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Calculation of Revenue Requirement

Ex.6/Tab 1/Sch.1 – Overview

RSL has included the following information in this Exhibit:

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

The information in this Exhibit supports RSL's request in this Application for an increase in its Revenue Requirement to support the proposed capital and operating budgets for 2016, to service debt, to pay deemed PILs, and to return the allowed Return on Equity.

RSL has determined that the Revenue Deficiency for the 2016 Test Year is \$320,746.

The calculations on which this determination is based are set out below. The Revenue Deficiency calculation does not include recovery of Deferral and Variance Accounts or other electricity charges.

Ex.6/Tab 1/Sch.2 - Statement of Rate Base

RSL has calculated its 2016 Test Year Rate Base to be \$7,040,705 as shown in Table 6.1 below.

Table 6.1: Rate Base

Rate Base	
Particulars	Initial Application
Gross Fixed Assets (average)	\$9,588,759
Accumulated Depreciation (average)	(\$3,840,881)
Net Fixed Assets (average)	\$5,747,878
Allowance for Working Capital	\$1,292,827
Total Rate Base	\$7,040,705
Allowance for Working Capital - Derivation	
Controllable Expenses	\$2,201,187
Cost of Power	\$15,036,505
Working Capital Base	\$17,237,691
Working Capital Rate %	7.50%
Working Capital Allowance	\$1,292,827

Table 6.2 below illustrates RSL’s required return on Rate Base in the 2016 Test Year, applying the capital parameters provided by the Board for 2016 rate applications (letter dated October 15, 2015 (“Cost of Capital Parameters Updates for 2016 Applications”).

Table 6.2: Capital Structure and Cost of Capital

Appendix 2-OA						
Capital Structure and Cost of Capital						
This table must be completed for the last Board approved year and the test year.						
Year: 2016 Test Year						
Line No.	Particulars	Capitalization Ratio		Cost Rate	Return	
		(%)	(\$)	(%)	(\$)	
	Debt					
1	Long-term Debt	56.00%	\$3,942,795	3.36%		\$132,478
2	Short-term Debt	4.00%	\$281,628	1.65%		\$4,647
3	Total Debt	60.0%	\$4,224,423	3.25%		\$137,125
	Equity					
4	Common Equity	40.00%	\$2,816,282	9.19%		\$258,816
5	Preferred Shares		\$ -			\$ -
6	Total Equity	40.0%	\$2,816,282	9.19%		\$258,816
7	Total	100.0%	\$7,040,705	5.62%		\$395,941

Ex.6/Tab 1/Sch.3 - Actual Utility Return on Rate Base

Table 6.3 below illustrates the computation of RSL’s Actual Return on its Rate Base at existing rates and Required Return at proposed rates for the 2016 Test Year by applying the capital parameters provided by the Board for 2016 rate applications (letter dated October 15, 2015 (“Cost of Capital Parameters Updates for 2016 Applications”).

Table 6.3: Return on Rate Base

Particulars	
2016 Actual Return on Rate Base at Existing Rates	
Rate Base	\$7,040,705
Interest Expense	\$137,125
Net Income	(\$13,818)
Total Actual Return on Rate Base	\$123,307
Actual Return on Rate Base	1.75%
2016 Required Return on Rate Base at Proposed Rates	
Rate Base	\$7,040,705
Deemed Interest Expense	\$137,125
Deemed Return on Equity	\$258,816
Total Return	\$395,941
Expected Return on Rate Base	5.62%

Ex.6/Tab 1/Sch.4 - Indicated and Requested Rate of Return

RSL's 2016 Indicated Rate of Return is calculated as 1.75% at current rates as presented in Table 6.6 of this Exhibit.

Once the revenue deficiency has been accounted for, the Indicated Rate of Return becomes 5.62% as expected. Details of the calculation can be found in Table 6.6.

Ex.6/Tab 1/Sch.5 - Determination of Net Utility Income

RSL has determined its allowable 2016 Net Income as \$258,816. Table 6.4 provides the detailed Net Income calculation for the 2016 Test Year.

