



MILTON HYDRO DISTRIBUTION INC.

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February 9, 2016

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Young Street
27th Floor
Toronto, ON
M4P 1E4

**Re: OEB File No. EB-2015-0089
Milton Hydro Distribution Inc. ED-2003-0014
Settlement Proposal**

Please find enclosed an electronic copy of Milton Hydro's Settlement Proposal for its 2016 Cost of Service Rate Application. Live Excel models have been filed through the RESS. Two hard copies of the Settlement Proposal will follow by courier under separate cover.

Yours truly,

Original signed by

Cameron McKenzie
Director, Regulatory Affairs
Milton Hydro Distribution Inc.

cc: Intervenor of Record

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, 3 Schedule B, as amended (the “OEB Act”);

AND IN THE MATTER OF an Application by Milton Hydro Distribution Inc. under Section 78 of the OEB Act to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2016.

MILTON HYDRO DISTRIBUTION INC. (“Milton Hydro”)

**APPLICATION FOR APPROVAL OF 2016 ELECTRICITY
DISTRIBUTION RATES**

EB-2015-0089

SETTLEMENT PROPOSAL

Filed: February 9, 2016

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SETTLEMENT PROPOSAL

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LIVE EXCEL MODELS

The following live excel models have been filed together with and form an integral part of this Settlement Proposal:

- MILTON_EB-2015-0089_SettlementP_COP_Forecast_2016_20160209.xls
- MILTON_EB-2015-0089_SettlementP_Weather_Normalization_Regression
Model_2016_by_customer_class_20160209
- MILTON_EB-2015-0089_SettlementP_2016_RTSM_MODEL_V4_0_20160209
- MILTON_EB-2015-0089_SettlementP_2016_Rev_Reqt_Work_Form_V6_20160209
- MILTON_EB-2015-0089_SettlementP_2016_Cost_Allocation_Model_V3_20160209
- MILTON_EB-2015-0089_SettlementP_2016_EDDVAR_Continuity_Schedule_20160209
- MILTON_EB-2015-0089_SettlementP_2016_Bill_Impacts_by_Rate_Class_20160209

**Milton Hydro Distribution Inc.
EB-2015-0089
Settlement Proposal
Filed with the Ontario Energy Board: February 9, 2016**

1 Milton Hydro Distribution Inc. (the “Applicant” or “Milton Hydro”) filed a cost of service application
2 with the Ontario Energy Board (the “OEB”) on August 28, 2015 under section 78 of the
3 *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) (the “Act”), seeking
4 approval for changes to the rates that Milton Hydro charges for electricity distribution, to be
5 effective May 1, 2016 (OEB File Number EB-2015-0089) (the “Application”).

6 The OEB issued a Notice to Customers of Milton Hydro Distribution Inc. dated September 24,
7 2015. In Procedural Order No. 1, dated November 9, 2015, the OEB set out dates for a
8 Presentation Day to the OEB, OEB staff and intervenors; written interrogatories; Milton Hydro’s
9 responses to interrogatories; Settlement Conference dates; and outlined the timetable of the
10 various other elements in the proceeding. In addition to PO #1, the OEB set a Community Event
11 in which customers may attend and learn about Milton Hydro’s Application.

12 Following the receipt of interrogatories, Milton Hydro filed its interrogatory responses with the
13 OEB on December 18, 2015 and filed responses to VECC and Energy Probe clarifying
14 questions on January 23, 2016.

15 On January 6, 2016 the OEB issued Procedural Order No. 2 rescheduling the dates for the
16 Settlement Conference to January 25, 26 and 27, 2016.

17 On January 13, 2016 OEB staff submitted a proposed issues list as agreed to by the parties. On
18 January 20, 2016 the OEB issued its decision on the proposed issues list. In addition to
19 approving the list submitted by OEB staff the OEB added “compatibility with historical
20 expenditures” and revised the issue “benchmarking of costs” to read “compatibility with
21 applicable benchmarks” to each of sections 1.1 Capital and 1.2 OM&A. The OEB also confirmed
22 that a settlement conference would occur in accordance with Procedural Order No. 2.

23 This Settlement Proposal is filed with the OEB in connection with the Application.

24 Further to the OEB’s Procedural Order No. 2 and its Issues List Decision, a Settlement
25 Conference was convened on January 25 and 26, 2016 in accordance with the OEB’s Rules of
26 Practice and Procedure (the “Rules”) and the OEB’s Practice Direction on Settlement
27 Conferences (the “Practice Direction”). Mr. Jim Faught acted as facilitator for the Settlement
28 Conference.

1 Milton Hydro and the following intervenors (the “Intervenors”), participated in the Settlement
2 Conference:

3 Energy Probe Research Foundation (“Energy Probe”);

4 School Energy Coalition (“SEC”); and

5 Vulnerable Energy Consumers Coalition (“VECC”).

6 Milton Hydro and the Intervenors are collectively referred to below as the “Parties”.

7 Ontario Energy Board staff (“OEB staff”) also participated in the Settlement Conference. The
8 role adopted by OEB staff is set out in page 5 of the Practice Direction. Although OEB staff is
9 not a party to this Settlement Proposal, as noted in the Practice Direction, OEB staff who did
10 participate in the settlement conference are bound by the same confidentiality and privilege
11 rules that apply to the Parties to the proceeding.

12 This document is called a “Settlement Proposal” because it is a proposal by the Parties to the
13 OEB to settle the issues in this proceeding. It is termed a proposal as between the Parties
14 and the OEB. However, as between the Parties, and subject only to the OEB’s approval of
15 this Settlement Proposal, this document is intended to be a legal agreement, creating mutual
16 obligations, and binding and enforceable in accordance with its terms. As set forth later in this
17 Preamble, this agreement is subject to a condition subsequent, that if it is not accepted by the
18 OEB in its entirety, then unless amended by the Parties it is null and void and of no further
19 effect. In entering into this agreement, the Parties understand and agree that, pursuant to the
20 Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of
21 the terms hereof.

22 These settlement proceedings are subject to the rules relating to privilege contained in the
23 Practice Direction. The Parties acknowledge that this settlement proceeding is confidential
24 in accordance with the OEB’s Practice Direction on Settlement Conferences. The Parties
25 understand that confidentiality in that context does not have the same meaning as
26 confidentiality in the OEB’s Practice Direction on Confidential Filings, and the rules of that
27 latter document do not apply. Instead, in this settlement conference, and in this Agreement,
28 the Parties have interpreted “confidential” to mean that the documents and other information
29 provided during the course of the settlement proceeding, the discussion of each issue, the
30 offers and counter-offers, and the negotiations leading to the settlement – or not – of each
31 issue during the settlement conference are strictly privileged and without prejudice. None of

1 the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception, the
2 need to resolve a subsequent dispute over the interpretation of any provision of this Settlement
3 Proposal. Further, the Parties shall not disclose those documents or other information to
4 persons who were not attendees at the settlement conference. However, the Parties agree
5 that "attendees" is deemed to include, in this context, persons who were not physically in
6 attendance at the settlement conference but were a) any persons or entities that the Parties
7 engage to assist them with the settlement conference, and b) any persons or entities from whom
8 they seek instructions with respect to the negotiations; in each case provided that any such
9 persons or entities have agreed to be bound by the same confidentiality provisions.

10 This Settlement Proposal provides a brief description of each of the settled and partially settled
11 issues, as applicable, together with references to the evidence. The Parties agree that
12 references to the "evidence" in this Settlement Proposal shall, unless the context otherwise
13 requires, include (a) additional information included by the Parties in this Settlement
14 Proposal, and (b) the Appendices to this document. The supporting Parties for each settled
15 and partially settled issue, as applicable, agree that the evidence in respect of that settled or
16 partially settled issue, as applicable, is sufficient in the context of the overall settlement to
17 support the proposed settlement, and the sum of the evidence in this proceeding provides an
18 appropriate evidentiary record to support acceptance by the OEB of this Settlement Proposal.
19 The Parties agree that references to the evidence in this Settlement Proposal shall, unless the
20 context otherwise requires, include, in addition to the Application, the responses to
21 interrogatories, clarifying questions, and all other components of the record up to and
22 including the date hereof, including additional information included by the Parties in this
23 Settlement Proposal and the Appendices to this document.

24 There are Appendices to this Settlement Proposal which provide further support for the
25 proposed settlement. The Parties acknowledge that the Appendices were prepared by Milton
26 Hydro. While the Intervenors have reviewed the Appendices, the Intervenors are relying on the
27 accuracy of the underlying evidence in entering into this Settlement Proposal.

