



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2016 Filers



Version 6.00

Utility Name	Chapleau Public Utilities Corporation
Service Territory	Town of Chapleau
Assigned EB Number	EB-2015-0060
Name and Title	Alan Morin - Manager
Phone Number	705-864-0111
Email Address	cpuc@ontera.net

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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.



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Notes:

- (1) Pale green cells represent inputs
- (2) Pale green boxes at the bottom of each page are for additional notes
- (3) Pale yellow cells represent drop-down lists
- (4) ***Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.***
- (5) ***Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel***



Revenue Requirement Workform (RRWF) for 2016 Filers

Data Input ⁽¹⁾

	Initial Application	(2)	(6)	Per Board Decision
1 Rate Base				
Gross Fixed Assets (average)	\$2,754,517		\$ 2,754,517	\$2,754,517
Accumulated Depreciation (average)	(\$1,662,622)	(5)	(\$1,662,622)	(\$1,662,622)
Allowance for Working Capital:				
Controllable Expenses	\$728,300		\$ 728,300	\$728,300
Cost of Power	\$3,267,388		\$ 3,267,388	\$3,267,388
Working Capital Rate (%)	7.50%	(9)	7.50% (9)	7.50% (9)
2 Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$778,753			
Distribution Revenue at Proposed Rates	\$847,617			
Other Revenue:				
Specific Service Charges	\$8,055			
Late Payment Charges	\$6,500			
Other Distribution Revenue	\$15,750			
Other Income and Deductions	\$13,200			
Total Revenue Offsets	\$43,505	(7)		
Operating Expenses:				
OM+A Expenses	\$720,300		\$ 720,300	\$720,300
Depreciation/Amortization	\$74,699		\$ 74,699	\$74,699
Property taxes	\$8,000		\$ 8,000	\$8,000
Other expenses				
3 Taxes/PILs				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$47,350)	(3)		
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$570			
Income taxes (grossed up)	\$671			
Federal tax (%)	10.50%			
Provincial tax (%)	4.50%			
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 (%)	4.54%			
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 (%)
- (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.



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Rate Base and Working Capital

Rate Base										
Line No.	Particulars		Initial Application						Per Board Decision	
1	Gross Fixed Assets (average)	(3)	\$2,754,517		\$ -		\$2,754,517		\$ -	\$2,754,517
2	Accumulated Depreciation (average)	(3)	(\$1,662,622)		\$ -		(\$1,662,622)		\$ -	(\$1,662,622)
3	Net Fixed Assets (average)	(3)	\$1,091,896		\$ -		\$1,091,896		\$ -	\$1,091,896
4	Allowance for Working Capital	(1)	\$299,677		\$ -		\$299,677		\$ -	\$299,677
5	Total Rate Base		\$1,391,572		\$ -		\$1,391,572		\$ -	\$1,391,572

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$728,300	\$ -	\$728,300	\$ -	\$728,300
7	Cost of Power	\$3,267,388	\$ -	\$3,267,388	\$ -	\$3,267,388
8	Working Capital Base	\$3,995,688	\$ -	\$3,995,688	\$ -	\$3,995,688
9	Working Capital Rate % (2)	7.50%	0.00%	7.50%	0.00%	7.50%
10	Working Capital Allowance	\$299,677	\$ -	\$299,677	\$ -	\$299,677

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.



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Utility Income

Line No.	Particulars	Initial Application					Per Board Decision
	Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)	\$847,617	(\$847,617)	\$ -	\$ -	\$ -	
2	Other Revenue (1)	\$43,505	(\$43,505)	\$ -	\$ -	\$ -	
3	Total Operating Revenues	\$891,122	(\$891,122)	\$ -	\$ -	\$ -	
	Operating Expenses:						
4	OM+A Expenses	\$720,300	\$ -	\$720,300	\$ -	\$720,300	
5	Depreciation/Amortization	\$74,699	\$ -	\$74,699	\$ -	\$74,699	
6	Property taxes	\$8,000	\$ -	\$8,000	\$ -	\$8,000	
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	
9	Subtotal (lines 4 to 8)	\$802,999	\$ -	\$802,999	\$ -	\$802,999	
10	Deemed Interest Expense	\$36,298	(\$36,298)	\$ -	\$ -	\$ -	
11	Total Expenses (lines 9 to 10)	\$839,297	(\$36,298)	\$802,999	\$ -	\$802,999	
12	Utility income before income taxes	\$51,825	(\$854,824)	(\$802,999)	\$ -	(\$802,999)	
13	Income taxes (grossed-up)	\$671	\$ -	\$671	\$ -	\$671	
14	Utility net income	\$51,155	(\$854,824)	(\$803,670)	\$ -	(\$803,670)	

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$8,055		\$ -		\$ -
	Late Payment Charges	\$6,500		\$ -		\$ -
	Other Distribution Revenue	\$15,750		\$ -		\$ -
	Other Income and Deductions	\$13,200		\$ -		\$ -
	Total Revenue Offsets	\$43,505	\$ -	\$ -	\$ -	\$ -



