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6.0 CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

6.1 REVENUE DEFICIENCY OVERVIEW

6.1.1 REVENUE DEFICIENCY OVERVIEW

Brantford Power Inc. has included the following information in this exhibit, excluding energy costs (i.e costs of power and associated costs) and revenues:

- Determination of Net Utility Income
- Statement of Rate Base
- Actual Utility Return on Rate Base
- Indicated Rate of Return
- Requested Rate of Return
- Deficiency or Sufficiency in Revenue
- Gross Deficiency or Sufficiency in Revenue

The information in this exhibit supports Brantford Power Inc.'s request in this application for an increase in its revenue requirement to support the proposed capital and operating budgets for 2017, to service debt, to pay deemed PILs, and to earn the allowable return on equity.

Brantford Power Inc. has determined that the Revenue Deficiency for the 2017 Test Year is \$2,621,032.

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

- Recovery of Deferral and Variance Accounts
- Other electricity charges which include Energy Commodity, Transmission Charges and Wholesale Market Service Charges

These items are considered elsewhere in this Application and are treated either as recoveries of regulatory assets or regulatory liabilities on the Balance Sheet or as energy related costs recorded in the

OEB-prescribed Retail Settlement Variance Accounts. BPI notes that there have been no significant changes to the methodologies which would cause any material impacts to revenue deficiency.

Revenue Requirement

Brantford Power Inc.'s revenue requirement is comprised of the following components:

- Operation, Maintenance, and Administration Expense
- Depreciation/Amortization Expense
- Property Taxes
- PILs
- Return on Rate Base (Debt Interest Expenses + Return on Equity)

BPI's revenue requirement is primarily received through electricity distribution rates and offset by revenue from Board Approved specific service charges, late payment charges, interest, and other operating income.

BPI has included the OEB's Revenue Requirement Work Form ("RRWF") as Attachment 6-A of this Exhibit as a PDF document and has also included an excel version.

BPI has ensured that numbers entered in the RRWF reconcile with the appropriate numbers in other Exhibits of this Application.

6.2 DETERMINATION OF NET UTILITY INCOME

6.2.1 DETERMINATION OF NET UTILITY INCOME

BPI has determined its allowable 2017 Net Income as \$3,250,685. Table 6.2-A provides the detailed Net Income calculation for the 2017 Test Year.

TABLE 6.2-A - Determination of Net Utility Income

Description	Initial Application
Operating Revenues:	
Distribution Revenue (At Proposed Rates)	18,910,832
Other Operating Revenue (Net)	1,335,003
Total Operating Revenues	20,245,835
Operating Expenses:	
Administrative & General, Billing & Collecting	7,213,629
Operation & Maintenance	3,256,878
Donations - LEAP	25,000
Depreciation & Amortization	3,696,567
Property Taxes	-
Total	14,192,074
Deemed Interest Expense	2,105,255
Total Expenses	16,297,328
Utility Income before Taxes	3,948,507
Income Taxes	697,822
Utility Net Income	3,250,685

6.3 STATEMENT OF RATE BASE

6.3.1 STATEMENT OF RATE BASE

A summary of BPI's Rate Base for the 2017 Test Year, calculated on BPI's deemed capital structure in accordance with OEB filing requirements, is summarized below in Table 6.3-A. BPI's 2017 Rate Base is \$88,429,953.

TABLE 6.3-A - Rate Base

Rate Base Calculation	
Details	Initial Application
Gross Fixed Assets (Average)	125,667,450
Accumulated Depreciation(Average)	(46,702,445)
Net Fixed Assets (Average)	78,965,004
Allowance for Working Capital	9,464,949
Total Rate Base	88,429,953
Allowance for Working Capital- Derivation	
Controllable Expenses	10,361,873
Cost of Power	115,837,446
Working Capital Base	126,199,319
Working Capital Rate	7.50%
Working Capital Allowance	9,464,949

6.4 ACTUAL UTILITY RETURN ON RATE BASE

6.4.1 ACTUAL UTILITY RETURN ON RATE BASE

Table 6.4-A summarizes the computation of BPI's 2017 Test Year at existing rates (3.88%) and the 2017 Test Year at proposed rates (6.06%) in order to achieve the required revenue.

