EXHIBIT 7: COST ALLOCATION

EB-2016-0056

1

2 Table of Contents

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1   # 2.7. Cost Allocation Study Requirements

2

3   ## 2.7.1 Overview of Cost Allocation

4

5   Atikokan Hydro has prepared a cost allocation information filing consistent with Atikokan Hydro's

6   understanding of the Directions and Policies in Board's reports of November 28, 2007 Application

7   of Cost Allocation for Electricity Distributors, and March 31, 2011 Review of Electricity Distribution

8   Cost Allocation Policy (EB-2010-0219) (the Cost Allocation Reports). Further Atikokan adhered

9   to the Chapter 2 Filing Requirements dated July 14, 2016 and the instructions in the Model.

10   Atikokan prepared its cost allocation using Board Approved Model, Cost Allocation version 3.4a.

11   The results of the Model reflecting future loads and costs for the 2017 Test Year, along with

12   proposed ratios are presented in this Exhibit, in Attachment A.

13   A completed model has been filed in live Microsoft Excel in conjunction with this application.

14   The revenue to cost ratios from the 2012 application are presented below.

15

16   **Table 7.1:   Previously Approved 2012 Ratios (2012 COS)**

Customer Rate Class	2012 Approved Revenue to Cost Ratios
Residential	97.30%
General Service < 50 kW	120.00%
General Service 50 to 4999 kW	90.60%
Street Lighting	90.60%

17

18   The Cost Allocation model is consistent with the test year load forecast, including consumption,

19   demand values and customer count. The 2017 demand values are based on the weather

20   normalized load forecast used to design rates. The 2017 weather normalized forecast has been

21   modeled based on the Hydro One load profiles by rate classification provided for the initial cost

22   allocation study and for the coincident and non-coincident peaks for each classification.

23   Atikokan referred to section 2.64 of the March 31, 2011 Cost Allocation Report concerning

24   weighting factors and distributors are expected to develop their own weighing factors. For this

1 reason, Atikokan Hydro has developed weighing factors as outlined below based on discussions

2 with staff experienced in the subject area.

3

4 Weighting Factors

5

6 Services (Account 1855) Weighting Factors

7 Weighting factors for services is not applicable for Atikokan Hydro as no costs are recorded in

8 account 1855. Atikokan therefore used default values of 1 in the cost allocation model. This same

9 methodology applied for Atikokan's previously approved Cost of Service Rate Application (EB-

10 2011-0293).

11

12 Billing and Collection Weighting Factors

13 Atikokan has applied the same Billing Collecting Weight factor which supported the cost allocation

14 in Atikokan's 2012 Cost of Service Rate Application (EB-2011-0293). These weighting factors

15 were based on internal consultation with those experienced with the level of effort and time

16 necessary for billing and collecting activities for each type of customer.

17 The weighting factors applied to Billing and Collecting costs are as follows:

18 **Table 7.2:   Weighting Factors for Billing & Collecting**

Customer Rate Class	Weighting Factors for Billing & Collecting
Residential	1
General Service < 50 kW	1
General Service 50 to 4999 kW	10
Street Lighting	3

19

20

21 Residential weighting factor is set at "1" per the Cost Allocation instruction sheet.

22 Interval accounts (General Service > 50 kW) require a greater level of effort and time associated

23 to greater focus on accuracy of billing but additionally time and resources to reading the meters.

24 These meters are manually read and submitted to billing for verification and completeness of the

1   billing process. Furthermore these customers are periodically monitored to assess their demand

2   and where the customer should be moved to another General Service rate class.

3   Street lighting requires greater level of effort compared to residential bills in terms of the accuracy

4   of billing and requires manual entry of the demands.

5

6   ### Meter Capital

7   The purpose of this input is to derive at the weighting factors of each customer class for the

8   allocator which is used to allocate account … The meter capital costs per meter were calculated

9   based on the actual installed costs of the meters.

