



EXHIBIT 6 – REVENUE REQUIREMENT

2018 Cost of Service

Cooperative Hydro Embrun Inc.
EB-2017-0035

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6.2 CALCULATION OF REVENUE REQUIREMENT

6.2.1 DETERMINATION OF NET UTILITY INCOME

CHEI's current rates are based on Board approved rates effective January 1, 2017 through an IRM proceeding (EB-2016-0065). Existing revenues based on existing Board approved rates, which are used in calculating utility income, are comprised of distribution revenue and exclude pass-thru charges such as LV Charges and Transmission Charges and well as balances in deferral and variance accounts.¹

Details on existing and projected distribution revenue at existing rates are presented in both Exhibit 3 and Exhibit 8 and are also replicated below. Other revenues are shown in Exhibit 3 Section 3.4. Table 1 below shows distribution revenues at both current rates and proposed 2018 volumes.

¹ MFR - Deficiency/sufficiency must also be net of other costs (e.g. LV costs, RSVAs, smart meter and other DVA balances).

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Table 1 - Distribution Revenues at Current Rates – 2018 Volumes

Projected Revenues at Current Rates

<u>2017 Rates at 2018 Load</u>								
Test Year Projected Revenue from Existing Variable Charges								
Customer Class Name	Variable Distribution Rate	per	Test Year Volume	Gross Variable Revenue	Transform. Allowance Rate	Transform. Allowance kW's	Transform. Allowance \$'s	Net Variable Revenue
Residential	\$0.0072	kWh	21,616,344	\$155,637.67			\$0.00	\$155,637.67
General Service < 50 kW	\$0.0148	kWh	5,043,563	\$74,644.73			\$0.00	\$74,644.73
General Service > 50 to 4999 kW	\$3.6957	kW	12,736	\$47,068.45	0.00		\$0.00	\$47,068.45
Unmetered Scattered Load	\$0.0055	kWh	82,127	\$451.70			\$0.00	\$451.70
Street Lighting	\$8.0867	kW	603	\$4,878.84			\$0.00	\$4,878.84
Total Variable Revenue			26,755,373	\$282,681.40	0	0	\$0.00	\$282,681.40
<u>2017 Rates at 2018 Load</u>								
Test Year Projected Revenue from Existing Fixed Charges								
Customer Class Name	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Revenue	TOTAL	% Fixed Revenue	% Variable Revenue	% Total Revenue
Residential	\$21.8700	2,100	\$21.8700	2,100	\$551,124.00	\$155,637.67	\$706,761.67	77.98%
General Service < 50 kW	\$17.9000	172	\$17.9000	172	\$36,969.84	\$74,644.73	\$111,614.58	33.12%
General Service > 50 to 4999 kW	\$199.4500	9	\$199.4500	9	\$21,540.60	\$47,068.45	\$68,609.05	31.40%
Unmetered Scattered Load	\$21.1600	17	\$21.1600	17	\$4,415.87	\$451.70	\$4,867.57	90.72%
Street Lighting	\$1.9900	530	\$1.9900	530	\$12,646.72	\$4,878.84	\$17,525.56	72.16%
Total Fixed Revenue		2,828		2,828	\$626,697.03	\$282,681.40	\$909,378.43	

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Projected Revenues at Proposed Rates

<u>2018 Rates at 2018 Load</u>								
Test Year Projected Revenue from Proposed Variable Charges								
Customer Class Name	Variable Distribution Rate	per	Test Year Volume	Gross Variable Revenue	Transform. Allowance Rate	Transform. Allowance kW's	Transform. Allowance \$'s	Net Variable Revenue
Residential	\$0.0046	kWh	21,616,344	\$99,712.48			\$0.00	\$99,712.48
General Service < 50 kW	\$0.0112	kWh	5,043,563	\$56,340.53			\$0.00	\$56,340.53
General Service > 50 to 4999 kW	\$3.9545	kW	12,736	\$50,365.01	0.00		\$0.00	\$50,365.01
Unmetered Scattered Load	\$0.0174	kWh	82,127	\$1,431.59			\$0.00	\$1,431.59
Street Lighting	\$17.4164	kW	603	\$10,507.59			\$0.00	\$10,507.59
Total Variable Revenue			26,755,373	\$218,357.19	0	0	\$0.00	\$218,357.19
<u>2018 Rates at 2018 Load</u>								
Test Year Projected Revenue from Proposed Fixed Charges								
Customer Class Name	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Revenue	TOTAL	% Fixed Revenue	% Variable Revenue	% Total Revenue
Residential	\$31.9900	2,100	\$806,148.00	\$99,712.48	\$905,860.48	88.99%	11.01%	81.76%
General Service < 50 kW	\$21.6800	172	\$44,776.88	\$56,340.53	\$101,117.41	44.28%	55.72%	9.13%
General Service > 50 to 4999 kW	\$199.4500	9	\$21,540.60	\$50,365.01	\$71,905.61	29.96%	70.04%	6.49%
Unmetered Scattered Load	\$21.1600	17	\$4,415.87	\$1,431.59	\$5,847.45	75.52%	24.48%	0.53%
Street Lighting	\$1.9900	530	\$12,646.72	\$10,507.59	\$23,154.31	54.62%	45.38%	2.09%
Total Fixed Revenue		2,828	\$889,528.07	\$218,357.19	\$1,107,885.26			