28 For ease of reference, this Settlement Proposal follows the format of the final approved Issues
29 List.

30 The Parties are pleased to advise the OEB that the Parties have reached a partial agreement
31 with respect to some of the issues in this proceeding. Specifically:

<p>“Complete Settlement” means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the OEB, the Parties will not adduce any evidence or argument during the oral hearing in respect of these issues.</p>	<p># issues settled:</p> <p>Five</p>
<p>“Partial Settlement” means an issue for which there is partial settlement, as Milton Hydro and the Intervenors who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the OEB, the Parties who take any position on the issue will only adduce evidence and argument during the hearing on those portions of the issues not addressed in this Settlement Proposal.</p>	<p># issues partially settled:</p> <p>Four</p>
<p>“No Settlement” means an issue for which no settlement was reached. Milton Hydro and the Intervenors who take a position on the issue will adduce evidence and/or argument at the hearing on the issue.</p>	<p># issues not settled:</p> <p>One</p>

If applicable, a Party who is noted as taking no position on an issue may or may not have participated in the discussion on that particular issue, but in either case such Party takes no position a) on the settlement reached, and b) on the sufficiency of the evidence filed to date.

According to the Practice Direction (p. 3), the Parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. These adjustments are specifically set out in the text of the Settlement Proposal.

The Parties have settled the issues as a package, and none of the parts of this Settlement Proposal are severable. If the OEB does not accept this Settlement Proposal in its entirety, then there is no settlement (unless the Parties agree in writing that any part(s) of this Settlement Proposal that the OEB does accept may continue as a valid settlement without inclusion of any part(s) that the OEB does not accept).

In the event that the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that all of the Parties who took on a position on a particular issue must agree with any

1 revised Settlement Proposal as it relates to that issue prior to its resubmission to the OEB.

2 Unless stated otherwise, the settlement of any particular issue in this proceeding and the
3 positions of the Parties in this Settlement Proposal are without prejudice to the rights of Parties
4 to raise the same issue and/or to take any position thereon in any other proceeding, whether
5 or not Milton Hydro is a party to such proceeding, provided that no Party shall take a position that
6 would result in this Agreement not applying in accordance with the terms contained herein.

7 Where in this Agreement, the Parties or any of them “accept” the evidence of Milton Hydro,
8 or “agree” to a revised term or condition, including a revised budget or forecast, then unless
9 the Agreement expressly states to the contrary, the words “for the purpose of settlement of the
10 issues herein” shall be deemed to qualify that acceptance or agreement.

SUMMARY

In reaching this settlement, the Parties have been guided by the Filing Requirements for 2016 rates and the approved Issues List.

This Settlement Proposal reflects a partial settlement of the issues in this proceeding.

The issues not settled and the proposed method of hearing the issues and the reasons are as follows:

- The value of the Capital addition of the new building at 200 Chisholm Drive, Milton, Ontario. The Parties agree that this issue should be dealt with by way of an oral hearing;
- OM&A – the Parties agree that this issue should be dealt with by way of an oral hearing due to the complexity of the components included in the OM&A; and
- Recovery of the 2011 – 2014 LRAMVA. The parties agree that this issue should be dealt with by way of a written hearing, as the subject matter of the disagreement among the Parties relates to the calculation of the kW demand to be used in the calculation of the LRAMVA, and the facts needed to address this issue are already publicly available.

The Parties note that the following Tables, Appendix A, Appendix B, Appendix C and the live Excel models represent the evidence and the settlement between the Parties at the time of filing the Agreement, but that some of the evidence may need to be updated subject to the Board's determination of unsettled issues, as discussed below.

The Board's determination of the issues related to the Milton Hydro facilities on Chisholm Drive and the OM&A budget to be included in revenue requirement are expected to have other impacts on revenue requirement – for example, a change in the OM&A budget will result in changes to the WCA and rate base, and through those components changes to the cost of capital and PILs. All aspects of this Settlement Proposal are subject to the normal impacts that would arise on a change in capital additions and OM&A.

This Agreement will allow Milton Hydro to continue to make the necessary capital investments to maintain the safety and reliability of the electricity distribution service that it provides. Because the matter of 2016 Test Year OM&A remains outstanding, the revised Base Revenue Requirement for the 2016 Test Year cannot be determined at this time, but for the purposes of preparing the Appendices to this Agreement, the Parties have assumed that OM&A is as set out in the Application subject only to changes through the interrogatory process.

A Revenue Requirement Work Form, incorporating all of the changes agreed in this Agreement, but

assuming for all purposes the capital addition in respect of the Chisholm Drive property as filed, and the OM&A as filed, is annexed as Appendix C. The assumption in that document of the capital addition in respect of the Chisholm Drive property as filed, and the OM&A as filed is not intended by any of the Parties to be indicative of the appropriateness of those amounts, or any of their components or impacts, but are instead placeholders pending the Board's determination on those issues.

Through the settlement process, Milton Hydro has agreed to certain adjustments from its original 2016 Application. The changes are described in the following sections. The following Table 1 sets out the matters that are the subject of complete settlement; partial settlement; and no settlement.

Table 1 – Settlement Proposal – Results

Complete Settlement	Partial Settlement	No Settlement
	1.1	1.2
	2.1, 2.2	
3.1, 3.2, 3.3, 3.4		
4.1	4.2	

The matters that are the subject of partial settlement are not in dispute; rather, they cannot be finalized until the matters relating to: 1) the capital addition in respect of the Chisholm Drive building; 2) the 2016 Test Year OM&A and 3) the recovery of the 2011 – 2014 LRAMVA are addressed and disposed by the Board.

Based on the foregoing, and the evidence and rationale provided below, the Parties agree that this Settlement Proposal is appropriate and recommend its acceptance by the OEB.

The Parties have agreed that the effective date of the rates arising out of this Settlement Proposal, and out of the Board's decision on the outstanding matters, should be May 1, 2016. In the event that it is not possible for the Board to issue its Rate Order in time for May 1, 2016 implementation, the Parties have agreed to a rate rider to refund/recover to or from ratepayers the difference in revenue collected from the effective date of May 1, 2016 through to the actual implementation date as determined by the Board.

Milton Hydro has provided the following Table 2 highlighting the changes to its Cost of Capital, Rate Base and Capital, Operating Expenses and Revenue Requirement from Milton Hydro's Application as filed, interrogatories and clarifying questions and this Settlement Proposal. This Table does not reflect those issues not settled and yet to be determined by the OEB.

1

Table 2 – Summary of Changes to Revenue Requirement

Cost of Capital	Description	Application	Interrogatories & Clarifying Questions	Difference	Settlement Proposal	Difference
		A	B	C=B-A	D	E=D-B
Cost of Capital	Regulated Return on Capital	5,657,436	5,456,935	(200,501)	5,385,342	(71,593)
	Regulated Rate of Return	6.15%	6.04%	(0.11%)	5.98%	(0.06%)
Rate Base and Capital Expenditures	Rate Base	91,945,126	90,365,591	(1,579,535)	90,016,364	(349,227)
	Working Capital	116,369,556	123,130,182	6,760,626	123,681,962	551,780
	Working Capital Allowance	8,727,717	9,234,764	507,047	9,276,147	41,383
Operating Expenses	Amortization/Depreciation	3,292,486	3,187,941	(104,545)	3,179,163	(8,778)
	PILs	256,212	250,107	(6,106)	253,626	3,519
	OM&A	9,903,388	10,122,448	219,060	10,122,448	0
Revenue Requirement	Service Revenue Requirement	19,109,522	19,017,431	(92,091)	18,940,942	(76,489)
	Other Revenue	1,902,155	2,018,810	116,655	2,018,810	0
	Base Revenue Requirement	17,207,367	16,998,621	(208,746)	16,921,770	(76,851)
	Grossed up Revenue (Deficiency)/Sufficiency	(990,647)	(721,186)	269,461	(621,894)	99,292

1 Planning

1.1 Capital

Is the level of planned capital expenditures appropriate and is the rationale for planning and pacing choices appropriate and adequately explained, giving due consideration to:

- customer feedback and preferences;*
- productivity;*
- compatibility with historic expenditures;*
- compatibility with applicable benchmarks;*
- reliability and service quality;*
- impact on distribution rates;*
- trade-offs with OM&A spending;*
- government-mandated obligations; and*
- the objectives of the Applicant and its customers*

Partial Settlement: Except for the Capital addition of the new building at 200 Chisholm Drive, Milton, Ontario, and subject to the adjustments below, the Parties accept the evidence of Milton Hydro that the level of planned capital expenditures is appropriate.

