on Rate Base	3.37%	6.19%
Danisha d Datum an Data Danis		
Required Return on Rate Base: Rate Base	26,195,379	24,959,518
Nate Base	20,130,073	24,000,010
Return Rates:		
Return on Debt (Weighted)	4.34%	4.19%
Return on Equity	9.42%	9.19%
Deemed Interest Expense	682,306	627,153
Return On Equity	987,042	917,512
Total Return	1,669,348	1,544,665
TOTAL INSTALL	1,009,340	1,044,000
Expected Return on Rate Base	6.37%	6.19%
Revenue Deficiency After Tax	786,207	-0
Revenue Deficiency Before Tax	1,069,669	-0

### **COST DRIVERS ON REVENUE DEFICIENCY**

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Table 6-2 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 6-1 allocated to the revenue requirement component based on the proportions in Column A. 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 between Column C and Column B which provides an estimate of the revenue requirement components for the revenue deficiency of \$1,872,051.

Table 6-2
Revenue Deficiency by Revenue Requirement Component

Service Revenue Requirement	2012 Approved (A)	2016 Revenue at Existing Rates Allocated in Proportion to 2012 Approved (B)	2016 Proposed (C)	Revenue Deficiency (D)=(C)-(B)
OM&A	2,407,163	2,705,061	3,925,363	1,220,302
LEAP	4,117	4,626	7,528	2,902
Property Tax	27,540	30,948	27,594	- 3,354
Depreciation	692,103	777,754	1,000,584	222,830
Return on Rate Base	1,063,215	1,194,793	1,544,665	349,872
PILs	37,898		69,211	69,211
TOTAL	4,232,036	4,713,183	6,574,945	1,861,762
				Difference
				(D)=(C)-(A)
Rate Base	16,641,297		24,959,518	8,318,221

There are three main contributors to the Revenue Deficiency of \$1,867,762 for the 2016

Test Year:

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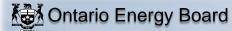
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- The first contributor is the cost increases in OM&A as detailed in Exhibit 4. The increase in OM&A from the 2012 Board approved amount to the 2016 proposed amount is \$1,526,851 as explained in Exhibit 4, Table 4-2. (Please see Appendices 2-JA, 2-JB and 2-JC and the supporting explanation for the increase of \$1,518,200 in OM&A since 2012). Based on the information shown in Table 6-2, \$297,898 (\$1,518,200 minus \$1,220,302) of the increase is included in revenue at existing rates and the remaining \$1,220,302 contributes to the revenue deficiency.
- The second relates to the increase in Return on Rate Base as detailed in Exhibit 2, Table 2-1. The increase in the Return on Rate Base from the 2012 Board-approved amount to the 2016 proposed amount is \$481,450, from which \$131,578 is included in the revenue at existing rates and the remaining \$349,872 contributes to the revenue deficiency.
- The third relates to the increase in Depreciation Expenses as detailed in Appendix 2-CF. The increase in depreciation from the 2012 Board-approved amount to the 2016 proposed amount is \$308,481, from which \$85,651 is included in the revenue at existing rates and the remaining \$222,830 contributes to the Revenue Deficiency. Grimsby Power Inc evidence shows that the increase in the Test Year Depreciation Expense is largely due to the added Depreciation Expense from the change in Net Fixed Assets between 2012 and 2016.
- As shown in Table 6-2, LEAP, Property Tax PILs do not have a material impact on the Revenue Deficiency.

Grimsby Power Inc. EB - 2015 - 0072 Exhibit 6 Appendix Filed: 2015-12-23

APPENDIX 6 - A - REVENUE REQUIREMENT WORK FORM

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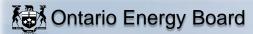


Version 6.00

<b>Utility Name</b>	Grimsby Power Inc.	
Service Territory	Town of Grimsby	
Assigned EB Number	EB-2015-0072	
Name and Title	Amy La Selva	
Phone Number	905-945-5437	
Email Address	amyl@grimsbypower.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:

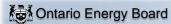
(1) Pale green cells represent inputs

(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)	\$28,891,122		\$	28,891,122		\$28,891,122	
	Accumulated Depreciation (average)	(\$6,015,294)	(5)		(\$6,015,294)		(\$6,015,294)	
	Allowance for Working Capital:			_				
	Controllable Expenses Cost of Power	\$3,937,404		\$	3,937,404		\$3,937,404	
	Working Capital Rate (%)	\$23,845,118 7.50%	(0)	\$	23,845,118 7.50%	(0)	\$23,845,118 7.50%	(0)
	Working Capital Nate (70)	7.5076	(9)		7.50%	(3)	7.50 /6	(3)
2	Utility Income							
	Operating Revenues:	04 404 005						
	Distribution Revenue at Current Rates Distribution Revenue at Proposed Rates	\$4,401,305 \$6,273,356						
	Other Revenue:	\$0,273,330						
	Specific Service Charges	\$72,450						
	Late Payment Charges	\$60,000						
	Other Distribution Revenue	\$ -						
	Other Income and Deductions	\$169,138						
	Total Revenue Offsets	\$301,588	(7)					
		φ301,300	(/)					
	Operating Expenses:							
	OM+A Expenses	\$3,925,363		\$	3,925,363		\$3,925,363	
	Depreciation/Amortization	\$1,000,584		\$	1,000,584		\$1,000,584	
	Property taxes Other expenses	\$27,594 \$7,528		\$	27,594 7528		\$27,594 \$7,528	
	Other expenses	φ1,520			7526		φ <i>1</i> ,320	
3	Taxes/PILs							
	Taxable Income:	(*						
	Adjustments required to arrive at taxable income	(\$725,549)	(3)					
	Utility Income Taxes and Rates:							
	Income taxes (not grossed up)	\$50,870						
	Income taxes (grossed up)	\$69,211						
	Federal tax (%)	15.00%						
	Provincial tax (%)	11.50%						
	Income Tax Credits							
4	Capitalization/Cost of Capital							
	Capital Structure:							
	Long-term debt Capitalization Ratio (%)	56.0%	(0)			(0)		(8)
	Short-term debt Capitalization Ratio (%) Common Equity Capitalization Ratio (%)	4.0% 40.0%	(8)			(8)		(8)
	Prefered Shares Capitalization Ratio (%)	40.0%						
	(,,,	100.0%						
		. 2 310 70						
	Cost of Capital Long-term debt Cost Rate (%)	4.070/						
	Short-term debt Cost Rate (%)	4.37% 1.65%						
	Common Equity Cost Rate (%)	9.19%						
	Prefered Shares Cost Rate (%)	2.1070						

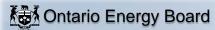
### Notes:

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.

- 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., (1)
- use colimn M and Adjustments in column I
- Net of addbacks and deductions to arrive at taxable income.
- (3) (4) (5)
  - 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.
- (7) 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**

#### 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)	\$28,891,122 (\$6,015,294) \$22,875,829	\$ - \$ - \$ -	\$28,891,122 (\$6,015,294) \$22,875,829	\$ - \$ - \$ -	\$28,891,122 (\$6,015,294) \$22,875,829
4	Allowance for Working Capital	_(1)	\$2,083,689	<u> </u>	\$2,083,689	\$ -	\$2,083,689
5	Total Rate Base	_	\$24,959,518	\$-	\$24,959,518	<u> </u>	\$24,959,518

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

Controllable Expenses		\$3,937,404	\$ -	\$3,937,404	\$ -	\$3,937,404
Cost of Power		\$23,845,118	\$ -	\$23,845,118	\$ -	\$23,845,118
Working Capital Base		\$27,782,522	\$ -	\$27,782,522	\$ -	\$27,782,522
Working Capital Rate %	(2)	7.50%	0.00%	7.50%	0.00%	7.50%
Working Capital Allowance	=	\$2,083,689	<del></del>	\$2,083,689	<del></del>	\$2,083,689

### Notes (2)

(3)

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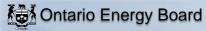
Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2016 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015. Alternatively, a utility could conduct and file its own lead-lag study.

Average of opening and closing balances for the year.