Table 6.4: Determination of Net Utility Income

Particular	Initial Application
Operating Revenues:	
Distribution Revenue (at Proposed Rates)	\$2,739,240
Other Revenue	\$267,572
Total Operating Revenues	\$3,006,812
Operating Expenses:	
OM+A Expenses	\$2,182,787
Depreciation/Amortization	\$389,439
Property taxes	\$18,400
Capital taxes	\$0
Other expense	\$0
Total Operating Expenses	\$2,590,626
Deemed Interest Expense	\$137,125
Total Expenses	\$2,727,750
Utility income before income taxes	\$279,062
Income taxes (grossed-up)	\$20,245
Utility net income	\$258,816

Ex.6/Tab 1/Sch.6 - Proposed Revenue Requirement

RSL’s Revenue Requirement consists of the following:

- Operations, Maintenance and Administrative Expense
- Depreciation/Amortization Expense
- Property Taxes
- PILs
- Return on Rate Base (Deemed Interest & Return on Equity)

RSL’s revenue requirement represents the amount of money that a utility must receive from its customers to cover its costs, operating expenses, taxes, interest paid on debts owed to investors and, if applicable, a deemed return (profit).

The proposed Base Revenue Requirement, representing the revenue to be recovered from base distribution rates, is equal to the total Service Revenue Requirement, less Revenue Offsets derived from other revenue sources. RSL’s proposed 2016 Base Revenue Requirement is \$2,739,240 as shown in Table 6.5 below.

Table 6.5: Test Year Revenue Requirement

Particular	2016 Test Year
OM&A Expenses	\$2,182,787
Amortization Expense	\$389,439
Property Taxes	\$18,400
Total Distribution Expenses	\$2,590,626
Regulated Return On Capital	\$395,941
Grossed up PILs	\$20,245
Service Revenue Requirement	\$3,006,812
Less: Revenue Offsets	\$267,572
Base Revenue Requirement	\$2,739,240

The completed Revenue Requirement Work Form is submitted in this Exhibit as Attachment 6-1.

Revenue Deficiency or Surplus

Ex.6/Tab 2/Sch.1 - Calculation of Revenue Deficiency or Surplus

RSL's net revenue deficiency under the proposed rates is \$320,746. This deficiency is calculated as the difference between the 2016 Test Year Revenue Requirement and the 2016 revenue at existing rates (please refer to Tab I6.1 Revenue in the 2016 Cost Allocation Model) plus the forecasted other operating revenues.

The Revenue Deficiency sheet presented at the next page is an excerpt from the Revenue Requirement Work Form. The drivers of the revenue deficiency are detailed in the section following the table.

Table 6.6: Revenue Deficiency (RRWF)

Line No.	Particulars	Initial Application	
		At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$320,746
2	Distribution Revenue	\$2,418,494	\$2,418,494
3	Other Operating Revenue	\$267,572	\$267,572
	Offsets - net		
4	Total Revenue	\$2,686,066	\$3,006,812
5	Operating Expenses	\$2,590,626	\$2,590,626
6	Deemed Interest Expense	\$137,125	\$137,125
8	Total Cost and Expenses	\$2,727,750	\$2,727,750
9	Utility Income Before Income Taxes	(\$41,685)	\$279,062
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$144,093)	(\$144,093)
11	Taxable Income	(\$185,778)	\$134,969
12	Income Tax Rate	15.00%	15.00%
13	Income Tax on Taxable Income	(\$27,867)	\$20,245
14	Income Tax Credits	\$ -	\$ -
15	Utility Net Income	(\$13,818)	\$258,816
16	Utility Rate Base	\$7,040,705	\$7,040,705
17	Deemed Equity Portion of Rate Base	\$2,816,282	\$2,816,282
18	Income/(Equity Portion of Rate Base)	-0.49%	9.19%
19	Target Return - Equity on Rate Base	9.19%	9.19%
20	Deficiency/Sufficiency in Return on Equity	-9.68%	0.00%
21	Indicated Rate of Return	1.75%	5.62%
22	Requested Rate of Return on Rate Base	5.62%	5.62%
23	Deficiency/Sufficiency in Rate of Return	-3.87%	0.00%
24	Target Return on Equity	\$258,816	\$258,816
25	Revenue Deficiency/(Sufficiency)	\$272,634	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$320,746 (1)	

Ex.6/Tab 2/Sch.2 - Causes of Revenue Deficiency or Surplus

Table 6.7 below outlines the contributors to the Revenue Deficiency by Revenue Requirement component.