TABLE 6.4-A - Return on Rate Base

Actual Return on Rate Base:	2017 Test Existing Rates	2017 Test Required Revenue
Rate Base	88,429,953	88,429,953
Interest Expense	2,105,255	2,105,255
Net Income	1,324,227	3,250,685
Total Actual Return on Rate Base	3,429,482	5,355,940
Actual Return on Rate Base	3.88%	6.06%
Required Return on Rate Base		
Rate Base	88,429,953	88,429,953
Return Rates:		
Return on Debt (Weighted)	3.97%	3.97%
Return on Equity	9.19%	9.19%
Deemed Interest Expense	2,105,255	2,105,255
Return On Equity	3,250,685	3,250,685
Total Return	5,355,940	5,355,940
Expected Return on Rate Base	6.06%	6.06%

Indicated Rate of Return

BPI's 2017 Indicated Rate of Return is 6.06% as presented in Table 6.4-A and it is calculated as the sum of Utility Net Income and Deemed Interest Expense divided by the Utility Rate of Return on Rate Base. The 2017 Indicated Rate of Return at 2016 approved rates is 3.88%, 2.18% or 218 basis points below the requested rate of 1 return.

Requested Rate of Return

BPI has determined its requested rate of return on rate base to be 6.06% or \$5,355,940.

1 Table 6.4-A above summarizes the computation of BPI's expected 2017 rate of return on rate base of

2 3.88% and BPI's 2017 requested rate of 6.06%

3 As summarized in table 6.4-A, in the absence of a change to distribution rates for 2017, as determined in

4 the table calculation above and assuming that the 2016 approved rates remained unchanged, BPI's

5 return on rate base would be \$3,429,482, or a rate of return of 3.88%.

1 **6.5 DEFICIENCY OR SUFFICIENCY IN REVENUE**

2 **6.5.1 DEFICIENCY OR SUFFICIENCY IN REVENUE**

3 BPI has provided a detailed calculation supporting its 2017 Revenue Deficiency in table 6.6-A below.

6.6 GROSS DEFICIENCY OR SUFFICIENCY IN REVENUE

6.6.1 GROSS DEFICIENCY OR SUFFICIENCY IN REVENUE

BPI has provided a detailed calculation supporting its 2017 Revenue Deficiency in table 6.6-A below. The Gross Revenue Deficiency is calculated at \$2,621,032. Table 6.6-A provides the Revenue Deficiency calculation for the 2017 Test Year at Proposed Rates, which balances the Revenue Deficiency, Net Income and Total Return on Rate Base.

TABLE 6.6-A - Revenue Deficiency Determination

Line No.	Particulars	Initial Application	
		At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$2,621,032
2	Distribution Revenue	\$16,289,800	\$16,289,800
3	Other Operating Revenue	\$1,335,003	\$1,335,003
	Offsets - net		
4	Total Revenue	\$17,624,803	\$20,245,835
5	Operating Expenses	\$14,192,074	\$14,192,074
6	Deemed Interest Expense	\$2,105,255	\$2,105,255
8	Total Cost and Expenses	\$16,297,328	\$16,297,328
9	Utility Income Before Income Taxes	\$1,327,475	\$3,948,507
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$1,315,217)	(\$1,315,217)
11	Taxable Income	\$12,258	\$2,633,290
12	Income Tax Rate	26.50%	26.50%

13	Income Tax on Taxable Income	\$3,248	\$697,822
14	Income Tax Credits	\$ -	\$ -
15	Utility Net Income	\$1,324,227	\$3,250,685
16	Utility Rate Base	\$88,429,953	\$88,429,953
17	Deemed Equity Portion of Rate Base	\$35,371,981	\$35,371,981
18	Income/(Equity Portion of Rate Base)	3.74%	9.19%
19	Target Return - Equity on Rate Base	9.19%	9.19%
20	Deficiency/Sufficiency in Return on Equity	-5.45%	0.00%
21	Indicated Rate of Return	3.88%	6.06%
22	Requested Rate of Return on Rate Base	6.06%	6.06%
23	Deficiency/Sufficiency in Rate of Return	-2.18%	0.00%
24	Target Return on Equity	\$3,250,685	\$3,250,685
25	Revenue	\$1,926,458	\$0
26	Deficiency/(Sufficiency)		
	Gross Revenue	\$2,621,032	(1)
	Deficiency/(Sufficiency)		

6.7 COST DRIVERS ON REVENUE DEFICIENCY

6.7.1 COST DRIVERS ON REVENUE DEFICIENCY

Table 6.7-A below outlines the contributors to the Revenue Deficiency by Revenue Requirement component. Column A lists the 2013 approved amounts. Column B lists the 2017 Revenue at existing rates shown in table 6.6-A allocated to 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 2017 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 \$2,621,032.