10   ### Embedded distributor Class

11   Atikokan Hydro Inc. is not a host to any distributor.

12   ### Unmetered Loads (including Street Lighting)

13   Atikokan Hydro will communicate with its Street Lighting customer, who is owned by Atikokan

14   Hydro's shareholder, The Town of Atikokan, once final rates have been drafted. At that time

15   Atikokan will communicate any applicable rate changes impacting Street Lighting. The

16   shareholder is well aware of Atikokan Hydro's rate application but specific rate proposals have

17   not been shared at this time. Atikokan Hydro is cautious to share a proposed decrease in rates

18   for the Street lighting class in event the proposal is not approved. Atikokan Hydro will however

19   communicate the applicable changes upon final OEB approval.

20   ### MicroFIT Class

21   In accordance with the Chapter 2 Filing Requirements, July 14, 2016, the microFIT class has not

22   been included as a separate class in the cost allocation model. Atikokan is requesting to maintain

23   the uniform Board approved rate of $5.40 until the Board updates the uniform microFIT rate in the

24   future.

25   ### Standby Rates

26   Atikokan is not seeking approval of standby charges.

27   ### 2.7.1.1 New Customer Class (es)

28   Atikokan is not proposing to add new customer classes. The customer classes approved in

29   Atikokan's last Cost of Service Rate Application EB-2011-0293 remain the same for the 2017 Test

30   year and forward.

31   • Residential

1   •   General Service Less Than 50 kW
2   •   General Service 50 to 4999 kW
3   •   Street Lighting
4   •   MicroFIT
5

6

7   2.7.1.2 Eliminated Customer Class
8   Atikokan is not proposing to eliminate any existing customer classes.

9   ## Summary of Results and Proposed Changes
10

11   The data used in the updated cost allocation study is consistent with Atikokan Hydro's cost data

12   that supports the proposed 2017 revenue requirement outlined in this application. Consistent with

13   the instructions Atikokan Hydro's assets were broken out into primary and secondary distribution

14   functions using breakout percentages consistent with the original cost allocation information filing.

15   (2006) The breakout of assets, capital contributions, depreciation, accumulated depreciation,

16   customer data and load data by primary, line transformer and secondary categories were

17   developed from the best data available to Atikokan Hydro in previous cost of service rate

18   applications. Included are engineering records, its customers and financial information systems.

19   Atikokan has assumed the breakout percentages have remained the same as previously

20   submitted in prior applications; specifically 2012 COS; EB-2011-0293. The cost allocation study

21   has been included in Appendix A. In addition, input sheets 1-6 1-8 and output O-1 and O-2 are

22   included in pages following.

23   Capital contributions, depreciation and accumulated depreciation are consistent with the

24   information provided in the 2017 continuity statement shown in Exhibit 2. The rate class customer

25   data used is in the updated cost allocation study is consistent with the 2017 customer forecast

26   outlined in Exhibit 3. Load profiles of the classes are the same as those used in the original Cost

27   Allocation Informational Filing, but have been scaled to match the 2017 load forecast. The

28   following table outlines the scaling factors used by rate class.

29

1   **Table 7.3:   Load Profiling Scaling Factors**

Customer Rate Class	2004 Weather Normal Values used in Original Filing (kWh)	2017 Weather Normal Values (kWh)	Scaling Factor
Residential	12,135,846	9,687,147	79.8%
General Service < 50 kW	6,155,695	5,139,223	83.5%
General Service 50 to 4999 kW	7,663,602	12,043,461	157.2%
Street Lighting	531,698	461,749	86.8%
Total	**26,486,841**	**27,331,580**	

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5 # 2.7.2   Class Revenue Requirements

6

7 Table 7.4 below shows the results of the 2012 Cost Allocation study (2012 Cost of Service), EB-

8 2011-0293 Atikokan_DRO_ModelV2_Revised. These results are used as a comparison to the

9 proposed 2017 Test year rates.

