

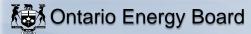


Version 6.00

Utility Name	Innisfil Hydro Distribution Systems Limited
Service Territory	
Assigned EB Number	EB-2016-0086 2021 Test Year
Name and Title	Brenda Pinke, Manager Regulatory and CDM
Phone Number	705-431-4321
Email Address	bpinke@innpower.com

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



1. Info 6. Taxes_PILs

2. Table of Contents 7. Cost_of_Capital

3. Data_Input_Sheet 8. Rev_Def_Suff

4. Rate_Base 9. Rev_Reqt

5. Utility Income 10. Tracking Sheet

Notes:

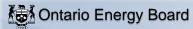
(1) Pale green cells represent inputs

(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.

Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel



Data Input (1)

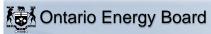
	Application	(2)				(6)	Decision	-
Pate Race								
Gross Fixed Assets (average) Accumulated Depreciation (average)	\$87,301,711 (\$17,782,507)	(5)		\$	87,301,711 (\$17,782,507)		\$87,301,711 (\$17,782,507)	
Controllable Expenses Cost of Power	\$8,174,100 \$39,395,629	(0)		\$	8,174,100 39,395,629	(0)	\$8,174,100 \$39,395,629	(0)
working Capital Rate (%)	7.50%	(9)			7.50%	(9)	7.50%	(9)
Utility Income Operating Revenues: Distribution Revenue at Current Rates	\$14 621 388							
Distribution Revenue at Proposed Rates	\$14,454,800							
Specific Service Charges Late Payment Charges Other Distribution Revenue	\$183,800 \$87,800 \$2,374,375 \$ -							
Total Revenue Offsets	·	(7)						
Operating Expenses:								
OM+A Expenses Depreciation/Amortization Property taxes	\$8,038,200 \$4,476,550 \$135,900			\$ \$ \$	8,038,200 4,476,550 135,900		\$8,038,200 \$4,476,550 \$135,900	
·								
Adjustments required to arrive at taxable income	(\$1,924,616)	(3)						
	\$201.046							
Income taxes (grossed up)	\$274,756							
Federal tax (%) Provincial tax (%) Income Tax Credits	15.00% 11.50%							
Capitalization/Cost of Capital								
Long-term debt Capitalization Ratio (%) Short-term debt Capitalization Ratio (%) Common Equity Capitalization Ratio (%) Prefered Shares Capitalization Ratio (%)	56.0% 4.0% 40.0%	(8)				(8)		(8)
Cost of Capital Long-term debt Cost Rate (%) Short-term debt Cost Rate (%) Common Equity Cost Rate (%) Prefered Shares Cost Rate (%)	3.52% 1.65% 9.19%							
	Accumulated Depreciation (average) Allowance for Working Capital: Controllable Expenses Cost of Power Working Capital Rate (%) Utility Income Operating Revenues: Distribution Revenue at Current Rates Distribution Revenue at Proposed Rates Other Revenue: Specific Service Charges Late Payment Charges Other Distribution Revenue Other Income and Deductions Total Revenue Offsets Operating Expenses: OM+A Expenses Depreciation/Amortization Property taxes Other expenses Taxes/PILs Taxable Income: Adjustments required to arrive at taxable income Utility Income Taxes and Rates: Income taxes (not grossed up) Income taxes (grossed up) Federal tax (%) Provincial tax (%) Income Tax Credits Capitalization/Cost of Capital Capital Structure: Long-term debt Capitalization Ratio (%) Common Equity Capitalization Ratio (%) Prefered Shares Capitalization Ratio (%) Short-term debt Cost Rate (%) Short-term debt Cost Rate (%) Common Equity Cost Rate (%) Common Equity Cost Rate (%) Common Equity Cost Rate (%)	Gross Fixed Assets (average) Accumulated Depreciation (average) Allowance for Working Capital: Controllable Expenses Cost of Power Working Capital Rate (%) Utility Income Operating Revenues: Distribution Revenue at Current Rates Distribution Revenue at Proposed Rates Other Revenue: Specific Service Charges Late Payment Charges Late Payment Charges Other Distribution Revenue Other Income and Deductions Total Revenue Offsets Operating Expenses: OM+A Expenses OH+A Expenses OH+A Expenses Other expenses: OM+A Expenses Other expenses: Office and Rates: Income taxes (not grossed up) Income Taxes and Rates: Income taxes (not grossed up) Federal tax (%) Provincial tax (%) Income Tax Credits Capital Structure: Long-term debt Capitalization Ratio (%) Prefered Shares Capitalization Ratio (%) Prefered Cost Rate (%) Short-term debt Cost Rate (%) Common Equity Cost Rate (%) Short-term debt Cost Rate (%) Common Equity Cost Rate (%) Short-term debt Cost Rate (%) Common Equity Cost Rate (%) Short-term debt Cost Rate (%) Common Equity Cost Rate (%) Short-term debt Cost Rate (%) Common Equity Cost Rate (%) Short-term debt Cost Rate (%) Common Equity Cost Rate (%) Short-term debt Cost Rate (%) Short-term debt Cost Rate (%) Short-term debt Cost Rate (%) Common Equity Cost Rate (%) Short-term debt Cost Rate (%	Second Serial Assets (average) Accumulated Depreciation (average) Accumulated Depreciation (average) Accumulated Depreciation (average) Allowance for Working Capital:	Section	Sar, 301,711 Sar,	Second Service Assets (average) \$87,301,711 \$87,301,711 \$87,301,711 \$87,301,711 \$87,301,711 \$87,301,711 \$87,301,711 \$87,301,711 \$87,301,711 \$87,782,507 \$87,782,	Ser Ser	Sar, 301,711 Sar,