TABLE 6.7-A – Revenue Deficiency by revenue requirement component

Service Revenue Requirement	2013 Approved (A)	2017 Revenue at Existing Rates Allocated in Proportion to 2013 Approved (B)	2017 Proposed (C)	Revenue Deficiency (D)= (C)-(B)
OM&A including property taxes	8,866,025	9,166,761	10,495,506	1,328,746
Depreciation	2,900,650	2,999,040	3,696,567	697,527
Return on Rate Base	4,689,981	4,849,065	5,355,940	506,875
PILs	589,927	609,937	697,822	87,884
Total	17,046,583	17,624,803	20,245,835	2,621,032
Rate Base	75,737,921		88,429,953	12,692,032

There are 2 main contributors to the revenue deficiency of \$2,621,032 for the 2017 Test Year:

- The first contributor is the increase in OM&A as detailed in Exhibit 4. Please refer to Exhibit 4 Table 4.1-A: Summary of OM&A Increases – 2013 Board Approved to 2017 Test Year. This increase of \$1,633,919 is close to the revenue deficient component for OM&A of \$1,328,746 shown above.
- The second contributor relates to the increase in the return on rate base resulting from an increase in Rate Base of approximately \$12.7M which is detailed in Exhibit 2. Please refer to Exhibit 2, Table 2.1.1-A Summary of Rate Base which supports the Rate Base values shown above for 2013 Approved and 2017 Proposed. The rationale that supports the \$12.7M increase in Rate Base since 2013 is provided in the evidence in Exhibit 2.

List of Attachments

Attachment 6-A - Revenue Requirement Work Form

Attachment 6-A

Revenue Requirement Work Form



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers



Version 6.00

Utility Name	Brantford Power Inc.
Service Territory	brantford ON
Assigned EB Number	EB-2016-0058
Name and Title	Brian D'Amboise, CFO and VP Corporate Services
Phone Number	519-751-3522 x5133
Email Address	bdamboise@brantford.ca

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While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.



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)		(6)		Per Board Decision
1	Rate Base					
	Gross Fixed Assets (average)	\$125,667,450		\$ 125,667,450		\$125,667,450
	Accumulated Depreciation (average)	(\$46,702,445) (5)		(\$46,702,445)		(\$46,702,445)
	Allowance for Working Capital:					
	Controllable Expenses	\$10,361,873		\$ 10,361,873		\$10,361,873
	Cost of Power	\$115,837,446		\$ 115,837,446		\$115,837,446
	Working Capital Rate (%)	7.50% (9)		7.50% (9)		7.50% (9)
2	Utility Income					
	Operating Revenues:					
	Distribution Revenue at Current Rates	\$16,289,800				
	Distribution Revenue at Proposed Rates	\$18,910,832				
	Other Revenue:					
	Specific Service Charges	\$506,195				
	Late Payment Charges	\$235,599				
	Other Distribution Revenue	\$264,212				
	Other Income and Deductions	\$328,997				
	Total Revenue Offsets	\$1,335,003 (7)				
	Operating Expenses:					
	OM+A Expenses	\$10,495,506		\$ 10,495,506		\$10,495,506
	Depreciation/Amortization	\$3,696,567		\$ 3,696,567		\$3,696,567
	Property taxes					
	Other expenses					
3	Taxes/PILs					
	Taxable Income:					
		(\$1,315,217) (3)				
	Adjustments required to arrive at taxable income					
	Utility Income Taxes and Rates:					
	Income taxes (not grossed up)	\$512,899				
	Income taxes (grossed up)	\$697,822				
	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%				
	Short-term debt Capitalization Ratio (%)	4.0% (8)		(8)		(8)
	Common Equity Capitalization Ratio (%)	40.0%				
	Preferred Shares Capitalization Ratio (%)	0.0%				
		100.0%				
	Cost of Capital					
	Long-term debt Cost Rate (%)	4.13%				
	Short-term debt Cost Rate (%)	1.65%				
	Common Equity Cost Rate (%)	9.19%				
	Preferred Shares Cost Rate (%)	0.00%				

Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (2) Net of addbacks and deductions to arrive at taxable income.
- (3) Average of Gross Fixed Assets at beginning and end of the Test Year
- (4) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (5) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- (6) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (7) 4.0% unless an Applicant has proposed or been approved for another amount.
- (8) The default Working Capital Allowance factor is 7.5% (of Cost of Power plus controllable expenses), per the letter issued by the Board on June 3, 2015. Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.
- (9)