- Milton Hydro agrees to reduce its 2016 gross capital additions by 6.6% or \$790,000 to reflect the average difference between planned and actual spending since Milton Hydro's last cost of service application. Milton Hydro has made this adjustment to USoA 1830 – Poles, Towers and Fixtures for the purpose of reflecting the adjustment in Milton Hydro's gross capital additions. Milton Hydro will adjust its depreciation expense accordingly. Appendix A sets out the revised 2016 Fixed Asset Continuity Schedule which includes the unsettled issue of 200 Chisholm Drive. The Parties acknowledge that actual capital spending may vary from Board-approved based on the operational decisions of Milton Hydro during the Test Year.
- Milton Hydro agrees to remove the 2016 depreciation allocated to OM&A (Vehicles, Tools and Measurement Equipment) in the amount of \$80,718 from the determination of working capital as set out in Table 3.
- Milton Hydro agrees to update the electricity price for Non-RPP customers to 10.674 cents,

1 as set out in the OEB Regulated Price Plan Price Report dated October 15, 2015, for the
2 purposes of calculating the cost of power for working capital. The resulting change in the
3 cost of power is set out in Table 4 below.

4 In addition, the Parties accept the evidence of Milton Hydro that the rationale for planning and
5 pacing choices are appropriate and adequately explained, giving due consideration to:

- 6 • The customer feedback and preferences as more fully detailed in EXHIBIT 1, pages 59 – 84,
7 ATTACHMENTS 1-4, 1-5, 1-7, 1-8, EXHIBIT 2, ATTACHMENT 2-1;
- 8 • The past and planned productivity initiatives of Milton Hydro as more fully detailed in
9 EXHIBIT 1, pages 13 – 21, 84-88, EXHIBIT 2, ATTACHMENT 2-1;
- 10 • The compatibility with historic expenditures as more fully detailed in EXHIBIT 1, pages 38 –
11 41, EXHIBIT 2, 38 – 58 and ATTACHMENT 2-1;
- 12 • Milton Hydro's compatibility with appropriate benchmarks as more fully detailed in EXHIBIT
13 1, pages 21 – 28, and interrogatories ATTACHMENT 1.0-Staff-6 – Milton Hydro's 2014
14 Scorecard, 1.0-Staff-11, 1-Energy Probe-1;
- 15 • Milton Hydro's reliability and service quality performance as well as Milton Hydro's targets
16 for performance in the test year as more fully detailed in EXHIBIT 1, pages 21 – 22,
17 EXHIBIT 2, pages 67-69, ATTACHMENT 2-1, pages 44 – 59;
- 18 • The total impact on distribution rates has not been determined as there are unsettled issues
19 as discussed above;
- 20 • Changes to OM&A spending have not been determined as OM&A spending is not settled as
21 discussed above;
- 22 • Milton Hydro's past and planned performance meeting government mandated obligations
23 as more fully detailed in EXHIBIT 1, pages 89 - 92; and
- 24 • Milton Hydro's targets and objectives as more fully detailed in EXHIBIT 1, pages 12 – 21
25 and EXHIBIT 2 at ATTACHMENT 2-1.

26 Milton Hydro confirms that the adjustments agreed in this Settlement Proposal should not
27 compromise its ability to (a) pursue continue improvement in productivity; (b) maintain system
28 reliability and service quality objectives; and (c) maintain reliable and safe operation of its
29 distribution system.

Table 3 – Working Capital Adjusted for Allocated Depreciation

WORKING CAPITAL ALLOWANCE FOR 2016	
Distribution Expenses	
Distribution Expenses - Operation	2,477,284
Distribution Expenses - Maintenance	1,335,127
Billing and Collecting	2,329,699
Community Relations	20,071
Administrative and General Expenses	3,960,267
Taxes Other than Income Taxes	-
<u>Less: Capital Taxes within 6105</u>	-
Total Eligible Distribution Expenses - Not Settled	10,122,448
Power Supply Expenses	113,559,514
Total Working Capital Expenses per IRs & CQs	123,681,962
Less Depreciation Allocated to OM&A Settlement Proposal	(80,718)
Total Working Capital Expenses per Settlement Proposal	123,601,244
Working Capital Allowance rate of 7.5%	9,270,093

Evidence:

Application:

- EXHIBIT 1, pages 45 – 46 (Rate Base)
- EXHIBIT 1, pages 38 – 45, (Capital Plan)
- EXHIBIT 1, pages 84 – 88 (Operational Effectiveness);
- EXHIBIT 1, pages 88 – 92 (Government Obligations)
- EXHIBIT 1, pages 57 – 59, ATTACHMENT 1-6 (Scorecard Performance Analysis);
- ATTACHMENT 1-4, 1-5, 1-8 (Innovative Research Group Customer Surveys and Report)
- ATTACHMENT 1-7 (UtilityPULSE Survey and Results);
- EXHIBIT 2: Rate Base in its entirety including ATTACHMENT 2-1: Distribution System Plan.

Interrogatory Responses:

- 1-Energy Probe-1, 2-Energy Probe-4 to 2-Energy Probe-12
- 1.0-Staff-4, 1.0-Staff-6 to 1.0-Staff-8, 1.0-Staff-10 to 1.0-Staff-11, ATTACHMENT 1.0-Staff-6, ATTACHMENT 1.0-Staff-11 2.0-Staff-12 to 2.0-Staff-38
- 2.0-VECC-5, 2.0-VECC-7 to 2.0-VECC-13
- 1-SEC-1, 1-SEC-5, 1-SEC-6, 1-SEC-11

Clarifying Questions:

- Energy Probe 1. Ref: 1.0-Staff-7, Energy Probe 2. Ref: Energy Probe-73. Ref: 2-Energy Probe-4 & 2-Energy Probe-10, Energy Probe 4. Ref: 2-Energy Probe-4 & 2-Energy Probe-13

Appendices to this Settlement Proposal:

- None

Supporting Parties: All

1.2 OM&A

Is the level of planned OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained, giving due consideration to:

- *customer feedback and preferences;*
- *productivity;*
- *benchmarking of costs;*
- *reliability and service quality;*
- *impact on distribution rates;*
- *trade-offs with capital spending;*
- *government-mandated obligations; and*
- *the objectives of the Applicant and its customers.*

No Settlement:

2 Revenue Requirement

2.1 *Are all elements of the Base Revenue Requirement reasonable, and have they been appropriately determined in accordance with OEB policies and practices?*

Partial Settlement:

The Parties accept the evidence of Milton Hydro that all elements of the Base Revenue Requirement, with the exception of Capital and OM&A have been correctly determined in accordance with OEB policies and practices. Specifically:

- a) Rate Base: The parties accept the evidence of Milton Hydro that the rate base calculations, including the adjustments as detailed in this Settlement Proposal are reasonable and have been appropriately determined in accordance with OEB policies and practices. The calculation provided in Table 4 does not include the OEB determination on the unsettled issues.

Table 4 – Rate Base Calculations

Description	Application A	Interrogatories / Clarifying Questions B	Variance C=B-A	Settlement Proposal D	Variance E=D-B
Average Gross Fixed Assets	148,315,728	146,122,188	(2,193,540)	145,350,179	(772,009)
Average Accumulated Depreciation	(65,098,318)	(64,991,360)	106,958	(64,609,962)	381,398
Average Net Fixed Assets	83,217,410	81,130,828	(2,086,582)	80,740,217	(390,611)
Controllable Expenses before Settlement	9,903,388	10,122,448	219,060	10,122,448	0
Cost of Power	106,466,168	113,817,244	7,351,076	113,559,514	(257,729)
Adjustment for Allocated Depreciation				(80,718)	(80,718)
Working Capital	116,369,556	123,939,692	7,570,136	123,601,244	(338,447)
Working Capital Rate %	7.50%	7.50%	0	7.50%	0
Allowance for Working Capital	8,727,717	9,295,477	567,760	9,270,093	(25,384)
Total Rate Base	91,945,126	90,426,304	(1,518,822)	90,010,310	(415,995)

- b) Working Capital: The parties accept the evidence of Milton Hydro that the working capital calculations, including the adjustments detailed on page 12 lines 26 to 28 above for allocated depreciation and non-RPP electricity prices, are reasonable and have been appropriately determined in accordance with OEB policies and practices. This calculation assumes the OM&A as filed is not intended by any of the Parties to be indicative of the

appropriateness of those amounts, or any of their components or impacts, but are instead placeholders pending the Board's determination on those issues. Milton Hydro has used the working capital allowance default value of 7.5% in this calculation.

c) OM&A: No Settlement.

d) Cost of Capital: Milton Hydro has agreed to adjust its cost of capital calculation to reflect:

- Adjust the TD debt for 2015 from December 15th to December 22nd being the actual date of issuance and update the interest 3.58% to reflect the actual interest rate on the debt.
- Adjust the date for the 2016 TD debt from January 15th to July 1st to reflect the fact that Milton Hydro does not intend to borrow from the TD until July 1st and the interest rate will be set at 3.58%. The annual interest expense will be calculated on a debt amount of \$2,000,000 (½ of \$4,000,000) at the rate of 3.58% for 12 months.

The Parties accept the evidence of Milton Hydro that the proposed capital structure, rate of return on equity and short and long-term debt costs have been correctly determined in accordance with OEB policies and practices.

The calculation of the new long term debt and the weighted long term debt calculation is shown in Table 5 below.