6.2.2 PROPOSED REVENUE REQUIREMENT

The 2018 Base Revenue Requirement, which 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 a deemed return (profit) is calculated to be \$1,107,885. Table 2 below presents CHEI's proposed 2018 Revenue Requirement as calculated in the OEB's Revenue Requirement Work Form which is being filed with this application and is also presented at Appendix 1 of this Exhibit.^{2 3} Table 2 shows the Statement of Rate Base and Table 4 shows the Return on Rate Base.

Table 2 - Test Year Revenue Requirement

<i>Particular</i>	2018
<i>OM&A Expenses</i>	\$721,971
<i>Amortization Expense</i>	\$165,121
<i>Total Distribution Expenses</i>	\$887,092
<i>Regulated Return on Capital</i>	\$244,952
<i>Grossed up PILs</i>	\$4630
<i>Service Revenue Requirement</i>	\$1,136,675
<i>Less: Revenue Offsets</i>	-\$28,789
<i>Base Revenue Requirement</i>	\$1,107,885

² MFR - RRWF - in PDF and Excel. Revenue requirement, def/sufficiency, data entered in RRWF must correspond with other exhibits

³ MFR - If the enhanced RRWF cannot reflect a distributor's proposed rates accurately, the distributor must file its rate generator model

6.2.3 STATEMENT OF RATE BASE

Table 3 - Statement of Rate Base

Debt				
<i>Long-term Debt</i>	56.0%	\$2,634,702	2.90%	\$76,406
<i>Short-term Debt</i>	4.0%	\$188,193	1.76%	\$3,312
<i>Total Debt</i>	60.0%	\$2,822,895	2.82%	\$79,719
Equity				
<i>Common Equity</i>	40.0%	\$1,881,930	8.78%	\$165,233
<i>Preferred Shares</i>		\$ -	0.00%	\$ -
<i>Total Equity</i>	40.0%	\$1,881,930	8.78%	\$165,233
Total	100.0%	\$4,704,825	5.21%	\$244,952

6.2.4 ACTUAL UTILITY RETURN ON RATE BASE

Table 4 - Return on Rate Base

Return	
<i>Deemed Interest Expense</i>	\$79,719
<i>Return on Deemed Equity</i>	\$165,233
Total	\$244,952

6.2.5 REQUESTED AND INDICATED RATE OF RETURN

The requested rate of return is 8.78% as per the OEB prescribed Cost of Capital Parameters.
Details of the calculation can be found in Tab 2 of this exhibit in Table 9- Calculation of Revenue
Deficiency or Surplus.

6.2.6 UTILITY INCOME AT PROPOSED REVENUE REQUIREMENT

Table 5 - Utility Income under proposed Revenue Requirement

<i>Particulars</i>	<i>Initial Application</i>
<u>Operating Revenues:</u>	
<i>Distribution Revenue (at Proposed Rates)</i>	\$1,107,885
<i>Other Revenue</i>	\$29,789
<i>Total Operating Revenues</i>	\$1,136,675
<u>Operating Expenses:</u>	
<i>OM+A Expenses</i>	\$721,971
<i>Depreciation/Amortization</i>	\$165,121
<i>Property taxes</i>	\$ -
<i>Capital taxes</i>	\$ -
<i>Other expense</i>	\$ -
<i>Total Operating Expenses</i>	\$887,092
<i>Deemed Interest Expense</i>	\$79,719
<i>Total Expenses (lines 9 to 10)</i>	\$966,811
<i>Utility income before income taxes</i>	\$169,864
<i>Income taxes (grossed-up)</i>	\$4,630
<i>Utility net income</i>	\$165,233

6.2.7 REVENUE REQUIREMENT TREND

Table 6 below presents CHEI's Revenue Requirement trend starting from the 2014 Board Approved all the way to the 2018 proposed Revenue Requirement.