10 **Table 7.4:   Previously Approved Ratios (2012 Cost of Service)**

Customer Rate Class	2012 Base Revenue Requirement		2012 Miscellaneous Revenue		2012 ServiceRevene Requirement	
Residential	746,244	60.53%	74,869	59.78%	821,113	60.46%
General Service < 50 kW	287,448	23.32%	22,136	17.68%	309,584	22.80%
General Service 50 to 4999 kW	115,030	9.33%	13,652	10.90%	128,682	9.48%
Street Lighting	84,093	6.82%	14,578	11.64%	98,671	7.27%
Total	**1,232,815**	**100.0%**	**125,235**	**100.0%**	**1,358,050**	**100.0%**

12 The table 7.5 below shows the allocation percentage and base revenue requirement allocation

13 under three scenarios: existing rates, prorated existing rates that would yield the test year base

14 revenue requirement and proposed class revenues. These figures provided in the table are

15 supported by the Revenue Requirement Workform Tab 11; Cost Allocation and Rate Design.

16

1 **Table 7.5:   Base Revenue Requirement under three scenarios**

Customer Rate Class	2017 Revenue Requirement at Existing Rates		2017 Proposed Revenue Allocated at Existing Rates Prorated		2017 Proposed Allocated Rates		Miscellaneous Revenue	
Residential	716,629	56.30%	781,442	56.30%	819,789	59.07%	63,825	62.10%
General Service < 50 kW	257,902	20.26%	281,227	20.26%	281,212	20.26%	18,166	17.68%
General Service 50 to 4999 kW	185,047	14.54%	201,783	14.54%	192,596	13.88%	11,052	10.75%
Street Lighting	113,188	8.89%	123,425	8.89%	94,280	6.79%	9,727	9.46%
Total	**1,272,766**	**100.0%**	**1,387,877**	**100.0%**	**1,387,877**	**100.0%**	**102,770**	**100.0%**

2

3 Note the above Table 7.5 is for base revenue only; this excludes miscellaneous revenue and is

4 proposed revenue to be earned by rate classes solely from rates. The following Table 7.6

5 illustrates the total proposed Service Revenue Requirement Offset by the Miscellaneous

6 Revenue. Again this is supported by Revenue Requirement Workform Tab 11; Cost Allocation

7 and Rate Design.

8

9 **Table 7.6:   Miscellaneous Revenue offset Allocation**

Customer Rate Class	Proposed Allocated Service revenue (row 25)	Proposed Miscellaneous Revenue Offset (row 24)		Proposed Allocated Service Revenue (Distribution
Residential	845,267	-	63,825	781,442
General Service < 50 kW	299,393	-	18,166	281,227
General Service 50 to 4999 kW	212,835	-	11,052	201,783
Street Lighting	133,152	-	9,727	123,425
Total	**1,490,647**	**-**	**102,770**	**1,387,877**

10

11

12 ## 2.7.3   Revenue-to-Cost Ratios

13

14 The Board's March 31, 2011 Report on Revenue, on Cost Allocation, section 2.9.4, outlines the

15 range of acceptable ratios. Further, the Board's June 12, 2015 letter, the revenue to cost ratio

16 policy range for the street lighting class be moved from 70-120% to 80-120%. Per the Boards

1 revenue to cost policy range, Atikokan has proposed 2017 Cost Allocation being mindful of the

2 policy ranges.

3 The following included tables illustrate the allocation costs from Atikokan's previous study (EB-

4 2011-0293) and costs allocated in the Teat Year, 2017. The calculated class revenues are also

5 illustrated as completed from the Cost Allocation model.

A) *Allocated Costs*

Name of Customer Class [3] From Sheet 10. Load Forecast	Costs Allocated from Previous Study [1]		%	Allocated Class Revenue Requirement [1] (7A)		%
1 Residential	$	746,244	60.53%	$	986,601	64.97%
2 General Service Less Than 50 kW	$	287,448	23.32%	$	270,798	17.83%
3 General Service 50 to 4,999 kW	$	115,030	9.33%	$	172,553	11.36%
4 Street Lighting	$	84,093	6.82%	$	88,534	5.83%
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20						
Total	$	1,232,815	100.00%	$	**1,518,486**	100.00%
			Service Revenue Requirement (from Sheet 9)	$	1,518,487.52	