Table 5: Weighted Debt Cost Calculation

Shareholder Loan	Town of Milton	Y	October 1, 2000	14,934,210		4.54%	2016	678,013
Infrastructure Ontario	Infrastructure Ontario	N	April 1, 2010	2,880,057	12 yrs left	4.49%	2016	129,315
Infrastructure Ontario	Infrastructure Ontario	N	July 15, 2010	4,000,000	21 yrs left	4.84%	2016	193,600
Infrastructure Ontario	Infrastructure Ontario	N	September 15, 2011	3,487,200	22 yrs left	4.33%	2016	150,996
Infrastructure Ontario	Infrastructure Ontario	N	January 1, 2012	2,550,000	23	3.92%	2016	99,960
Infrastructure Ontario	Infrastructure Ontario	N	September 17, 2012	2,550,000	23	3.87%	2016	98,685
Infrastructure Ontario	Infrastructure Ontario	N	May 1, 2013	3,044,000	25	3.74%	2016	113,846
Infrastructure Ontario	Infrastructure Ontario	N	July 15, 2014	3,900,000	25	3.97%	2016	154,830
Infrastructure Ontario	Infrastructure Ontario	N	March 15, 2015	7,800,000	25	3.04%	2016	237,120
Infrastructure Ontario	Infrastructure Ontario	N	July 15, 2015	4,000,000	25	3.55%	2016	142,000
Infrastructure Ontario	Infrastructure Ontario	N	September 1, 2015	\$1,300,000	25	3.31%	2016	43,030
	TD Bank	N	December 22, 2015	\$4,000,000	25	3.58%	2016	143,200
	TD Bank	N	July 1, 2016	2,000,000	25	3.58%	2016	71,600
2016 Total Long Term Debt				56,445,467	Total Interest Cost for 2016 Test		2,256,194	
					Weighted Debt Cost Rate for 2016 Test		4.00%	

e) Other Revenue: The parties accept the evidence of Milton Hydro that its Other Revenue in the amount of \$2,018,810 is appropriate and correctly determined in accordance with OEB policies and practices.

f) Depreciation: Subject to the adjustments to rate base as noted above, the Parties accept the evidence of Milton Hydro that its forecast depreciation/amortization expenses are appropriate and reflect the useful lives of the assets and have been correctly determined in accordance with OEB accounting policies and practices.

g) Taxes: Subject to the other adjustments arising in this Settlement Proposal, the Parties accept the evidence of Milton Hydro that the proposed level of taxes is accurate

Evidence:

Application:

- EXHIBIT 1, page 33, Revenue Requirement;
- EXHIBIT 2, Rate Base in its entirety;
- EXHIBIT 3, pages 36 – 43, Other Revenue;
- EXHIBIT 5, Cost of Capital and Capital Structure in its entirety;
- ATTACHMENT 4-4 Income Tax PILs Workform

Interrogatory Responses:

- 3-Energy Probe-20, 5-Energy Probe-32 to 5-Energy Probe-36;
- 5.0-Staff-70;
- 5.0-VECC-35

Clarifying Questions:

- Energy Probe 7.0 Ref: 5.0-Staff-70, Energy Probe 8. Ref: 5.0-Staff-70 & 5-Energy Probe-33

Appendices to this Settlement Proposal:

- None

Supporting Parties: All

2.2 *Has the Base Revenue Requirement been accurately determined based on these elements?*

Partial Settlement: With the exception of Capital related to the Chisholm Drive property and OM&A, and subject to the adjustments expressly noted in this Settlement Proposal, the Parties accept the evidence of Milton Hydro that the proposed Base Revenue Requirement has been accurately determined based on these elements. The following Table 6 set out Milton Hydro's base revenue requirement calculation for the 2016 Test Year

Table 6 – Calculation of Base Revenue Requirement – 2016 Test Year

OM&A Expenses	\$	10,122,448
Amortization Expenses		3,179,163
Total Distribution Expenses		13,301,611
Regulated Return On Rate Base		5,385,342
PILs (with gross up)		253,626
Service Revenue Requirement		18,940,580
Less: Revenue Offsets		(2,018,810)
Base Revenue Requirement	\$	16,921,770
Transformer Discounts		190,574
Gross Revenue Requirement for rates	\$	17,112,344

Evidence:

Application:

- EXHIBIT 1, page 33, Revenue Requirement;
- EXHIBIT 2, Rate Base in its entirety;
- EXHIBIT 3, pages 36 – 43, Other Revenue;
- EXHIBIT 5, Cost of Capital and Capital Structure in its entirety;
- ATTACHMENT 4-4 Income Tax PILs Workform

Interrogatory Responses:

- 3-Energy Probe-20, 5-Energy Probe-32 to 5-Energy Probe-36;
- 5.0-Staff-70;
- 5.0-VECC-35

Clarifying Questions:

- Energy Probe 7.0 Ref: 5.0-Stff-70, Energy Probe 8. Ref: 5.0-Staff-70 & 5-Energy Probe-33

Appendices to this Settlement Proposal:

- None

Supporting Parties: All

3 Load Forecast, Cost Allocation and Rate Design

3.1 *Are the proposed load and customer forecast, loss factors, CDM adjustments and resulting billing determinants appropriate, and, to the extent applicable, are they an appropriate reflection of the energy and demand requirements of the applicant's customers?*

Complete Settlement: The Parties accept the evidence of Milton Hydro that the customer forecast, loss factors, CDM adjustments and the resulting billing determinants are appropriate and are an appropriate reflection of the energy and demand requirements of the Applicant's customers. The following Table 7 sets out the agreed to load forecast for the purposes of this Settlement Proposal.

1

Table 7 – 2016 Load Forecast

Load Forecast			
Customer Class	As Filed	After IRs, CQs & Settlement	Difference
Billed kWh	857,666,193	871,840,466	14,174,274
By Class			
Residential			
Customers	34,768	34,501	(267)
kWh	309,752,959	311,504,507	1,751,548
General Service < 50 kW			
Customers	2,680	2,642	(38)
kWh	92,617,956	91,412,832	(1,205,125)
General Service 50 to 999 kW			
Customers	302	302	0
kWh	205,340,394	206,918,158	1,577,765
kW	551,414	555,651	4,237
General Service 1000 to 4999 kW			
Customers	12	13	1
kWh	109,869,211	116,570,267	6,701,057
kW	231,678	245,808	14,130
Large User			
Customers	3	3	0
kWh	133,210,761	135,893,889	2,683,129
kW	255,025	260,162	5,137
Streetlights			
Connections	3,234	3,234	0
kWh	5,632,779	8,298,679	2,665,900
kW	15,809	23,291	7,482
Sentinel Lights			
Connections	242	242	0
kWh	145,711	145,711	0
kW	404	404	0
Unmetered Loads			
Connections	226	178	(48)
kWh	1,096,423	1,096,423	0

2

3

4

It was also agreed that Milton Hydro will make the following adjustment to its 2016 LRAMVA going

forward.

- a) Milton Hydro will adjust the 2016 LRAMVA baseline to reflect the full year CDM savings used in the load forecast for the years 2015 and 2016 as set out in the following Table 8.

Table 8 – 2015 & 2016 LRAMVA Used in the 2016 Load Forecast

LRAMVA Year	Residential	General Service <50 kW	General Service 50-999 kW		General Service 1000-4999 kW		Large User	
	kWh	kWh	kWh	kW	kWh	kW	kWh	kW
2015	774,900	388,008	1,484,091	3,985	159,162	336	217,139	416
2016	858,100	379,639	1,469,818	3,947	632,234	1,333	0	0

Evidence:

Application:

- EXHIBIT 1, pages 36 – 37;
- EXHIBIT 3, pages 4 – 28a;
- ATTACHMENT 3-1 Load Forecast Model;

Interrogatory Responses:

- 3-Energy Probe-16 to 3-Energy Probe-19;
- 3.0-Staff-39 to 3.0-Staff-45;
- 3.0-VECC-14 to 3.0-VECC-22;

Clarifying Questions:

- VECC-CQ 42 to VECC-CQ 47, VECC-CQ 48

Appendices to this Settlement Proposal:

- None

Supporting Parties: All

3.2 *Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios appropriate?*

Complete Settlement: The Parties accept the evidence of Milton Hydro, subject to the adjustments identified below, that the cost allocation methodology, allocations and revenue-to-cost ratios are appropriate.

a) Milton Hydro agrees to balance its revenue requirement across customer classes by moving the revenue to cost ratios to the edge of the OEB range, if outside of the range, and then beginning with the lowest revenue to cost ratios, as determined by the cost allocation model, and increasing these revenue to cost ratios until the revenue requirement is balanced, according to the OEB's methodology. The following Table 9 sets out the results of the Cost Allocation model and Milton Hydro's proposed revenue to cost ratios. Both results are based on the revenue requirement with the current assumptions accepted by the Parties and it is acknowledged that Milton Hydro's revenue requirement may be subject to change based on the OEB's determination on the unsettled issues.