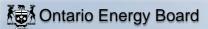
### **Utility Income**

Line No.	Particulars	Initial Application				Per Board Decision
1	Operating Revenues: Distribution Revenue (at Proposed Rates) Other Revenue	\$6,273,356 (1) \$301,588	(\$6,273,356) (\$301,588)	\$ - \$ -	\$ - <u>\$ -</u>	\$ - \$ -
3	Total Operating Revenues	\$6,574,945	(\$6,574,945)	<u> </u>	<u> </u>	\$ -
4 5 6 7 8 9 10 11	Operating Expenses: OM+A Expenses Depreciation/Amortization Property taxes Capital taxes Other expense Subtotal (lines 4 to 8) Deemed Interest Expense Total Expenses (lines 9 to 10) Utility income before income taxes	\$3,925,363 \$1,000,584 \$27,594 \$- \$7,528 \$4,961,069 \$627,153 \$5,588,221	\$ - \$ - \$ - \$ - \$ - (\$627,153) (\$627,153)	\$3,925,363 \$1,000,584 \$27,594 \$- \$7,528 \$4,961,069 \$- \$4,961,069	\$ - \$ - \$ - \$ - \$ - \$ - \$ -	\$3,925,363 \$1,000,584 \$27,594 \$- \$7,528 \$4,961,069 \$- \$4,961,069
13	Income taxes (grossed-up)	\$69,211	\$ -	\$69,211	\$ -	\$69,211
14	Utility net income	\$917,512	(\$5,947,792)	(\$5,030,280)	<u> </u>	(\$5,030,280)
Notes	Other Revenues / Reve Specific Service Charges Late Payment Charges	\$72,450 \$60,000		\$ - \$ -		\$ - \$ -
	Other Distribution Revenue Other Income and Deductions	\$ - \$169,138		\$ - \$ -		\$ - \$ -
	Total Revenue Offsets	\$301,588	<u> </u>	\$ -	<u> </u>	<u>\$ -</u>



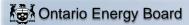
### Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
	<b>Determination of Taxable Income</b>			
1	Utility net income before taxes	\$917,512	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$725,549)	\$ -	(\$725,549)
3	Taxable income	\$191,963	<u> </u>	(\$725,549)
	Calculation of Utility income Taxes			
4	Income taxes	\$50,870	\$50,870	\$50,870
6	Total taxes	\$50,870	\$50,870	\$50,870
7	Gross-up of Income Taxes	\$18,341	\$18,341	\$18,341
8	Grossed-up Income Taxes	\$69,211	\$69,211	\$69,211
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$69,211	\$69,211	\$69,211
10	Other tax Credits	\$ -	\$ -	\$ -
	<u>Tax Rates</u>			
11 12 13	Federal tax (%) Provincial tax (%) Total tax rate (%)	15.00% 11.50% 26.50%	15.00% 11.50% 26.50%	15.00% 11.50% 26.50%
Notes				



### Capitalization/Cost of Capital

Line No.	Particulars	Capitaliz	ation Ratio	Cost Rate	Return
		Initial A	pplication		
	Debt	(%)	(\$)	(%)	(\$)
1	Long-term Debt	56.00%	\$13,977,330	4.37%	\$610,680
2	Short-term Debt	4.00%	\$998,381	1.65%	\$16,473
3	Total Debt	60.00%	\$14,975,711	4.19%	\$627,153
	Fte.				
4	Equity  Common Equity	40.00%	\$9,983,807	9.19%	\$917,512
5	Preferred Shares	0.00%	\$ -	0.00%	\$-
6	Total Equity	40.00%	\$9,983,807	9.19%	\$917,512
-	Tatal	400,000/	\$04.050.540	<del></del>	Φ4.544.005
7	Total	100.00%	\$24,959,518	6.19%	\$1,544,665
		(%)	(\$)	(%)	(\$)
	Debt	(70)	(Ψ)	(70)	(Ψ)
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	<u> </u>	0.00%	<u>    \$ -</u>
3	Total Debt	0.00%	<u> </u>	0.00%	\$ -
	Equity				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	<u>\$ -</u>
7	Total	0.00%	\$24,959,518	0.00%	\$ -
		Per Boar	rd Decision		
		(%)	(\$)	(%)	(\$)
•	Debt Debt	0.000/	Φ.	4.070/	•
8 9	Long-term Debt Short-term Debt	0.00% 0.00%	\$ - \$ -	4.37% 1.65%	\$ - \$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Familia				
11	Equity  Common Equity	0.00%	\$ -	9.19%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$-
13	Total Equity	0.00%	\$-	0.00%	\$-
		<del></del>		<del></del>	
14	Total	0.00%	\$24,959,518	0.00%	\$ -
Notes (1)			filed. For updated revenu , etc., use colimn M and A		