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Rate Base and Working Capital

Rate Base										
Line No.	Particulars		Initial Application						Per Board Decision	
1	Gross Fixed Assets (average)	(3)	\$125,667,450		\$ -		\$125,667,450		\$ -	\$125,667,450
2	Accumulated Depreciation (average)	(3)	(\$46,702,445)		\$ -		(\$46,702,445)		\$ -	(\$46,702,445)
3	Net Fixed Assets (average)	(3)	\$78,965,004		\$ -		\$78,965,004		\$ -	\$78,965,004
4	Allowance for Working Capital	(1)	\$9,464,949		\$ -		\$9,464,949		\$ -	\$9,464,949
5	Total Rate Base		\$88,429,953		\$ -		\$88,429,953		\$ -	\$88,429,953

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$10,361,873	\$ -	\$10,361,873	\$ -	\$10,361,873
7	Cost of Power	\$115,837,446	\$ -	\$115,837,446	\$ -	\$115,837,446
8	Working Capital Base	\$126,199,319	\$ -	\$126,199,319	\$ -	\$126,199,319
9	Working Capital Rate % (2)	7.50%	0.00%	7.50%	0.00%	7.50%
10	Working Capital Allowance	\$9,464,949	\$ -	\$9,464,949	\$ -	\$9,464,949

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						Per Board Decision
	Operating Revenues:							
1	Distribution Revenue (at Proposed Rates)	\$18,910,832		(\$18,910,832)		\$ -	\$ -	\$ -
2	Other Revenue (1)	\$1,335,003		(\$1,335,003)		\$ -	\$ -	\$ -
3	Total Operating Revenues	\$20,245,835		(\$20,245,835)		\$ -	\$ -	\$ -
	Operating Expenses:							
4	OM+A Expenses	\$10,495,506		\$ -		\$10,495,506	\$ -	\$10,495,506
5	Depreciation/Amortization	\$3,696,567		\$ -		\$3,696,567	\$ -	\$3,696,567
6	Property taxes	\$ -		\$ -		\$ -	\$ -	\$ -
7	Capital taxes	\$ -		\$ -		\$ -	\$ -	\$ -
8	Other expense	\$ -		\$ -		\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$14,192,074		\$ -		\$14,192,074	\$ -	\$14,192,074
10	Deemed Interest Expense	\$2,105,255		(\$2,105,255)		\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$16,297,328		(\$2,105,255)		\$14,192,074	\$ -	\$14,192,074
12	Utility income before income taxes	\$3,948,507		(\$18,140,580)		(\$14,192,074)	\$ -	(\$14,192,074)
13	Income taxes (grossed-up)	\$697,822		\$ -		\$697,822	\$ -	\$697,822
14	Utility net income	\$3,250,685		(\$18,140,580)		(\$14,889,895)	\$ -	(\$14,889,895)

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$506,195				\$ -		\$ -
	Late Payment Charges	\$235,599				\$ -		\$ -
	Other Distribution Revenue	\$264,212				\$ -		\$ -
	Other Income and Deductions	\$328,997				\$ -		\$ -
	Total Revenue Offsets	\$1,335,003		\$ -		\$ -	\$ -	\$ -



Revenue Requirement Workform (RRWF) for 2016 Filers

Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$3,250,685		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$1,315,217)		\$ -		(\$1,315,217)	
3	Taxable income	\$1,935,468		\$ -		(\$1,315,217)	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$512,899		\$512,899		\$512,899	
6	Total taxes	\$512,899		\$512,899		\$512,899	
7	Gross-up of Income Taxes	\$184,923		\$184,923		\$184,923	
8	Grossed-up Income Taxes	\$697,822		\$697,822		\$697,822	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$697,822		\$697,822		\$697,822	
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 (%)	26.50%		26.50%		26.50%	

Notes



Ontario Energy Board

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%	\$49,520,774	4.13%	\$2,046,891
2	Short-term Debt	4.00%	\$3,537,198	1.65%	\$58,364
3	Total Debt	60.00%	\$53,057,972	3.97%	\$2,105,255
	Equity				
4	Common Equity	40.00%	\$35,371,981	9.19%	\$3,250,685
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$35,371,981	9.19%	\$3,250,685
7	Total	100.00%	\$88,429,953	6.06%	\$5,355,940
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	\$ -
7	Total	0.00%	\$88,429,953	0.00%	\$ -
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	4.13%	\$ -
9	Short-term Debt	0.00%	\$ -	1.65%	\$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
11	Common Equity	0.00%	\$ -	9.19%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$88,429,953	0.00%	\$ -