6

B)   *Calculated Class Revenues*

Name of Customer Class	Load Forecast (LF) X current approved rates (7B)	LF X current approved rates X (1+d) (7C)	LF X Proposed Rates (7D)	Miscellaneous Revenues (7E)
1 Residential	$ 716,629	$ 797,117.26	$ 836,308.85	$ 63,825
2 General Service Less Than 50 kW	$ 257,902	$ 286,868.29	$ 286,870.00	$ 18,166
3 General Service 50 to 4,999 kW	$ 185,047	$ 205,830.57	$ 196,020.00	$ 11,052
4 Street Lighting	$ 113,188	$ 125,900.72	$ 96,518.00	$ 9,727
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Total	$ 1,272,766	$ 1,415,717	$ 1,415,717	$ 102,770

Table 7.7:   Customer Class Ratios

Name of Customer Class	Previously Approved Ratios Most Recent Year: 2012	Status Quo Ratios	Proposed Ratios	Policy Range
Residential	97.30%	87.24%	91.20%	85 - 115
General Service Less Than 50 kW	120.00%	112.80%	112.80%	80 - 120
General Service 50 to 4,999 kW	90.60%	125.42%	120.00%	80 - 120
Street Lighting	90.60%	153.55%	120.00%	80 - 120

With consideration of the Board's acceptable policy range; to bring the ratios within the appropriate policy ranges, Atikokan has proposed to keep General Service < 50 kW equal to status quo but has made changes to Street Lighting, General Service > 50 to 4,999 kW and slightly to the residential. Both the Street Lighting and General Service > 50 has been brought down to the Boards maximum target of 120%. The slight adjustment to the residential class was

1 to balance the revenue requirement. Atikokan does not propose to continue rebalancing rates

2 after the cost of service test year. The following table, Rebalancing Revenues to Cost Ratios,

3 from the Revenue Requirement Workform Model (similar to Table 7.7 above) illustrates the

4 previously approved Cost of Service Cost to revenue ratios, status quo and the proposed ratios

5 as described above to keep them aligned with the OEB Approved Policy Range. As noted above,

6 both the General Service greater than 50 and the Street Lighting class requires rebalancing to fall

7 within the acceptable policy range.

C) *Rebalancing Revenue-to-Cost Ratios*

Name of Customer Class	Previously Approved Ratios Most Recent Year: 2012 %	Status Quo Ratios (7C + 7E) / (7A) %	Proposed Ratios (7D + 7E) / (7A) %	Policy Range %
1 Residential	97.30%	87.26%	91.24%	85 - 115
2 General Service Less Than 50 kW	120.00%	112.64%	112.64%	80 - 120
3 General Service 50 to 4,999 kW	90.60%	125.69%	120.00%	80 - 120
4 Street Lighting	90.60%	153.19%	120.00%	80 - 120

8

9

10 The following table excerpted from the Revenue Requirement Workform simply illustrates

11 Atikokan is proposing no change for the Price Cap IR Period of both 2018 and 2019. Atikokan

12 proposes to make the Revenue to Cost allocation changes proposed for Residential, General

13 Service 50 to 4,999 kW and Street Lighting from their existing ratios in the 2017 Test Year;

14 effective May 1, 2017 rates.

(D) *Proposed Revenue-to-Cost Ratios* [11]

Name of Customer Class	Proposed Revenue-to-Cost Ratio			Policy Range
	Test Year	Price Cap IR Period		
	2017	2018	2019	
1 Residential	91.24%	91.24%	91.24%	85 - 115
2 General Service Less Than 50 kW	112.64%	112.64%	112.64%	80 - 120
3 General Service 50 to 4,999 kW	120.00%	120.00%	120.00%	80 - 120
4 Street Lighting	120.00%	120.00%	120.00%	80 - 120

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1   APPENDIX A: Outputs Cost Allocation Model 3.4a