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	\$51,154		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$47,350)		\$ -		(\$47,350)	
3	Taxable income	\$3,804		\$ -		(\$47,350)	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$570		\$570		\$570	
6	Total taxes	\$570		\$570		\$570	
7	Gross-up of Income Taxes	\$101		\$101		\$101	
8	Grossed-up Income Taxes	\$671		\$671		\$671	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$671		\$671		\$671	
10	Other tax Credits	\$ -		\$ -		\$ -	
<u>Tax Rates</u>							
11	Federal tax (%)	10.50%		10.50%		10.50%	
12	Provincial tax (%)	4.50%		4.50%		4.50%	
13	Total tax rate (%)	15.00%		15.00%		15.00%	

Notes



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Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return
		Initial Application				
		(%)	(\$)	(%)		(\$)
	Debt					
1	Long-term Debt	56.00%	\$779,280	4.54%		\$35,379
2	Short-term Debt	4.00%	\$55,663	1.65%		\$918
3	Total Debt	60.00%	\$834,943	4.35%		\$36,298
	Equity					
4	Common Equity	40.00%	\$556,629	9.19%		\$51,154
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	40.00%	\$556,629	9.19%		\$51,154
7	Total	100.00%	\$1,391,572	6.28%		\$87,452
		Per Board Decision				
		(%)	(\$)	(%)		(\$)
	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%	\$1,391,572	0.00%		\$ -
		(%)	(\$)	(%)		(\$)
	Debt					
8	Long-term Debt	0.00%	\$ -	4.54%		\$ -
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%	\$1,391,572	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



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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	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$68,864		\$15,890		\$802,999
2	Distribution Revenue	\$778,753	\$778,753	\$778,753	\$831,727	\$ -	(\$802,999)
3	Other Operating Revenue	\$43,505	\$43,505	\$ -	\$ -	\$ -	\$ -
4	Offsets - net						
4	Total Revenue	\$822,258	\$891,122	\$778,753	\$847,617	\$ -	\$ -
5	Operating Expenses	\$802,999	\$802,999	\$802,999	\$802,999	\$802,999	\$802,999
6	Deemed Interest Expense	\$36,298	\$36,298	\$ -	\$ -	\$ -	\$ -
8	Total Cost and Expenses	\$839,297	\$839,297	\$802,999	\$802,999	\$802,999	\$802,999
9	Utility Income Before Income Taxes	(\$17,039)	\$51,825	(\$24,246)	\$44,618	(\$802,999)	(\$802,999)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$47,350)	(\$47,350)	(\$47,350)	(\$47,350)	\$ -	\$ -
11	Taxable Income	(\$64,389)	\$4,475	(\$71,596)	(\$2,732)	(\$802,999)	(\$802,999)
12	Income Tax Rate	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
13	Income Tax on Taxable Income	(\$9,658)	\$671	(\$10,739)	(\$410)	(\$120,450)	(\$120,450)
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	(\$7,380)	\$51,155	(\$13,507)	(\$803,670)	(\$682,549)	(\$803,670)
16	Utility Rate Base	\$1,391,572	\$1,391,572	\$1,391,572	\$1,391,572	\$1,391,572	\$1,391,572
17	Deemed Equity Portion of Rate Base	\$556,629	\$556,629	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	-1.33%	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	-10.52%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	2.08%	6.28%	-0.97%	0.00%	-49.05%	0.00%
22	Requested Rate of Return on Rate Base	6.28%	6.28%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-4.21%	0.00%	-0.97%	0.00%	-49.05%	0.00%
24	Target Return on Equity	\$51,154	\$51,154	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$58,535	\$0	\$13,507	\$ -	\$682,549	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$68,864 (1)		\$15,890 (1)		\$802,999 (1)	

Notes:

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



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Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$720,300		\$720,300	
2	Amortization/Depreciation	\$74,699		\$74,699	
3	Property Taxes	\$8,000		\$8,000	
5	Income Taxes (Grossed up)	\$671		\$671	
6	Other Expenses	\$ -			
7	Return				
	Deemed Interest Expense	\$36,298		\$ -	
	Return on Deemed Equity	\$51,154		\$ -	
8	Service Revenue Requirement (before Revenues)	<u>\$891,122</u>		<u>\$803,670</u>	
9	Revenue Offsets	\$43,505		\$ -	
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$847,617</u>		<u>\$803,670</u>	
11	Distribution revenue	\$847,617		\$ -	
12	Other revenue	\$43,505		\$ -	
13	Total revenue	<u>\$891,122</u>		<u>\$ -</u>	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$0</u>	(1)	<u>(\$803,670)</u>	(1)

Notes

(1) Line 11 - Line 8



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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	\$ 87,452	6.28%	\$ 1,391,572	\$ 3,995,688	\$ 299,677	\$ 74,699	\$ 671	\$ 720,300	\$ 891,122	\$ 43,505	\$ 847,617	\$ 68,864