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



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$2,621,032		(\$2,571,921)
2	Distribution Revenue	\$16,289,800	\$16,289,800	\$16,289,800	\$21,482,753
3	Other Operating Revenue	\$1,335,003	\$1,335,003	\$ -	\$ -
	Offsets - net				
4	Total Revenue	<u>\$17,624,803</u>	<u>\$20,245,835</u>	<u>\$16,289,800</u>	<u>\$18,910,832</u>
5	Operating Expenses	\$14,192,074	\$14,192,074	\$14,192,074	\$14,192,074
6	Deemed Interest Expense	\$2,105,255	\$2,105,255	\$ -	\$ -
8	Total Cost and Expenses	<u>\$16,297,328</u>	<u>\$16,297,328</u>	<u>\$14,192,074</u>	<u>\$14,192,074</u>
9	Utility Income Before Income Taxes	\$1,327,475	\$3,948,507	\$2,097,727	\$4,718,759
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$1,315,217)	(\$1,315,217)	(\$1,315,217)	(\$1,315,217)
11	Taxable Income	<u>\$12,258</u>	<u>\$2,633,290</u>	<u>\$782,510</u>	<u>\$3,403,541</u>
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%
13	Income Tax on Taxable Income	\$3,248	\$697,822	\$207,365	\$901,938
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	<u>\$1,324,227</u>	<u>\$3,250,685</u>	<u>\$1,890,362</u>	<u>(\$14,889,895)</u>
16	Utility Rate Base	\$88,429,953	\$88,429,953	\$88,429,953	\$88,429,953
17	Deemed Equity Portion of Rate Base	\$35,371,981	\$35,371,981	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	3.74%	9.19%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.19%	9.19%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-5.45%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	3.88%	6.06%	2.14%	0.00%
22	Requested Rate of Return on Rate Base	6.06%	6.06%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-2.18%	0.00%	2.14%	0.00%
24	Target Return on Equity	\$3,250,685	\$3,250,685	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$1,926,458	\$0	(\$1,890,362)	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	<u>\$2,621,032 (1)</u>		<u>(\$2,571,921) (1)</u>	

Notes:

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



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Revenue Requirement

Line No.	Particulars	Application				Per Board Decision	
1	OM&A Expenses	\$10,495,506		\$10,495,506		\$10,495,506	
2	Amortization/Depreciation	\$3,696,567		\$3,696,567		\$3,696,567	
3	Property Taxes	\$ -					
5	Income Taxes (Grossed up)	\$697,822		\$697,822		\$697,822	
6	Other Expenses	\$ -					
7	Return						
	Deemed Interest Expense	\$2,105,255		\$ -		\$ -	
	Return on Deemed Equity	\$3,250,685		\$ -		\$ -	
8	Service Revenue Requirement (before Revenues)	<u>\$20,245,835</u>		<u>\$14,889,895</u>		<u>\$14,889,895</u>	
9	Revenue Offsets	\$1,335,003		\$ -		\$ -	
10	Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)	<u>\$18,910,832</u>		<u>\$14,889,895</u>		<u>\$14,889,895</u>	
11	Distribution revenue	\$18,910,832		\$ -		\$ -	
12	Other revenue	<u>\$1,335,003</u>		<u>\$ -</u>		<u>\$ -</u>	
13	Total revenue	<u>\$20,245,835</u>		<u>\$ -</u>		<u>\$ -</u>	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ -</u>	(1)	<u>(\$14,889,895)</u>	(1)	<u>(\$14,889,895)</u>	(1)

Notes

(1) Line 11 - Line 8



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers

Tracking Form

The last row shown is the most current estimate of the cost of service data reflecting the original application and any updates provided by the applicant distributor (for updated evidence, responses to interrogatories, undertakings, etc.) Please ensure a Reference (Column B) and/or Item Description (Column C) is entered. Please note that unused rows will automatically be hidden and the PRINT AREA set when the PRINT BUTTON on Sheet 1 is activated.

⁽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

Reference ⁽¹⁾	Item / Description ⁽²⁾	Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
		Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
	Original Application	\$ 5,355,940	6.06%	\$ 88,429,953	\$ 126,199,319	\$ 9,464,949	\$ 3,696,567	\$ 697,822	\$ 10,495,506	\$ 20,245,835	\$ 1,335,003	\$ 18,910,832	\$ 2,621,032