2

3   Sheet 16.1 of the Cost Allocation Model

Ontario Energy Board

2017 Cost Allocation Model

EB-2016-0056
Sheet 16.1 Revenue Worksheet - First Run

Total kWhs from Load Forecast	27,331,580

Total kWs from Load Forecast	35,532

Deficiency/sufficiency (RRWF 8. cell F51)	- 142,952

Miscellaneous Revenue (RRWF 5. cell F48)	102,770

			1	2	3	7
	ID	Total	Residential	GS <50	GS>50-Regular	Street Light
Billing Data						
Forecast kWh	CEN	27,331,580	9,687,147	5,139,223	12,043,461	461,749
Forecast kW	CDEM	35,532			34,102	1,430
Forecast kW, included in CDEM, of customers receiving line transformer allowance		27,282			27,282	
Optional - Forecast kWh, included in CEN, from customers that receive a line transformation allowance on a kWh basis. In most cases this will not be applicable and will be left blank.		-				
KWh excluding KWh from Wholesale Market Participants	CEN EWMP	27,331,580	9,687,147	5,139,223	12,043,461	461,749
Existing Monthly Charge			$36.95	$76.23	$563.69	$12.22
Existing Distribution kWh Rate			$0.0104	$0.0096		
Existing Distribution kW Rate					$2.2329	$15.0615
Existing TOA Rate					$0.22	
Additional Charges						
Distribution Revenue from Rates		$1,278,858	$716,629	$257,902	$191,139	$113,188
Transformer Ownership Allowance		$6,092	$0	$0	$6,092	$0
Net Class Revenue	CREV	$1,272,766	$716,629	$257,902	$185,047	$113,188

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1   Sheet 16.2 of the Cost Allocation Model

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Ontario Energy Board
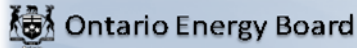
2017 Cost Allocation Model

EB-2016-0056

Sheet 16.2 Customer Data Worksheet - First Run

			1	2	3	7
	ID	Total	Residential	GS <50	GS>50-Regular	Street Light
Billing Data						
Bad Debt 3 Year Historical Average	BDHA	$5,662	$2,831	$383	$2,448	$0
Late Payment 3 Year Historical Average	LPHA	$7,916	$5,133	$2,010	$769	$4
Number of Bills	CNB	19,620	16,668	2,736.00	204.00	12.00
Number of Devices	CDEV					625
Number of Connections (Unmetered)	CCON	625				625
Total Number of Customers	CCA	1,635	1,389	228	17	1
Bulk Customer Base	CCB	1,635	1,389	228	17	1
Primary Customer Base	CCP	1,701	1,389	228	17	67
Line Transformer Customer Base	CCLT	1,691	1,389	228	7	67
Secondary Customer Base	CCS	1,635	1,389	228	17	1
Weighted - Services	CWCS	2,259	1,389	228	17	625
Weighted Meter -Capital	CWMC	446,008	372,252	61,104	12,652	-
Weighted Meter Reading	CWMR	31,644	16,668	2,736	12,240	-
Weighted Bills	CWNB	21,480	16,668	2,736	2,040	36

Bad Debt Data

Historic Year:	2012	-				
Historic Year:	2013	15,618	7,809	465	7,344	
Historic Year:	2014	1,368	684	684		
Three-year average		**5,662**	2,831	383	2,448	-

Street Lighting Adjustment Factors

NCP Test Results	4 NCP

	Primary Asset Data		Line Transformer Asset Data	
Class	Customers/ Devices	4 NCP	Customers/ Devices	4 NCP
Residential	1,389	9,671	1,389	9,671
Street Light	625	464	625	464

Street Lighting Adjustment Factors	
Primary	9.3869
Line Transformer	9.3869

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1   Sheet I8 of the Cost Allocation Model

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Ontario Energy Board
2017 Cost Allocation Model
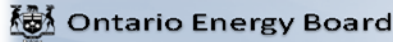
EB-2016-0056
Sheet I8 Demand Data Worksheet - First Run

This is an input sheet for demand allocators.