Table 6 - Trend in Revenue Requirement

<i>Particular</i>	CGAAP Last Board Approved	NEWGAAP 2014	MIFRS 2015	MIFRS 2016	MIFRS 2017	MIFRS 2018
<i>OM&A Expenses</i>	\$556,279	\$569,081	\$613,072	\$612,883	\$651,616	\$721,971
<i>Depreciation Expense</i>	\$132,429	\$119,533	\$118,183	\$124,120	\$145,817	\$165,121
<i>Property Taxes</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Total Distribution Expenses</i>	\$688,708	\$688,614	\$731,255	\$737,003	\$797,433	\$887,092
<i>Regulated Return on Capital</i>	\$190,795	\$181,401	\$192,618	\$209,868	\$274,408	\$244,952
<i>Grossed up PILs</i>	\$8,922	\$12,873	\$23,044	\$13,540	\$5,902	\$4,630
Service Revenue Requirement	\$888,425	\$882,889	\$946,917	\$960,411	\$1,077,743	\$1,136,675
<i>Less: Revenue Offsets</i>	-\$30,281	-\$45,162	-\$52,325	-\$50,821	-\$36,770	-\$28,789
Base Revenue Requirement	\$858,144	\$837,726	\$894,592	\$909,590	\$1,040,973	\$1,107,885

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Table 7 - Variance Analysis of Revenue Requirement

	CGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	Variance over 2014 BA
Particular	Last Board Approved	2014	2015	2016	2017	2018	
OM&A Expenses	556,279	569,081	613,072	612,883	651,616	721,971	
<i>Year over year change (\$)</i>		<i>12,802</i>	<i>43,991</i>	<i>-189</i>	<i>38,733</i>	<i>70,355</i>	<i>165,692</i>
<i>Year over year change (%)</i>		<i>2.30%</i>	<i>7.73%</i>	<i>-0.03%</i>	<i>6.32%</i>	<i>10.80%</i>	<i>29.12%</i>
Depreciation Expense	132,429.08	119,533.33	118,183.08	124,119.99	145,816.76	165,121.31	
<i>Year over year change (\$)</i>		<i>-12,895.75</i>	<i>-1,350.25</i>	<i>5,936.91</i>	<i>21,696.77</i>	<i>19,304.56</i>	<i>32,692.23</i>
<i>Year over year change (%)</i>		<i>-9.74%</i>	<i>-1.13%</i>	<i>5.02%</i>	<i>17.48%</i>	<i>13.24%</i>	<i>27.35%</i>
Total Distribution Expenses	688,708.08	688,614.44	731,255.46	737,003.08	797,432.76	887,092.31	
<i>Year over year change (\$)</i>		<i>-93.64</i>	<i>42,641.02</i>	<i>5,747.62</i>	<i>60,429.68</i>	<i>89,659.56</i>	<i>198,384.23</i>
<i>Year over year change (%)</i>		<i>-0.01%</i>	<i>6.19%</i>	<i>0.79%</i>	<i>8.20%</i>	<i>11.24%</i>	<i>28.81%</i>
Regulated Return on Capital	190,795.00	181,401.13	192,617.52	209,867.63	274,408.28	244,952.00	
<i>Year over year change (\$)</i>		<i>-9,393.87</i>	<i>11,216.38</i>	<i>17,250.12</i>	<i>64,540.64</i>	<i>-29,456.27</i>	<i>54,157.00</i>
<i>Year over year change (%)</i>		<i>-4.92%</i>	<i>6.18%</i>	<i>8.96%</i>	<i>30.75%</i>	<i>-10.73%</i>	<i>29.85%</i>
Grossed up PILs	8,922.00	12,873.00	23,044.00	13,540.00	5,901.98	4,630.39	
<i>Year over year change (\$)</i>		<i>3,951.00</i>	<i>10,171.00</i>	<i>-9,504.00</i>	<i>-7,638.02</i>	<i>-1,271.59</i>	<i>-4,291.61</i>
<i>Year over year change (%)</i>		<i>44.28%</i>	<i>79.01%</i>	<i>-41.24%</i>	<i>-56.41%</i>	<i>-21.55%</i>	<i>-33.34%</i>
Service Revenue Requirement	888,425.08	882,888.57	946,916.98	960,410.72	1,077,743.02	1,136,674.71	
<i>Year over year change (\$)</i>		<i>-5,536.51</i>	<i>64,028.40</i>	<i>13,493.74</i>	<i>117,332.30</i>	<i>58,931.69</i>	<i>248,249.63</i>
<i>Year over year change (%)</i>		<i>-0.62%</i>	<i>7.25%</i>	<i>1.43%</i>	<i>12.22%</i>	<i>5.47%</i>	<i>28.12%</i>
Less: Revenue Offsets	-30,281.00	-45,162.15	-52,324.67	-50,820.69	-36,769.95	-28,789.45	
<i>Year over year change (\$)</i>		<i>-14,881.15</i>	<i>-7,162.52</i>	<i>1,503.98</i>	<i>14,050.74</i>	<i>7,980.50</i>	<i>1,491.55</i>
<i>Year over year change (%)</i>		<i>49.14%</i>	<i>15.86%</i>	<i>-2.87%</i>	<i>-27.65%</i>	<i>-21.70%</i>	<i>-3.30%</i>
Base Revenue Requirement	858,144.08	837,726.42	894,592.31	909,590.03	1,040,973.07	1,107,885.26	
<i>Year over year change (\$)</i>		<i>-20,417.66</i>	<i>56,865.88</i>	<i>14,997.72</i>	<i>131,383.04</i>	<i>66,912.19</i>	<i>249,741.18</i>
<i>Year over year change (%)</i>		<i>-2.38%</i>	<i>6.79%</i>	<i>1.68%</i>	<i>14.44%</i>	<i>6.43%</i>	<i>29.81%</i>