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.,
- (2) use colimn M and Adjustments in column I
- Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
 - Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- The default Working Capital Allowance factor is 7.5% (of Cost of Power plus controllable expenses), per the letter issued by the Board on June 3, 2015. Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.



Rate Base and Working Capital

R	a	ŀρ	R	а	se

Line No.	Particulars	_	Initial Application					Per Board Decision
1 2 3	Gross Fixed Assets (average) Accumulated Depreciation (average) Net Fixed Assets (average)	(3) (3) (3)	\$87,301,711 (\$17,782,507) \$69,519,204	_	\$ - \$ - \$ -	\$87,301,711 (\$17,782,507) \$69,519,204	\$ - \$ - \$ -	\$87,301,711 (\$17,782,507) \$69,519,204
4	Allowance for Working Capital	(1)	\$3,567,730		\$ -	\$3,567,730	\$ -	\$3,567,730
5	Total Rate Base	_	\$73,086,933		\$	\$73,086,933	\$ -	\$73,086,933

(1) Allowance for Working Capital - Derivation

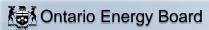
Controllable Expenses		\$8,174,100	\$ -	\$8,174,100	\$ -	\$8,174,100
Cost of Power		\$39,395,629	\$ -	\$39,395,629	\$ -	\$39,395,629
Working Capital Base		\$47,569,729	\$ -	\$47,569,729	\$ -	\$47,569,729
Working Capital Rate %	(2)	7.50%	0.00%	7.50%	0.00%	7.50%
Working Capital Allowance	;	\$3,567,730	\$ -	\$3,567,730	\$ -	\$3,567,730

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

(3)

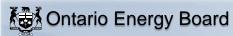
Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2016 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015. Alternatively, a utility could conduct and file its own lead-lag study.

Average of opening and closing balances for the year.



Utility Income

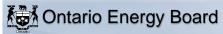
Line No.	Particulars	Initial Application				Per Board Decision
1	Operating Revenues: Distribution Revenue (at Proposed Rates)	\$14,454,800	(\$14,454,800)	\$ -	\$ -	\$ -
2	Other Revenue	(1) \$2,645,975	(\$2,645,975)	<u> </u>	<u> </u>	<u> </u>
3	Total Operating Revenues	\$17,100,775	(\$17,100,775)	<u> </u>	\$ -	\$ -
4 5 6 7 8	Operating Expenses: OM+A Expenses Depreciation/Amortization Property taxes Capital taxes Other expense Subtotal (lines 4 to 8)	\$8,038,200 \$4,476,550 \$135,900 \$ - \$ - \$ -	\$ - \$ - \$ - \$ - \$ - \$ -	\$8,038,200 \$4,476,550 \$135,900 \$-	\$ - \$ - \$ - \$ - \$ -	\$8,038,200 \$4,476,550 \$135,900 \$ -
	,				·	
10	Deemed Interest Expense	\$1,488,693	(\$1,488,693)	<u> \$ - </u>	<u> </u>	\$ -
11	Total Expenses (lines 9 to 10)	\$14,139,343	(\$1,488,693)	\$12,650,650	<u> </u>	\$12,650,650
12	Utility income before income taxes	\$2,961,432	(\$15,612,082)	(\$12,650,650)	<u> </u>	(\$12,650,650)
13	Income taxes (grossed-up)	\$274,756	\$ -	\$274,756	\$ -	\$274,756
14	Utility net income	\$2,686,676	(\$15,612,082)	(\$12,925,406)	<u> </u>	(\$12,925,406)
<u>Notes</u>	Other Revenues / Reve	nue Offsets				
(1)	Specific Service Charges Late Payment Charges Other Distribution Revenue Other Income and Deductions Total Revenue Offsets	\$183,800 \$87,800 \$2,374,375 \$-		\$ - \$ - \$ - \$ -		\$ - \$ - \$ -
	i otal Revenue Offsets	\$2,645,975	<u> </u>	<u> </u>	<u> </u>	<u> </u>



Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
	Determination of Taxable Income			
1	Utility net income before taxes	\$2,686,676	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$1,924,616)	\$ -	(\$1,924,616)
3	Taxable income	\$762,060	<u> </u>	(\$1,924,616)
	Calculation of Utility income Taxes			
4	Income taxes	\$201,946	\$201,946	\$201,946
6	Total taxes	\$201,946	\$201,946	\$201,946
7	Gross-up of Income Taxes	\$72,810	\$72,810	\$72,810
8	Grossed-up Income Taxes	\$274,756	\$274,756	\$274,756
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$274,756	\$274,756	\$274,756
10	Other tax Credits	\$ -	\$ -	\$ -
	Tax Rates			
11 12 13	Federal tax (%) Provincial tax (%) Total tax rate (%)	15.00% 11.50% 26.50%	15.00% 11.50% 26.50%	15.00% 11.50% 26.50%

Notes

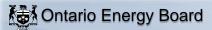


Capitalization/Cost of Capital

Common Equity Common Equit	Return
Debt Long-term Debt 56.00% \$40,928,683 3.52%	
1 Long-term Debt 56.00% \$40,928,683 3.52% 2 Short-term Debt 4.00% \$2,923,477 1.65% 3 Total Debt 60.00% \$43,852,160 3.39% Equity 4 Common Equity 40.00% \$29,234,773 9.19% 5 Preferred Shares 0.00% \$- 0.00% 6 Total Equity 40.00% \$29,234,773 9.19%	(\$)
4 Common Equity 40.00% \$29,234,773 9.19% 5 Preferred Shares 0.00% \$ - 0.00% 6 Total Equity 40.00% \$29,234,773 9.19%	\$1,440,456 \$48,237 \$1,488,693
7 <u>Total</u> 100.00% \$73,086,933 5.71%	\$2,686,676 \$- \$2,686,676
	\$4,175,369
(%) (\$) (%)	(\$)
1 Long-term Debt 0.00% \$ - 0.00%	\$ -
2 Short-term Debt 0.00% \$- 0.00% \$- 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 <u>Total</u> 0.00% \$73,086,933 0.00%	\$ -
Per Board Decision	
(%) (\$) (%)	(\$)
8 Long-term Debt 0.00% \$ - 3.52% 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% \$73,086,933 0.00%	\$ -

<u>Notes</u> (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 colimn M and Adjustments in column I