CP TEST RESULTS	4 CP
NCP TEST RESULTS	4 NCP

Co-Incident Peak	Indicator
1 CP	CP 1
4 CP	CP 4
12 CP	CP 12

Non-co-Incident Peak	Indicator
1 NCP	NCP 1
4 NCP	NCP 4
12 NCP	NCP 12

Customer Classes		**Total**	**1** Residential	**2** GS <50	**3** GS>50-Regular	**7** Street Light
CO-INCIDENT PEAK						
1 CP						
Transformation CP	TCP1	4,376	2,511	1,136	614	116
Bulk Delivery CP	BCP1	4,376	2,511	1,136	614	116
Total Sytem CP	DCP1	4,376	2,511	1,136	614	116
4 CP						
Transformation CP	TCP4	16,526	9,081	4,446	2,592	407
Bulk Delivery CP	BCP4	16,526	9,081	4,446	2,592	407
Total Sytem CP	DCP4	16,526	9,081	4,446	2,592	407
12 CP						
Transformation CP	TCP12	43,008	21,896	12,524	8,004	583
Bulk Delivery CP	BCP12	43,008	21,896	12,524	8,004	583
Total Sytem CP	DCP12	43,008	21,896	12,524	8,004	583
NON CO_INCIDENT PEAK						
1 NCP						
Classification NCP from Load Data Provider	DNCP1	5,562	2,637	1,551	1,258	116
Primary NCP	PNCP1	5,562	2,637	1,551	1,258	116
Line Transformer NCP	LTNCP1	5,151	2,637	1,551	847	116
Secondary NCP	SNCP1	5,562	2,637	1,551	1,258	116
4 NCP						
Classification NCP from Load Data Provider	DNCP4	20,497	9,671	5,797	4,565	464
Primary NCP	PNCP4	20,497	9,671	5,797	4,565	464
Line Transformer NCP	LTNCP4	19,004	9,671	5,797	3,072	464
Secondary NCP	SNCP4	20,497	9,671	5,797	4,565	464
12 NCP						
Classification NCP from Load Data Provider	DNCP12	51,412	24,116	14,915	10,990	1,391
Primary NCP	PNCP12	51,412	24,116	14,915	10,990	1,391
Line Transformer NCP	LTNCP12	47,818	24,116	14,915	7,396	1,391
Secondary NCP	SNCP12	51,412	24,116	14,915	10,990	1,391

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1   Sheet O1 of the Cost Allocation Model

Ontario Energy Board

2017 Cost Allocation Model

EB-2016-0056
Sheet O1 Revenue to Cost Summary Worksheet - First Run

Instructions:
Please see the first tab in this workbook for detailed instructions