Table 6.7: Contributors to Revenue Deficiency

Particular	2012 Board Approved	2016 Test year	Variance
OM&A	1,820,000	2,182,787	362,787
Depreciation Expense	337,177	389,439	52,262
Property Taxes	23,300	18,400	(4,900)
PILs	36,674	20,245	(16,429)
Return on Rate Base	413,697	395,941	(17,756)
Other Revenue	(207,543)	(267,572)	(60,029)
Distribution Revenue at Approved Rates for 2012, existing rates for 2016	(2,423,305)	(2,418,494)	4,811
Revenue Deficiency	\$ 0	\$ 320,747	\$ 320,746

There are three main contributors to the revenue deficiency of \$320,746 for the 2016 Test Year:

- The primary contributor is the increase in OM&A from the 2012 Board approved amount to the Proposed 2016 amount, which contributes \$362,787 to the 2016 Revenue deficiency. The cost drivers underlying this increase are explained in Ex.4/Tab 2/Sch.1 - Cost Driver Tables
- The increase in Other Revenue partially offsets the impact of OM&A on the 2016 test Year Revenue deficiency by \$60,029. Please refer to Other Revenue in Exhibit 3 for details.
- The increase in Depreciation Expenses contributes \$52,262 to the 2016 Test Year Revenue Deficiency. For more information please see Depreciation Continuity Schedule in Ex.4/Tab 4/Sch.2.

It is noticeable that the Return on Rate Base decreases the Revenue Deficiency by a small amount of \$17,756. This is because a decrease of (\$440,078) in Working Capital Allowance offsets the increase in Fixed Assets as a consequence of applying a Working Capital Allowance

default rate of 7.5% for the 2016 Test Year as per the Board’s letter “Allowance for Working Capital for Electricity Distributors Rate Applications” (issued June 3, 2015). The change in Rate Base is shown in Table 6.8 below.

Table 6.8: Change in Rate Base

Particular	Return on Rate Base		Variance
	2012 Board Approved	2016 Test year	
Rate Base	\$7,092,443	\$7,040,705	(\$51,738)
Return on Long Term Debt	3.75%	3.36%	-0.39%
Return on Short Term Debt	2.08%	1.65%	-0.43%
Return on Equity	9.12%	9.19%	0.07%
Return on Rate Base	\$413,697	\$395,941	(\$17,756)
	Rate Base		
	2012 Board Approved	2016 Test year	Variance
Rate Base			
Net Fixed Assets (average)	\$5,359,538	\$5,747,878	\$388,340
Allowance for Working Capital	\$1,732,905	\$1,292,827	(\$440,078)
Total Rate Base	\$7,092,443	\$7,040,705	(\$51,738)
	Allowance for Working Capital - Derivation		
Controllable Expenses	\$1,843,300	\$2,201,187	\$357,887
Cost of Power	\$10,534,594	\$15,036,505	\$4,501,911
Working Capital Base	\$12,377,894	\$17,237,691	\$4,859,797
Working Capital Rate %	14.00%	7.5%	-6.5%
Working Capital Allowance	\$1,732,905	\$1,292,827	(\$440,078)

Ex.6/Tab 2/Sch.3 - Impact of implementation of MIFRS on Revenue Deficiency or Surplus

In RSL's last COS Application completed in 2012, RSL received approval from the Board for the change in accounting policy for an update in RSL's useful lives. No further changes have occurred that would result in a change in revenue deficiency or sufficiency.

RSL's OM&A has not been impacted by the policy which states that burdens which are no longer eligible for capitalization have been removed from rate base and included as an operating expense since the utility has never capitalized administrative burdens on capital projects.

Appendix

List of Appendices

Appendix 6.1 – RSL’s 2016 Revenue Requirement Work Form

Appendix 6.1 – RSL’s 2016 Revenue Requirement Work Form


Appendix 6.1 – Revenue Requirement Work Form



Utility Name	Rideau St. Lawrence Distribution Inc.
Service Territory	
Assigned EB Number	EB-2015-0100
Name and Title	Peter Soules, Chief Financial Officer
Phone Number	(613) 925-3851
Email Address	psoules@rslu.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 Reqt](#)