Revenue Deficiency/Sufficiency

Initial Application	

Per Board Decision

Line No.	Particulars	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1 2 3	Revenue Deficiency from Below Distribution Revenue Other Operating Revenue Offsets - net	\$14,621,388 \$2,645,975	(\$166,588) \$14,621,388 \$2,645,975	\$14,621,388 \$ -	(\$2,664,647) \$17,119,447 \$-	\$ - \$ -	\$12,650,650 (\$12,650,650) \$ -
4	Total Revenue	\$17,267,364	\$17,100,775	\$14,621,388	\$14,454,800	\$ -	\$ -
5 6 8	Operating Expenses Deemed Interest Expense Total Cost and Expenses	\$12,650,650 \$1,488,693 \$14,139,343	\$12,650,650 \$1,488,693 \$14,139,343	\$12,650,650 \$- \$12,650,650	\$12,650,650 \$ - \$12,650,650	\$12,650,650 \$ - \$12,650,650	\$12,650,650 \$ - \$12,650,650
9	Utility Income Before Income Taxes	\$3,128,020	\$2,961,432	\$1,970,738	\$1,804,150	(\$12,650,650)	(\$12,650,650)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$1,924,616)	(\$1,924,616)	(\$1,924,616)	(\$1,924,616)	\$ -	\$ -
11	Taxable Income	\$1,203,404	\$1,036,816	\$46,122	(\$120,466)	(\$12,650,650)	(\$12,650,650)
12 13	Income Tax Rate	26.50% \$318,902	26.50% \$274,756	26.50% \$12,222	26.50% (\$31,923)	26.50% (\$3,352,422)	26.50% (\$3,352,422)
14	Income Tax on Taxable Income Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	\$2,809,118	\$2,686,676	\$1,958,516	(\$12,925,406)	(\$9,298,228)	(\$12,925,406)
16	Utility Rate Base	\$73,086,933	\$73,086,933	\$73,086,933	\$73,086,933	\$73,086,933	\$73,086,933
17	Deemed Equity Portion of Rate Base	\$29,234,773	\$29,234,773	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	9.61%	9.19%	0.00%	0.00%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.19%	9.19%	0.00%	0.00%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	0.42%	0.00%	0.00%	0.00%	0.00%	0.00%
21 22	Indicated Rate of Return Requested Rate of Return on Rate Base	5.88% 5.71%	5.71% 5.71%	2.68% 0.00%	0.00% 0.00%	-12.72% 0.00%	0.00% 0.00%
23	Deficiency/Sufficiency in Rate of Return	0.17%	0.00%	2.68%	0.00%	-12.72%	0.00%
24 25 26	Target Return on Equity Revenue Deficiency/(Sufficiency) Gross Revenue Deficiency/(Sufficiency)	\$2,686,676 (\$122,442) (\$166,588) (1)	\$2,686,676 \$ -	\$ - (\$1,958,516) (\$2,664,647) (1)	\$ - \$ -	\$ - \$9,298,228 \$12,650,650 (1)	\$ - \$ -

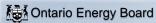
Notes:

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



Revenue Requirement

Line No.	Particulars	Application				Per Board Decision	
1	OM&A Expenses	\$8,038,200		\$8,038,200		\$8,038,200	
2	Amortization/Depreciation	\$4,476,550		\$4,476,550		\$4,476,550	
3	Property Taxes	\$135,900		\$135,900		\$135,900	
5	Income Taxes (Grossed up)	\$274,756		\$274,756		\$274,756	
6	Other Expenses	\$ -					
7	Return	·					
	Deemed Interest Expense	\$1,488,693		\$ -		\$ -	
	Return on Deemed Equity	\$2,686,676		\$ -		\$ -	
8	Service Revenue Requirement						
	(before Revenues)	\$17,100,775		\$12,925,406		\$12,925,406	
9	Revenue Offsets	\$2,645,975		\$-		\$ -	
10	Base Revenue Requirement	\$14,454,800		\$12,925,406		\$12,925,406	
	(excluding Tranformer Owership Allowance credit adjustment)						
11	Distribution revenue	\$14,454,800		\$ -		\$ -	
12	Other revenue	\$2,645,975		\$ -		\$ -	
12	Other revenue	ΨΣ,040,570				<u> </u>	
13	Total revenue	\$17,100,775		<u> </u>		\$ -	
14	Difference (Total Revenue Less Distribution Revenue Requirement		40		445		40
	before Revenues)	<u>\$-</u>	(1)	(\$12,925,406)	(1)	(\$12,925,406)	(1)
Notes (1)	Line 11 - Line 8						



Tracking Form

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

(1) Short reference to evidence material (interrogatory response, undertaking, exhibit number, Board Decision, Code, Guideline, Report of the Board, etc.)

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

Summary of Proposed Changes

		Cost of			Cost of Capital Rate Base and Capital Expenditures		Operating Expenses			Revenue Requirement			
Reference (1)	Item / Description ⁽²⁾	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues		
	Original Application	\$ 4,175,369	5.71%	\$ 73,086,933	\$ 47,569,729	\$ 3,567,730	\$ 4,476,550	\$ 274,756	\$ 8,038,200	\$ 17,100,775	\$ 2,645,975	\$ 14,454,800	-\$ 166,588

3

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