Table 9 – Proposed Revenue to Cost Ratios

Class	Revenue to Cost Ratios from 2016 Cost Allocation Model	Proposed Revenue to Cost Ratio
Residential	96.4%	97.6%
GS < 50 kW	109.9%	109.9%
GS >50 to 999 kW	87.0%	97.6%
GS >1000 to 4999 kW	169.7%	120.0%
Large Use	167.2%	115.0%
Sentinel Lights	47.0%	97.6%
Street Lighting	84.7%	97.6%
Unmetered and Scattered	103.4%	103.4%

Evidence:

Application:

- EXHIBIT 1, pages 51 – 53;
- EXHIBIT 7: Cost Allocation in its entirety

Interrogatory Responses:

- 7-Energy Probe-38 to 7-Energy Probe-42;
- 7.0-Staff-71, 7.0-Staff-72
- 7.0-VECC-36, 7.0-VECC-37

Clarifying Questions:

- None

Appendices to this Settlement Proposal:

- None

Supporting Parties: All

3.3 *Are the applicant's proposals, including the proposed fixed/variable splits, for rate design appropriate?*

Complete Settlement: The Parties accept the evidence of Milton Hydro, subject to the adjustment identified below, that Milton Hydro's proposal for rate design, including the proposed fixed/variable splits is appropriate. The rate design for residential class reflects the OEB's *New Distribution Rate Design for Residential Electricity Customers (EB-2014-0210)*. The following Table 10 sets out Milton Hydro's proposed fixed/variable rates subject to the OEB determination on 200 Chisholm and OM&A.

- a) Milton Hydro agrees to leave the Monthly Fixed Distribution Charge for the General Service 50 – 999 kW customer class at the current 2015 OEB approved rate.

Table 10 – Proposed 2016 Distribution Rates

Customer Class	Customer	Connection	kWh	kW
Residential	19.25		0.0114	
GS < 50 kW	17.14		0.0181	
GS >50 to 999 kW	77.98			3.1241
GS >1000 to 4999 kW	648.41			2.2005
Large Use	2,620.43			1.5688
Sentinel Lights		6.83		51.9013
Street Lighting		2.47		10.7989
Unmetered and Scattered		8.17	0.0173	

Evidence:

Application:

- EXHIBIT 1, pages 52 – 53;
- EXHIBIT 8, pages 3 – 8, Fixed/Variable Proportion;

Interrogatory Responses:

- 8-Energy Probe-43;

Clarifying Questions:

- None

Appendices to this Settlement Proposal:

- None

Supporting Parties: All

3.4 *Are the proposed Retail Transmission Service Rates and Low Voltage service rates appropriate?*

Complete Settlement: Subject to the adjustment identified below, the Parties accept the evidence of Milton Hydro that the proposed forecast of other regulated rates and charges including the proposed Retail Transmission Service Rates and Low Voltage service rates is appropriate.

- a) Milton Hydro will update the RTSR model to reflect the Hydro One Sub-Transmission Rates.

The Retail Transmission Service Rates are set out in Table 11 below:

Table 11x: Retail Transmission Service Rates

Customer Class	Retail Transmission Network Rates		Retail Transmission Connection Rates	
	Per kWh	Per kW	Per kWh	Per kW
Residential	0.0073		0.0060	
GS < 50 kW	0.0067		0.0053	
GS >50 to 999 kW		3.0196		2.4517
GS >1000 to 4999 kW		2.9698		2.4117
Large Use		3.2159		2.6971
Sentinel Lights		2.0556		1.6838
Street Lighting		2.0451		1.6492
Unmetered and Scattered	0.0067		0.0053	

The Low Voltage Service Rates are set out in Table 12 below:

Table 12: Low Voltage Service Rates

Customer Class	Volumetric Rate Type	LV Charge kWh	LV Charge kW
Residential	kWh	0.0006	
GS < 50 kW	kWh	0.0006	
GS >50 to 999 kW	kW		0.2600
GS >1000 to 4999 kW	kW		0.2558
Large Use	kW		0.2860
Sentinel Lights	kW		0.1786
Street Lighting	kW		0.1749
Unmetered and Scattered	kWh	0.0006	

A revised RTSR model in working Microsoft Excel format is being filed with this Settlement Proposal under file name:

"MILTON_EB-2015-0089_SettlementP_2016_RTSR_MODEL_V4_0_20160209".

Evidence:

Application:

- EXHIBIT 8, pages 8 – 9, Retail Transmission Service Rates;
- EXHIBIT 8, pages 10 – 11, Low Voltage Service Rates.
- ATTACHMENT 8-1, 2016 RTSR Workform.

Interrogatory Responses:

- 8-VECC-39

Clarifying Questions:

- VEVV-CQ 50

Appendices to this Settlement Proposal:

- None

Supporting Parties: All

4 Accounting

4.1 Have all impacts of any changes in accounting standards, policies, estimates and adjustments

1 *been properly identified and recorded, and is the rate- making treatment of each of these*
2 *impacts appropriate?*

3 **Complete Settlement:** The Parties accept the evidence of Milton Hydro that any changes in
4 accounting standards, policies, estimates and adjustments been properly identified and
5 recorded, and that the rate-making treatment of each of these impacts is appropriate.

6 **Evidence:**

7 Application:

- 8 • EXHIBIT 1, page 93, Audited Financial Statements and reconciliation to Regulatory
9 Accounting;
10 • EXHIBIT 1, page 94 to 95, Accounting Orders and Standards;
11 • EXHIBIT 1, pages 97 to 98, Previous OEB Directives from OEB Decisions;
12 • ATTACHMENT 1-9, 2012 Audited Financial Statements;
13 • ATTACHMENT 1-10, 2013 & 2014 Audited Financial Statements;

14 Interrogatory Responses:

- 15 • 4-Energy Probe-49 to 4-Energy Probe-52, Appendix 4-Energy Probe-52-b

16 Appendices to this Settlement Proposal:

- 17 • None

18 **Supporting Parties:** All

19
20 **4.2** *Are the applicant's proposals for deferral and variance accounts, including the balances in the*
21 *existing accounts and their disposition, and the continuation of existing accounts, appropriate?*

22 **Partial Settlement:** Except for the 2011 – 2014 LRAMVA calculation as discussed below, the
23 Parties accept the evidence of Milton Hydro that the proposed deferral and variance accounts,
24 including the balances in the existing accounts and their disposition, and the continuation of
25 existing accounts, are appropriate.

26 The Parties have not agreed on the calculations of the 2011 – 2014 LRAMVA with respect to the
27 determination of the lost revenue for those customer classes billed on kW demand. The LRAMVA
28 rate riders reflect Milton Hydro's calculation of its LRAMVA to be recovered as at the beginning of
29 the settlement conference and will not be finalized until the OEB makes a determination on the
30 unsettled issue.

Appendix B sets out the different rate riders for the disposition of the Deferral and Variance Accounts.

Evidence:

Application:

- EXHIBIT 9: Deferral and Variance Accounts in its entirety excluding LRAMVA Acct 1568
- ATTACHMENT 1-9. EDDVAR Model V2.6

Interrogatory Responses:

- 9-Energy Probe-46;
- 9.0-Staff-75 to 9.0-Staff-77
- 9.0-VECC-40

Clarifying Questions:

- None

Appendices to this Settlement Proposal:

- None

Supporting Parties: All

Appendix A

Revised 2016 Fixed Asset Continuity Schedule

Fixed Asset Continuity Schedule											
Table 2-10 (2016 Test)											
			Accounting Standard		MIFRS						
			Year	2016							
			Cost			Accumulated Depreciation					
CCA Class 2	OEB Account 3	Description 3	Opening Balance	Additions 4	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
47	1609	Capital Contributions Paid	\$ 122,349			\$ 122,349	-\$ 7,642	-\$ 3,059		-\$ 10,701	\$ 111,648
12	1611	Computer Software (Formally known as Account 1925)	\$ 1,314,146	\$ 80,000		\$ 1,394,146	-\$ 779,486	-\$ 177,835		-\$ 957,320	\$ 436,826
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1805	Land	\$ 69,883			\$ 69,883	\$ -			\$ -	\$ 69,883
47	1808	Buildings	\$ -			\$ -	\$ -			\$ -	\$ -
13	1810	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 1,516,192			\$ 1,516,192	-\$ 1,472,775	-\$ 23,011		-\$ 1,495,786	\$ 20,406
47	1825	Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 32,292,840	\$ 2,089,184		\$ 34,382,024	-\$ 11,024,364	-\$ 414,332		-\$ 11,438,696	\$ 22,943,328
47	1835	Overhead Conductors & Devices	\$ 23,911,929	\$ 1,926,976		\$ 25,838,905	-\$ 12,996,911	-\$ 488,466		-\$ 13,485,378	\$ 12,353,527
47	1840	Underground Conduit	\$ 27,407,824	\$ 1,792,153		\$ 29,199,978	-\$ 8,906,559	-\$ 530,729		-\$ 9,437,288	\$ 19,762,690
47	1845	Underground Conductors & Devices	\$ 19,512,697	\$ 1,152,391		\$ 20,665,087	-\$ 7,864,441	-\$ 468,630		-\$ 8,333,072	\$ 12,332,015
47	1850	Line Transformers	\$ 38,768,630	\$ 1,130,764		\$ 39,899,394	-\$ 18,753,373	-\$ 737,912		-\$ 19,491,284	\$ 20,408,110
47	1855	Services (Overhead & Underground)	\$ 15,425,695	\$ 1,080,520		\$ 16,506,215	-\$ 4,202,139	-\$ 265,028		-\$ 4,467,166	\$ 12,039,049
47	1860	Meters	\$ -			\$ -	\$ -			\$ -	\$ -
47	1860	Meters (Smart Meters)	\$ 11,911,221	\$ 293,926		\$ 12,205,147	-\$ 6,183,333	-\$ 741,734		-\$ 6,925,067	\$ 5,280,079
N/A	1905	Land	\$ 4,072,787			\$ 4,072,787	\$ -			\$ -	\$ 4,072,787
47	1908	Buildings & Fixtures	\$ 10,460,000			\$ 10,460,000	-\$ 104,600	-\$ 209,200		-\$ 313,800	\$ 10,146,200
13	1910	Leasehold Improvements	\$ 377,009			\$ 377,009	-\$ 377,009			-\$ 377,009	\$ -
8	1915	Office Furniture & Equipment (10 years)	\$ 1,114,887			\$ 1,114,887	-\$ 657,675	-\$ 40,000		-\$ 697,675	\$ 417,212
8	1915	Office Furniture & Equipment (5 years)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ 1,998,765	\$ 98,000		\$ 2,096,765	-\$ 1,712,084	-\$ 107,997		-\$ 1,820,081	\$ 276,684
45	1920	Computer Equip. -Hardware(Post Mar. 22/04)	\$ -			\$ -	\$ -			\$ -	\$ -
45.1	1920	Computer Equip. -Hardware(Post Mar. 19/07)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1930	Transportation Equipment	\$ 3,101,857	\$ 645,000		\$ 3,746,857	-\$ 1,637,067	-\$ 208,004		-\$ 1,845,071	\$ 1,901,786
8	1935	Stores Equipment	\$ 359,665	\$ 43,680		\$ 403,345	-\$ 193,687	-\$ 12,369		-\$ 206,056	\$ 197,289
8	1940	Tools, Shop & Garage Equipment	\$ 449,044	\$ 29,500		\$ 478,544	-\$ 397,892	-\$ 8,639		-\$ 406,532	\$ 72,012
8	1945	Measurement & Testing Equipment	\$ 126,481			\$ 126,481	-\$ 61,991	-\$ 9,476		-\$ 71,467	\$ 55,014
8	1950	Power Operated Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
8	1955	Communications Equipment	\$ 629,021	\$ 805,000		\$ 1,434,021	-\$ 245,307	-\$ 103,497		-\$ 348,804	\$ 1,085,217
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1970	Load Management Controls Customer Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 122,172			\$ 122,172	-\$ 53,118	-\$ 5,375		-\$ 58,493	\$ 63,679
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -
47	1990	Other Tangible Property	\$ 133,004			\$ 133,004	-\$ 60,307	-\$ 13,301		-\$ 73,608	\$ 59,396
47	1995	Contributions & Grants	\$ -			\$ -	\$ -			\$ -	\$ -
47	2440	Deferred Revenue5	-\$ 53,150,278	-\$ 3,808,361		-\$ 56,958,639	\$ 14,407,429	\$ 1,163,311		\$ 15,570,740	-\$ 41,387,899
			\$ -			\$ -	\$ -			\$ -	\$ -
		Sub-Total	\$ 142,047,821	\$ 7,358,733	\$ -	\$ 149,406,554	-\$ 63,284,330	-\$ 3,405,283	\$ -	-\$ 66,689,613	\$ 82,716,940
		Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$ -				\$ -	\$ -
		Total PP&E	\$ 142,047,821	\$ 7,358,733	\$ -	\$ 149,406,554	-\$ 63,284,330	-\$ 3,405,283	\$ -	-\$ 66,689,613	\$ 82,716,940
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable6									
		Total					-\$	3,405,283			
10		Transportation					Less: Fully Allocated Depreciation				
8		Stores Equipment					Transportation		-\$	208,004	
8		Tools, Shop & Garage Equipment					Stores Equipment		-\$	8,639	
8		Measurement & Testing Equipment					Tools		-\$	9,476	
							Measurement		-\$	3,179,163	
							Net Depreciation		-\$		

Appendix B

Deferral & Variance Account Rate Riders

Please indicate the Rate Rider Recovery Period (in years)		1			
Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.)					
<i>1550, 1551, 1584, 1586, 1595</i>					
Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts	
RESIDENTIAL	kWh	311,504,507	\$ 1,113,905	0.0036	\$/kWh
GENERAL SERVICE LESS THAN 5	kWh	91,412,832	\$ 331,997	0.0036	\$/kWh
GENERAL SERVICE 50 TO 999 KW	kW	555,651	\$ 752,700	1.3546	\$/kW
GENERAL SERVICE 1,000 TO 4,999	kW	245,808	\$ 424,329	1.7263	\$/kW
LARGE USE	kW	260,162	\$ 492,873	1.8945	\$/kW
UNMETERED AND SCATTERED	kWh	1,096,423	\$ 3,622	0.0033	\$/kWh
SENTINEL	kW	404	\$ 492	1.2180	\$/kW
STREETLIGHTING	kW	23,291	\$ 30,417	1.3059	\$/kW
Total	0	-	\$ 3,150,334	0	
Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.) - NON-WMP					
<i>1580 and 1588</i>					
Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts	
RESIDENTIAL	kWh	311,504,507	-\$ 981,530	0.0032	\$/kWh
GENERAL SERVICE LESS THAN 5	kWh	91,412,832	-\$ 288,036	0.0032	\$/kWh
GENERAL SERVICE 50 TO 999 KW	kWh	202,078,292	-\$ 636,735	0.0032	\$/kWh
GENERAL SERVICE 1,000 TO 4,999	kWh	116,570,267	-\$ 367,305	0.0032	\$/kWh
LARGE USE	kWh	135,893,889	-\$ 428,192	0.0032	\$/kWh
UNMETERED AND SCATTERED	kWh	1,096,423	-\$ 3,455	0.0032	\$/kWh
SENTINEL	kWh	145,711	-\$ 459	0.0032	\$/kWh
STREETLIGHTING	kWh	8,298,679	-\$ 26,149	0.0032	\$/kWh
Total	0	-	-\$ 2,731,860	0	
Rate Rider Calculation for RSVA - Power - Global Adjustment					
<i>Balance of Account 1589 Allocated to Non-WMPs</i>					
Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of RSVA - Power - Global Adjustment	Rate Rider for RSVA - Power - Global Adjustment	
RESIDENTIAL	kWh	15,562,306	\$ 108,602	0.0070	\$/kWh
GENERAL SERVICE LESS THAN 5	kWh	12,578,994	\$ 87,783	0.0070	\$/kWh
GENERAL SERVICE 50 TO 999 KW	kWh	185,296,286	\$ 1,293,098	0.0070	\$/kWh
GENERAL SERVICE 1,000 TO 4,999	kWh	99,356,499	\$ 693,364	0.0070	\$/kWh
LARGE USE	0	-	\$ -	-	
UNMETERED AND SCATTERED	kWh	-	\$ -	-	\$/kWh
SENTINEL	kWh	-	\$ -	-	\$/kWh
STREETLIGHTING	kWh	8,298,679	\$ 57,913	0.0070	\$/kWh
Total	0	-	\$ 2,240,760	0	

Rate Rider Calculation for RSVA - Power - Global Adjustment - Class A Non-WMP Customers*Balance of Account 1589 allocated to Class A Non-WMP Customers*

Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of RSVA - Power - Global Adjustment	Rate Rider for RSVA - Power - Global Adjustment	
RESIDENTIAL	kWh	-	\$ -	-	\$/kWh
GENERAL SERVICE LESS THAN 5	kWh	-	\$ -	-	\$/kWh
GENERAL SERVICE 50 TO 999 KW	kW	-	\$ -	-	\$/kW
GENERAL SERVICE 1,000 TO 4,999	kW	-	\$ -	-	\$/kW
LARGE USE	kW	260,162	\$ -	-	\$/kW
UNMETERED AND SCATTERED	kWh	-	\$ -	-	\$/kWh
SENTINEL	kW	-	\$ -	-	\$/kW
STREETLIGHTING	kW	-	\$ -	-	\$/kW
Total	0	-	\$ -	0	