**Class Revenue, Cost Analysis, and Return on Rate Base**

Rate Base Assets		Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light
crev	Distribution Revenue at Existing Rates	$1,272,766	$716,629	$257,902	$185,047	$113,188
mi	Miscellaneous Revenue (mi)	$102,770	$63,825	$18,166	$11,052	$9,727
	Miscellaneous Revenue Input equals Output					
	Total Revenue at Existing Rates	**$1,375,536**	**$780,454**	**$276,068**	**$196,099**	**$122,915**
	Factor required to recover deficiency (1 + D)	1.1123				
	Distribution Revenue at Status Quo Rates	$1,415,717	$797,117	$286,868	$205,831	$125,901
	Miscellaneous Revenue (mi)	$102,770	$63,825	$18,166	$11,052	$9,727
	Total Revenue at Status Quo Rates	**$1,518,487**	**$860,942**	**$305,034**	**$216,883**	**$135,628**
	Expenses					
di	Distribution Costs (di)	$456,947	$275,945	$90,777	$51,397	$38,828
cu	Customer Related Costs (cu)	$228,507	$170,234	$27,857	$30,171	$245
ad	General and Administration (ad)	$431,949	$280,782	$75,332	$50,937	$24,898
dep	Depreciation and Amortization (dep)	$197,470	$129,885	$37,431	$19,191	$10,963
INPUT	PILs (INPUT)	$12,234	$7,796	$2,367	$1,253	$817
INT	Interest	$65,654	$41,839	$12,705	$6,725	$4,385
	Total Expenses	**$1,392,761**	**$906,481**	**$246,469**	**$159,675**	**$80,137**
	Direct Allocation	**$0**	**$0**	**$0**	**$0**	**$0**
NI	Allocated Net Income (NI)	**$125,726**	$80,120	$24,329	$12,879	$8,398
	Revenue Requirement (includes NI)	**$1,518,487**	**$986,601**	**$270,798**	**$172,553**	**$88,534**
	Revenue Requirement Input equals Output					
	Rate Base Calculation					
	Net Assets					
dp	Distribution Plant - Gross	**$4,881,013**	$3,052,156	$983,098	$539,191	$306,567
gp	General Plant - Gross	**$1,833,791**	$1,168,188	$354,890	$187,931	$122,783
accum dep	Accumulated Depreciation	**($3,647,600)**	($2,266,466)	($744,397)	($412,781)	($223,956)
co	Capital Contribution	**($20,123)**	($12,259)	($3,935)	($2,181)	($1,749)
	Total Net Plant	**$3,047,082**	**$1,941,619**	**$589,657**	**$312,161**	**$203,645**
	Directly Allocated Net Fixed Assets	**$0**	**$0**	**$0**	**$0**	**$0**
COP	Cost of Power (COP)	**$3,857,454**	$1,374,934	$724,605	$1,693,004	$64,910
	OM&A Expenses	**$1,117,403**	$726,961	$193,965	$132,505	$63,971
	Directly Allocated Expenses	**$0**	$0	$0	$0	$0
	Subtotal	*$4,974,857*	*$2,101,895*	*$918,571*	*$1,825,510*	*$128,882*
	Working Capital	**$373,114**	**$157,642**	**$68,893**	**$136,913**	**$9,666**
	Total Rate Base	**$3,420,196**	**$2,099,261**	**$658,549**	**$449,074**	**$213,312**
	Rate Base Input equals Output					
	Equity Component of Rate Base	**$1,368,078**	**$839,704**	**$263,420**	**$179,630**	**$85,325**
	Net Income on Allocated Assets	**$125,726**	**($45,539)**	**$58,565**	**$57,208**	**$55,491**
	Net Income on Direct Allocation Assets	**$0**	**$0**	**$0**	**$0**	**$0**
	Net Income	**$125,726**	**($45,539)**	**$58,565**	**$57,208**	**$55,491**
	RATIOS ANALYSIS					
	REVENUE TO EXPENSES STATUS QUO%	**100.00%**	**87.26%**	**112.64%**	**125.69%**	**153.19%**
	EXISTING REVENUE MINUS ALLOCATED COSTS	**($142,951)**	**($206,147)**	$5,270	$23,546	$34,381
	Deficiency Input equals Output					
	STATUS QUO REVENUE MINUS ALLOCATED COSTS	**($0)**	($125,659)	$34,236	$44,330	$47,093
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.19%	-5.42%	22.23%	31.85%	65.04%

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1 Sheet O2 of the Cost Allocation Model

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Ontario Energy Board
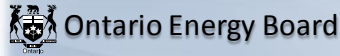
2017 Cost Allocation Model

EB-2016-0056

Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - First Run

Output sheet showing minimum and maximum level for
Monthly Fixed Charge

	1	2	3	7
Summary	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**
Customer Unit Cost per month - Avoided Cost	$12.89	$12.42	$137.99	$0.01
Customer Unit Cost per month - Directly Related	$19.97	$19.55	$223.90	$0.03
Customer Unit Cost per month - Minimum System with PLCC Adjustment	$43.94	$43.53	$267.48	$10.80
Existing Approved Fixed Charge	$36.95	$76.23	$563.69	$12.22

		1	2	3	7
Information to be Used to Allocate PILs, ROD, ROE and A&G	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**
General Plant - Gross Assets	$1,833,791	$1,168,188	$354,890	$187,931	$122,783
General Plant - Accumulated Depreciation	($1,125,041)	($716,689)	($217,727)	($115,297)	($75,328)
General Plant - Net Fixed Assets	$708,751	$451,498	$137,163	$72,635	$47,455
General Plant - Depreciation	$62,391	$39,745	$12,074	$6,394	$4,177
Total Net Fixed Assets Excluding General Plant	$2,338,331	$1,490,121	$452,493	$239,526	$156,191
Total Administration and General Expense	$431,949	$280,782	$75,332	$50,937	$24,898
Total O&M	$685,454	$446,180	$118,633	$81,568	$39,073

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