[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*

 Ontario Energy Board
**Revenue Requirement Workform
 (RRWF) for 2016 Filers**

Data Input ⁽¹⁾

	Initial Application ⁽²⁾			Per Board Decision
1 Rate Base				
Gross Fixed Assets (average)	\$9,588,759		\$ 9,588,759	\$9,588,759
Accumulated Depreciation (average)	(\$3,840,881) ⁽⁵⁾		(\$3,840,881)	(\$3,840,881)
Allowance for Working Capital				
Controllable Expenses	\$2,201,187		\$ 2,201,187	\$2,201,187
Cost of Power	\$15,036,505		\$ 15,036,505	\$15,036,505
Working Capital Rate (%)	7.50% ⁽⁹⁾		7.50% ⁽⁹⁾	7.50% ⁽⁹⁾
2 Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$2,418,494			
Distribution Revenue at Proposed Rates	\$2,739,240			
Other Revenue:				
Specific Service Charges	\$113,951			
Late Payment Charges	\$76,000			
Other Distribution Revenue	\$71,401			
Other Income and Deductions	\$6,220			
Total Revenue Offsets	\$267,572 ⁽⁷⁾			
Operating Expenses:				
OM+A Expenses	\$2,182,787		\$ 2,182,787	\$2,182,787
Depreciation/Amortization	\$389,439		\$ 389,439	\$389,439
Property taxes	\$18,400		\$ 18,400	\$18,400
Other expenses				
3 Taxes/Pi/a				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$144,093) ⁽³⁾			
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$17,209			
Income taxes (grossed up)	\$20,245			
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⁾		4.0% ⁽⁸⁾	4.0% ⁽⁸⁾
Common Equity Capitalization Ratio (%)	40.0%			
Preferred Shares Capitalization Ratio (%)				
	100.0%			
Cost of Capital:				
Long-term debt Cost Rate (%)	3.36%			
Short-term debt Cost Rate (%)	1.65%			
Common Equity Cost Rate (%)	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 (%).
 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) Initial Application
- (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

Line No.	Rate Base		Initial Application		Per Board Decision		
	Particulars						
1	Gross Fixed Assets (average)	(3)	\$9,586,759	\$-	\$9,586,759	\$-	\$9,586,759
2	Accumulated Depreciation (average)	(3)	(\$3,840,881)	\$-	(\$3,840,881)	\$-	(\$3,840,881)
3	Net Fixed Assets (average)	(3)	\$5,747,878	\$-	\$5,747,878	\$-	\$5,747,878
4	Allowance for Working Capital	(1)	\$1,292,827	\$-	\$1,292,827	\$-	\$1,292,827
5	Total Rate Base		\$7,040,705	\$-	\$7,040,705	\$-	\$7,040,705

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses		\$2,201,187	\$-	\$2,201,187	\$-	\$2,201,187
7	Cost of Power		\$15,036,505	\$-	\$15,036,505	\$-	\$15,036,505
8	Working Capital Base		\$17,237,691	\$-	\$17,237,691	\$-	\$17,237,691
9	Working Capital Rate %	(2)	7.50%	0.00%	7.50%	0.00%	7.50%
10	Working Capital Allowance		\$1,292,827	\$-	\$1,292,827	\$-	\$1,292,827

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)	\$2,739,240	(\$2,739,240)	\$-	\$-	\$-
2	Other Revenue (1)	\$267,572	(\$267,672)	\$-	\$-	\$-
3	Total Operating Revenues	\$3,006,812	(\$3,006,812)	\$-	\$-	\$-
Operating Expenses:						
4	OM&A Expenses	\$2,162,787	\$-	\$2,162,787	\$-	\$2,162,787
5	Depreciation/Amortization	\$389,439	\$-	\$389,439	\$-	\$389,439
6	Property taxes	\$16,400	\$-	\$16,400	\$-	\$16,400
7	Capital taxes	\$-	\$-	\$-	\$-	\$-
8	Other expense	\$-	\$-	\$-	\$-	\$-
9	Subtotal (Lines 4 to 8)	\$2,590,626	\$-	\$2,590,626	\$-	\$2,590,626
10	Deemed Interest Expense	\$137,126	(\$137,126)	\$-	\$-	\$-
11	Total Expenses (Lines 9 to 10)	\$2,727,750	(\$137,126)	\$2,590,626	\$-	\$2,590,626
12	Utility income before income taxes	\$279,062	(\$2,863,687)	(\$2,590,626)	\$-	(\$2,590,626)
13	Income taxes (grossed-up)	\$20,245	\$-	\$20,245	\$-	\$20,245
14	Utility net income	\$258,816	(\$2,863,687)	(\$2,610,871)	\$-	(\$2,610,871)

Notes Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$113,951		\$-		\$-
	Late Payment Charges	\$76,000		\$-		\$-
	Other Distribution Revenue	\$71,401		\$-		\$-
	Other income and Deductions	\$6,220		\$-		\$-
	Total Revenue Offsets	\$267,572	\$-	\$-	\$-	\$-

 Ontario Energy Board
**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	\$258,816	\$-
2	Adjustments required to arrive at taxable utility income	(\$144,093)	(\$144,093)
3	Taxable income	\$114,723	(\$144,093)
<u>Calculation of Utility Income Taxes</u>			
4	Income taxes	\$17,209	\$17,209
6	Total taxes	\$17,209	\$17,209
7	Gross-up of Income Taxes	\$3,037	\$3,037
8	Grossed-up Income Taxes	\$20,245	\$20,245
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$20,245	\$20,245
10	Other tax Credits	\$-	\$-
<u>Tax Rates</u>			
11	Federal tax (%)	10.50%	10.50%
12	Provincial tax (%)	4.50%	4.50%
13	Total tax rate (%)	15.00%	15.00%