Rate Rider Calculation for Group 2 Accounts

Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of Group 2 Accounts	Rate Rider for RSVA - Power - Global Adjustment	
RESIDENTIAL	# of Customers	34,501	\$ 403,744	\$ 0.98	per customer per month
GENERAL SERVICE LESS THAN 5	kWh	91,412,832	\$ 30,918	\$ 0.0003	\$/kWh
GENERAL SERVICE 50 TO 999 KW	kW	555,651	\$ 3,533	\$ 0.0064	\$/kW
GENERAL SERVICE 1,000 TO 4,999	kW	245,808	\$ 152	\$ 0.0006	\$/kW
LARGE USE	kW	260,162	\$ 35	\$ 0.0001	\$/kW
UNMETERED AND SCATTERED	kWh	1,096,423	\$ 2,083	\$ 0.0019	\$/kWh
SENTINEL	kW	404	\$ 2,834	\$ 7.0181	\$/kW
STREETLIGHTING	kW	23,291	\$ 37,842	\$ 1.6248	\$/kW
Total	0	-	\$ 481,143	0	

Rate Rider Calculation for Accounts 1575 and 1576

Please indicate the Rate Rider Recovery Period (in years)

1

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Accounts 1575 and 1576	Rate Rider for Accounts 1575 and 1576	
RESIDENTIAL	# of Customers	34,501	-\$ 589,152	- 1.4230	per customer per month
GENERAL SERVICE LESS THAN 5	kWh	91,412,832	-\$ 172,890	- 0.0019	\$/kWh
GENERAL SERVICE 50 TO 999 KW	kW	555,651	-\$ 391,347	- 0.7043	\$/kW
GENERAL SERVICE 1,000 TO 4,999	kW	245,808	-\$ 220,471	- 0.8969	\$/kW
LARGE USE	kW	260,162	-\$ 257,018	- 0.9879	\$/kW
UNMETERED AND SCATTERED	kWh	1,096,423	-\$ 2,074	- 0.0019	\$/kWh
SENTINEL	kW	404	-\$ 276	- 0.6824	\$/kW
STREETLIGHTING	kW	23,291	-\$ 15,695	- 0.6739	\$/kW
Total	0	-	-\$ 1,648,922	0	

Rate Rider Calculation for Accounts 1568

Please indicate the Rate Rider Recovery Period (in years)

1

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Account 1568	Rate Rider for Account 1568	
RESIDENTIAL	kWh	311,504,507	\$ 9,556	0.0000	\$/kWh
GENERAL SERVICE LESS THAN 5	kWh	91,412,832	\$ 32,899	0.0004	\$/kWh
GENERAL SERVICE 50 TO 999 KW	kW	555,651	\$ 81,171	0.1461	\$/kW
GENERAL SERVICE 1,000 TO 4,999	kW	245,808	\$ 20,924	0.0851	\$/kW
LARGE USE	kW	260,162	-\$ 2,282	- 0.0088	\$/kW
UNMETERED AND SCATTERED	kWh	1,096,423	\$ -	-	\$/kWh
SENTINEL	kW	404	\$ -	-	\$/kW
STREETLIGHTING	kW	23,291	\$ -	-	\$/kW
Total	0	-	\$ 142,268	0	

Appendix C

Revenue Requirement Work Form



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers



Version 6.00

Utility Name	Milton Hydro Distribution inc.
Service Territory	Town of Milton
Assigned EB Number	EB-2015-0089
Name and Title	Cameron McKenzie
Phone Number	289-429-5212
Email Address	cameronmckenzie@miltonhydro.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 ⁽¹⁾

	Initial Application	(2)	Adjustments	Interrogatory Responses	(6)	Adjustments	Per Board Decision
1 Rate Base							
Gross Fixed Assets (average)	\$148,315,728		(\$2,965,549)	\$ 145,350,179			\$145,350,179
Accumulated Depreciation (average)	(\$65,098,318)	(5)	\$488,356	(\$64,609,962)			(\$64,609,962)
Allowance for Working Capital:							
Controllable Expenses	\$9,903,388		\$138,342.13	\$ 10,041,730			\$10,041,730
Cost of Power	\$106,466,168		\$7,093,346	\$ 113,559,514			\$113,559,514
Working Capital Rate (%)	7.50%	(9)		7.50%	(9)		7.50% (9)
2 Utility Income							
Operating Revenues:							
Distribution Revenue at Current Rates	\$16,216,720		\$83,156	\$16,299,876			
Distribution Revenue at Proposed Rates	\$17,207,367		(\$285,597)	\$16,921,770			
Other Revenue:							
Specific Service Charges	\$24,276		(\$1,877)	\$22,399			
Late Payment Charges	\$191,188		(\$13,193)	\$177,995			
Other Distribution Revenue	\$1,598,658		\$119,341	\$1,717,999			
Other Income and Deductions	\$88,033		\$12,384	\$100,417			
Total Revenue Offsets	\$1,902,155	(7)	\$116,655	\$2,018,810			
Operating Expenses:							
OM+A Expenses	\$9,903,388		\$219,060.13	\$ 10,122,448			\$10,122,448
Depreciation/Amortization	\$3,292,486		\$113,322.74	\$ 3,179,163			\$3,179,163
Property taxes							
Other expenses							
3 Taxes/PILs							
Taxable Income:							
Adjustments required to arrive at taxable income	(\$2,709,732)	(3)		(\$2,605,325)			
Utility Income Taxes and Rates:							
Income taxes (not grossed up)	\$188,316			\$186,415			
Income taxes (grossed up)	\$256,212			\$253,626			
Federal tax (%)	15.00%			15.00%			
Provincial tax (%)	11.50%			11.50%			
Income Tax Credits							
4 Capitalization/Cost of Capital							
Capital Structure:							
Long-term debt Capitalization Ratio (%)	56.0%			56.0%			
Short-term debt Capitalization Ratio (%)	4.0%	(8)		4.0%	(8)		(8)
Common Equity Capitalization Ratio (%)	40.0%			40.0%			
Preferred Shares Capitalization Ratio (%)							
	100.0%			100.0%			
Cost of Capital							
Long-term debt Cost Rate (%)	4.2%			4.00%			
Short-term debt Cost Rate (%)	2.2%			1.65%			
Common Equity Cost Rate (%)	9.3%			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 (%)
- (2) 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
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) 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) 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.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Rate Base and Working Capital

Rate Base										
Line No.	Particulars		Initial Application		Adjustments		Interrogatory Responses		Adjustments	Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$148,315,728		(\$2,965,549)		\$145,350,179		\$ -	\$145,350,179
2	Accumulated Depreciation (average)	(3)	(\$65,098,318)		\$488,356		(\$64,609,962)		\$ -	(\$64,609,962)
3	Net Fixed Assets (average)	(3)	\$83,217,410		(\$2,477,193)		\$80,740,217		\$ -	\$80,740,217
4	Allowance for Working Capital	(1)	\$8,727,717		\$542,377		\$9,270,093		\$ -	\$9,270,093
5	Total Rate Base		\$91,945,126		(\$1,934,816)		\$90,010,310		\$ -	\$90,010,310

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses		\$9,903,388	\$138,342	\$10,041,730	\$ -	\$10,041,730
7	Cost of Power		\$106,466,168	\$7,093,346	\$113,559,514	\$ -	\$113,559,514
8	Working Capital Base		\$116,369,556	\$7,231,688	\$123,601,244	\$ -	\$123,601,244
9	Working Capital Rate %	(2)	7.50%	0.00%	7.50%	0.00%	7.50%
10	Working Capital Allowance		\$8,727,717	\$542,377	\$9,270,093	\$ -	\$9,270,093

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.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Utility Income

Line No.	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Board Decision
	Operating Revenues:					
1	Distribution Revenue (at Proposed Rates)	\$17,207,367	(\$285,597)	\$16,921,770	\$ -	\$16,921,770
2	Other Revenue (1)	\$1,902,155	\$116,655	\$2,018,810	\$ -	\$2,018,810
3	Total Operating Revenues	\$19,109,522	(\$168,942)	\$18,940,580	\$ -	\$18,940,580
	Operating Expenses:					
4	OM+A Expenses	\$9,903,388	\$219,060	\$10,122,448	\$ -	\$10,122,448
5	Depreciation/Amortization	\$3,292,486	(\$113,323)	\$3,179,163	\$ -	\$3,179,163
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$13,195,874	\$105,737	\$13,301,611	\$ -	\$13,301,611
10	Deemed Interest Expense	\$2,237,077	(\$160,513)	\$2,076,563	\$113,438	\$2,190,002
11	Total Expenses (lines 9 to 10)	\$15,432,951	(\$54,776)	\$15,378,175	\$113,438	\$15,491,613
12	Utility income before income taxes	\$3,676,571	(\$114,166)	\$3,562,405	(\$113,438)	\$3,448,967
13	Income taxes (grossed-up)	\$256,212	(\$2,586)	\$253,626	\$ -	\$253,626
14	Utility net income	\$3,420,359	(\$111,580)	\$3,308,779	(\$113,438)	\$3,195,340