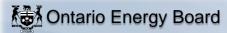


### **Revenue Deficiency/Sufficiency**

		Initial Appli	cation			Per Board D	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	\$4,401,305 \$301,588	\$1,872,051 \$4,401,305 \$301,588	\$4,401,305 \$ -	\$298,171 \$5,975,185 \$ -	\$ - \$ -	\$4,961,069 (\$4,961,069) \$ -
4	Total Revenue	\$4,702,894	\$6,574,945	\$4,401,305	\$6,273,356	\$ -	\$ -
5 6 8	Operating Expenses Deemed Interest Expense Total Cost and Expenses	\$4,961,069 \$627,153 \$5,588,221	\$4,961,069 \$627,153 \$5,588,221	\$4,961,069 \$ - \$4,961,069	\$4,961,069 \$ - \$4,961,069	\$4,961,069 \$ - \$4,961,069	\$4,961,069 \$ - \$4,961,069
9	Utility Income Before Income Taxes	(\$885,328)	\$986,723	(\$559,763)	\$1,312,288	(\$4,961,069)	(\$4,961,069)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$725,549)	(\$725,549)	(\$725,549)	(\$725,549)	\$ -	\$ -
11	Taxable Income	(\$1,610,876)	\$261,174	(\$1,285,312)	\$586,739	(\$4,961,069)	(\$4,961,069)
12 13	Income Tax Rate Income Tax on Taxable Income	26.50% (\$426,882)	26.50% \$69,211	26.50% (\$340,608)	26.50% \$155,486	26.50% (\$1,314,683)	26.50% (\$1,314,683)
14 15	Income Tax Credits Utility Net Income	\$ - (\$458,445)	\$ - \$917,512	\$ - (\$219,155)	\$ - (\$5,030,280)	\$ - (\$3,646,385)	\$ - (\$5,030,280)
16	Utility Rate Base	\$24,959,518	\$24,959,518	\$24,959,518	\$24,959,518	\$24,959,518	\$24,959,518
17	Deemed Equity Portion of Rate Base	\$9,983,807	\$9,983,807	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	-4.59%	9.19%	0.00%	0.00%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.19%	9.19%	0.00%	0.00%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-13.78%	0.00%	0.00%	0.00%	0.00%	0.00%
21 22	Indicated Rate of Return Requested Rate of Return on Rate Base	0.68% 6.19%	6.19% 6.19%	-0.88% 0.00%	0.00% 0.00%	-14.61% 0.00%	0.00% 0.00%
23	Deficiency/Sufficiency in Rate of Return	-5.51%	0.00%	-0.88%	0.00%	-14.61%	0.00%
24 25 26	Target Return on Equity Revenue Deficiency/(Sufficiency) Gross Revenue Deficiency/(Sufficiency)	\$917,512 \$1,375,957 \$1,872,051 <b>(1)</b>	\$917,512 (\$0)	\$ - \$219,155 \$298,171 <b>(1)</b>	\$ - \$ -	\$ - \$3,646,385 \$4,961,069 <b>(1)</b>	\$ - \$ -

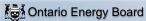
### Notes: (1)

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



### **Revenue Requirement**

Line No.	Particulars	Application				Per Board Decision	
1	OM&A Expenses	\$3,925,363		\$3,925,363		\$3,925,363	
2	Amortization/Depreciation	\$1,000,584		\$1,000,584		\$1,000,584	
3	Property Taxes	\$27,594		\$27,594		\$27,594	
5	Income Taxes (Grossed up)	\$69,211		\$69,211		\$69,211	
6	Other Expenses	\$7,528		\$7,528		\$7,528	
7	Return	* **		* /		* /	
•	Deemed Interest Expense	\$627,153		\$ -		\$ -	
	Return on Deemed Equity	\$917,512		\$ -		\$ -	
8	Service Revenue Requirement						
	(before Revenues)	\$6,574,945		\$5,030,280		\$5,030,280	
9	Revenue Offsets	\$301,588		<u> </u>		\$ -	
10	Base Revenue Requirement	\$6,273,356		\$5,030,280		\$5,030,280	
	(excluding Tranformer Owership Allowance credit adjustment)	_					
11	Distribution revenue	\$6,273,356		\$ -		\$ -	
12	Other revenue	\$301,588		<u> </u>		\$ -	
13	Total revenue	\$6,574,945		\$ -		\$ -	
14	Difference (Total Revenue Less Distribution Revenue Requirement						
	before Revenues)	(\$0)	(1)	(\$5,030,280)	(1)	(\$5,030,280)	(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.

(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

Γ			Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
F	Reference <sup>(1)</sup>	Item / Description <sup>(2)</sup>	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)		Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues		
		Original Application	\$ 1,544,665	6.19%	\$ 24,959,518	\$ 27,782,522	\$ 2,083,689	\$ 1,000,584	\$ 69,211	\$ 3,925,363	\$ 6,574,945	\$ 301,588	\$ 6,273,356	\$ 1,872,051