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%	\$3,942,795	3.36%	\$132,478
2	Short-term Debt	4.00%	\$281,628	1.65%	\$4,647
3	Total Debt	60.00%	\$4,224,423	3.25%	\$137,125
	Equity				
4	Common Equity	40.00%	\$2,816,282	9.19%	\$258,816
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$2,816,282	9.19%	\$258,816
7	Total	100.00%	\$7,040,705	5.62%	\$395,941
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%	\$7,040,705	0.00%	\$ -
		(%)	(\$)	(%)	(\$)
8	Long-term Debt	0.00%	\$ -	3.36%	\$ -
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%	\$7,040,705	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		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		\$320,748		\$146,704		\$2,590,626
2	Distribution Revenue	\$2,418,494	\$2,418,494	\$2,418,494	\$2,592,536	\$-	(\$2,590,626)
3	Other Operating Revenue	\$267,572	\$267,572	\$-	\$-	\$-	\$-
	Offsets - net						
4	Total Revenue	\$2,686,066	\$3,006,812	\$2,418,494	\$2,739,240	\$-	\$-
5	Operating Expenses	\$2,590,626	\$2,590,626	\$2,590,626	\$2,590,626	\$2,590,626	\$2,590,626
6	Deemed Interest Expense	\$137,125	\$137,125	\$-	\$-	\$-	\$-
8	Total Cost and Expenses	\$2,727,750	\$2,727,750	\$2,590,626	\$2,590,626	\$2,590,626	\$2,590,626
9	Utility Income Before Income Taxes	(\$41,685)	\$279,062	(\$172,132)	\$148,614	(\$2,590,626)	(\$2,590,626)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$144,093)	(\$144,093)	(\$144,093)	(\$144,093)	\$-	\$-
11	Taxable Income	(\$185,778)	\$134,969	(\$316,225)	\$4,522	(\$2,590,626)	(\$2,590,626)
12	Income Tax Rate	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
13	Income Tax on Taxable Income	(\$27,867)	\$20,245	(\$47,434)	\$678	(\$388,594)	(\$388,594)
14	Income Tax Credits	\$-	\$-	\$-	\$-	\$-	\$-
15	Utility Net Income	(\$13,818)	\$258,816	(\$124,698)	(\$2,610,871)	(\$2,202,032)	(\$2,610,871)
16	Utility Rate Base	\$7,040,705	\$7,040,705	\$7,040,705	\$7,040,705	\$7,040,705	\$7,040,705
17	Deemed Equity Portion of Rate Base	\$2,816,282	\$2,816,282	\$-	\$-	\$-	\$-
18	Income/(Equity Portion of Rate Base)	-0.49%	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	-9.68%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	1.75%	5.62%	-1.77%	0.00%	-31.28%	0.00%
22	Requested Rate of Return on Rate Base	5.62%	5.62%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-3.87%	0.00%	-1.77%	0.00%	-31.28%	0.00%
24	Target Return on Equity	\$258,816	\$258,816	\$-	\$-	\$-	\$-
25	Revenue Deficiency/(Sufficiency)	\$272,634	\$-	\$124,698	\$-	\$2,202,032	\$-
26	Gross Revenue	\$320,746 (1)		\$146,704 (1)		\$2,590,626 (1)	
	Deficiency/(Sufficiency)						

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	\$2,182,787		\$2,182,787	\$2,182,787
2	Amortization/Depreciation	\$389,439		\$389,439	\$389,439
3	Property Taxes	\$18,400		\$18,400	\$18,400
5	Income Taxes (Grossed up)	\$20,245		\$20,245	\$20,245
6	Other Expenses	\$ -			
7	Return				
	Deemed Interest Expense	\$137,125		\$ -	\$ -
	Return on Deemed Equity	\$258,816		\$ -	\$ -
8	Service Revenue Requirement (before Revenues)	\$3,006,812		\$2,610,871	\$2,610,871
9	Revenue Offsets	\$267,572		\$ -	\$ -
10	Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)	\$2,739,240		\$2,610,871	\$2,610,871
11	Distribution revenue	\$2,739,240		\$ -	\$ -
12	Other revenue	\$267,572		\$ -	\$ -
13	Total revenue	\$3,006,812		\$ -	\$ -
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$ -	(1)	(\$2,610,871)	(\$2,610,871) (1)

Notes

(1) Line 11 - Line 8