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$24,276	(\$1,877)	\$22,399		\$22,399
	Late Payment Charges	\$191,188	(\$13,193)	\$177,995		\$177,995
	Other Distribution Revenue	\$1,598,658	\$119,341	\$1,717,999		\$1,717,999
	Other Income and Deductions	\$88,033	\$12,384	\$100,417		\$100,417
	Total Revenue Offsets	\$1,902,155	\$116,655	\$2,018,810	\$ -	\$2,018,810



Revenue Requirement Workform (RRWF) for 2016 Filers

Taxes/PILs

Line No.	Particulars	Application	Interrogatory Responses	Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$3,420,359	\$3,308,779	\$3,348,384
2	Adjustments required to arrive at taxable utility income	(\$2,709,732)	(\$2,605,325)	(\$2,709,732)
3	Taxable income	<u>\$710,626</u>	<u>\$703,454</u>	<u>\$638,651</u>
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	<u>\$188,316</u>	<u>\$186,415</u>	<u>\$186,415</u>
6	Total taxes	<u>\$188,316</u>	<u>\$186,415</u>	<u>\$186,415</u>
7	Gross-up of Income Taxes	<u>\$67,896</u>	<u>\$67,211</u>	<u>\$67,211</u>
8	Grossed-up Income Taxes	<u>\$256,212</u>	<u>\$253,626</u>	<u>\$253,626</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$256,212</u>	<u>\$253,626</u>	<u>\$253,626</u>
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%	11.50%
13	Total tax rate (%)	<u>26.50%</u>	<u>26.50%</u>	<u>26.50%</u>

Notes



Revenue Requirement Workform (RRWF) for 2016 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return		
Initial Application								
		(%)		(\$)		(%)		(\$)
	Debt							
1	Long-term Debt	56.00%		\$51,489,271	4.19%			\$2,157,636
2	Short-term Debt	4.00%		\$3,677,805	2.16%			\$79,441
3	Total Debt	60.00%		\$55,167,076	4.06%			\$2,237,077
Equity								
4	Common Equity	40.00%		\$36,778,051	9.30%			\$3,420,359
5	Preferred Shares	0.00%		\$ -	0.00%			\$ -
6	Total Equity	40.00%		\$36,778,051	9.30%			\$3,420,359
7	Total	100.00%		\$91,945,126	6.15%			\$5,657,436
Interrogatory Responses								
		(%)		(\$)		(%)		(\$)
	Debt							
1	Long-term Debt	56.00%		\$50,405,774	4.00%			\$2,017,157
2	Short-term Debt	4.00%		\$3,600,412	1.65%			\$59,407
3	Total Debt	60.00%		\$54,006,186	3.85%			\$2,076,563
Equity								
4	Common Equity	40.00%		\$36,004,124	9.19%			\$3,308,779
5	Preferred Shares	0.00%		\$ -	0.00%			\$ -
6	Total Equity	40.00%		\$36,004,124	9.19%			\$3,308,779
7	Total	100.00%		\$90,010,310	5.98%			\$5,385,342
Per Board Decision								
		(%)		(\$)		(%)		(\$)
	Debt							
8	Long-term Debt	56.00%		\$50,405,774	4.19%			\$2,112,233
9	Short-term Debt	4.00%		\$3,600,412	2.16%			\$77,769
10	Total Debt	60.00%		\$54,006,186	4.06%			\$2,190,002
Equity								
11	Common Equity	40.00%		\$36,004,124	9.30%			\$3,348,384
12	Preferred Shares	0.00%		\$ -	0.00%			\$ -
13	Total Equity	40.00%		\$36,004,124	9.30%			\$3,348,384
14	Total	100.00%		\$90,010,310	6.15%			\$5,538,385

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		Interrogatory Responses		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		\$990,647		\$621,894		\$789,216
2	Distribution Revenue	\$16,216,720	\$16,216,720	\$16,299,876	\$16,299,875	\$16,299,876	\$16,132,553
3	Other Operating Revenue	\$1,902,155	\$1,902,155	\$2,018,810	\$2,018,810	\$2,018,810	\$2,018,810
	Offsets - net						
4	Total Revenue	\$18,118,875	\$19,109,522	\$18,318,686	\$18,940,580	\$18,318,686	\$18,940,580
5	Operating Expenses	\$13,195,874	\$13,195,874	\$13,301,611	\$13,301,611	\$13,301,611	\$13,301,611
6	Deemed Interest Expense	\$2,237,077	\$2,237,077	\$2,076,563	\$2,076,563	\$2,190,002	\$2,190,002
8	Total Cost and Expenses	\$15,432,951	\$15,432,951	\$15,378,175	\$15,378,175	\$15,491,613	\$15,491,613
9	Utility Income Before Income Taxes	\$2,685,924	\$3,676,571	\$2,940,511	\$3,562,405	\$2,827,073	\$3,448,967
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$2,709,732)	(\$2,709,732)	(\$2,605,325)	(\$2,605,325)	(\$2,605,325)	(\$2,605,325)
11	Taxable Income	(\$23,808)	\$966,839	\$335,186	\$957,080	\$221,748	\$843,642
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13	Income Tax on Taxable Income	(\$6,309)	\$256,212	\$88,824	\$253,626	\$58,763	\$223,565
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	\$2,692,233	\$3,420,359	\$2,851,687	\$3,308,779	\$2,768,310	\$3,195,340
16	Utility Rate Base	\$91,945,126	\$91,945,126	\$90,010,310	\$90,010,310	\$90,010,310	\$90,010,310
17	Deemed Equity Portion of Rate Base	\$36,778,051	\$36,778,051	\$36,004,124	\$36,004,124	\$36,004,124	\$36,004,124
18	Income/(Equity Portion of Rate Base)	7.32%	9.30%	7.92%	9.19%	7.69%	8.87%
19	Target Return - Equity on Rate Base	9.30%	9.30%	9.19%	9.19%	9.30%	9.30%
20	Deficiency/Sufficiency in Return on Equity	-1.98%	0.00%	-1.27%	0.00%	-1.61%	-0.43%
21	Indicated Rate of Return	5.36%	6.15%	5.48%	5.98%	5.51%	5.98%
22	Requested Rate of Return on Rate Base	6.15%	6.15%	5.98%	5.98%	6.15%	6.15%
23	Deficiency/Sufficiency in Rate of Return	-0.79%	0.00%	-0.51%	0.00%	-0.64%	-0.17%
24	Target Return on Equity	\$3,420,359	\$3,420,359	\$3,308,779	\$3,308,779	\$3,348,384	\$3,348,384
25	Revenue Deficiency/(Sufficiency)	\$728,125	(\$0)	\$457,092	(\$0)	\$580,074	(\$153,043)
26	Gross Revenue Deficiency/(Sufficiency)	\$990,647 (1)		\$621,894 (1)		\$789,216 (1)	

Notes:

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

(2)



Ontario Energy Board

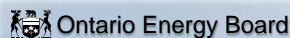
Revenue Requirement Workform (RRWF) for 2016 Filers

Revenue Requirement

Line No.	Particulars	Application	Interrogatory Responses	Per Board Decision
1	OM&A Expenses	\$9,903,388	\$10,122,448	\$10,122,448
2	Amortization/Depreciation	\$3,292,486	\$3,179,163	\$3,179,163
3	Property Taxes	\$ -		
5	Income Taxes (Grossed up)	\$256,212	\$253,626	\$253,626
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$2,237,077	\$2,076,563	\$2,190,002
	Return on Deemed Equity	\$3,420,359	\$3,308,779	\$3,348,384
8	Service Revenue Requirement (before Revenues)	<u>\$19,109,522</u>	<u>\$18,940,580</u>	<u>\$19,093,623</u>
9	Revenue Offsets	\$1,902,155	\$2,018,810	\$ -
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$17,207,367</u>	<u>\$16,921,770</u>	<u>\$19,093,623</u>
11	Distribution revenue	\$17,207,367	\$16,921,770	\$16,921,770
12	Other revenue	\$1,902,155	\$2,018,810	\$2,018,810
13	Total revenue	<u>\$19,109,522</u>	<u>\$18,940,580</u>	<u>\$18,940,580</u>
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>(\$0)</u> (1)	<u>(\$0)</u> (1)	<u>(\$153,043)</u> (1)

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.)

The first row shown is the most current estimate of the cost of service data reflecting the original application and any updates provided by the applicant and/or the updated evidence responses to micro-qualifiers. Please enter 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

[illegible]