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3 As can be seen from Table 6 and Table 7 above, the proposed revenue requirement for the test
4 year is 29.81% higher than the 2014 Cost of Service approved Revenue Requirement. The
5 revenue requirement between 2014 and 2016 has increased at a steady pace representing a
6 deliberate pace of capital and operational investment. The increase in 2017 and 2018 is in part
7 due to the increase in the Regulated Return on Capital due to the capital addition of the new
8 44KV Substation, to the Rate Base and increase in locates and underground maintenance work
9 and an OEB audit which caused the utility to incur outside accounting costs. Regulatory costs

- 1 are also projected to be higher for 2018 due to provisions for an oral hearing and drafting of the
- 2 Distribution System Plan by a third-party engineering firm. Year over year variances in OM&A
- 3 are explained throughout Exhibit 4 and Revenue Offsets and explained in detail at Exhibit 3.

6.3 REVENUE DEFICIENCY OR SURPLUS

6.3.1 CALCULATION OF REVENUE DEFICIENCY OR SURPLUS

CHEI's net revenue deficiency under the proposed rates is \$288,430 using the Service Revenue Requirement or \$198,507 using the Base Revenue Requirement (as shown in Table 8 below). This deficiency is calculated as the difference between the 2018 Test Year Revenue Requirement and the Forecast Test Year Revenue Requirement at the Applicant's 2017 approved distribution rates.

Table 8 - Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency (RRWF)

<i>Service Revenue Requirement</i>	\$1,136,675
<i>Grossed-Up Revenue Deficiency/(Sufficiency)</i>	\$228,090
<i>Base Revenue Requirement (to be recovered from Distribution Rates)</i>	\$1,107,885
<i>Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement</i>	\$198,507

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 Table 9 at the next page.

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Table 9 - Revenue Deficiency (RRWF)⁴

Particulars	At Current Approved Rates	At Proposed Rates
<i>Revenue Deficiency from Below</i>		\$228,090
<i>Distribution Revenue</i>	\$870,988	\$879,795
<i>Other Operating Revenue Offsets - net</i>	\$28,789	\$28,789
<i>Total Revenue</i>	\$899,777	\$1,136,675
<i>Operating Expenses</i>	\$887,092	\$887,092
<i>Deemed Interest Expense</i>	\$79,719	\$79,719
<i>Total Cost and Expenses</i>	\$966,811	\$966,811
<i>Utility Income Before Income Taxes</i>	(\$67,034)	\$169,864
<i>Tax Adjustments to Accounting Income per 2013 PILs model</i>	(\$138,995)	(\$138,995)
<i>Taxable Income</i>	(\$206,028)	\$30,869
<i>Income Tax Rate</i>	15.00%	15.00%
<i>Income Tax on Taxable Income</i>	\$ -	\$4,630
<i>Income Tax Credits</i>	\$ -	\$ -
<i>Utility Net Income</i>	(\$67,034)	\$165,233
<i>Utility Rate Base</i>	\$4,704,825	\$4,704,825
<i>Deemed Equity Portion of Rate Base</i>	\$1,881,930	\$1,881,930
<i>Income/ (Equity Portion of Rate Base)</i>	-3.56%	8.78%
<i>Target Return - Equity on Rate Base</i>	8.78%	8.78%
<i>Deficiency/Sufficiency in Return on Equity</i>	-12.34%	0.00%
<i>Indicated Rate of Return</i>	0.27%	5.21%
<i>Requested Rate of Return on Rate Base</i>	5.21%	5.21%
<i>Deficiency/Sufficiency in Rate of Return</i>	-4.94%	0.00%
<i>Target Return on Equity</i>	\$165,233	\$165,233
<i>Revenue Deficiency/(Sufficiency)</i>	\$193,876	
<i>Gross Revenue Deficiency/(Sufficiency)</i>	\$228,090	

⁴ MFR - Calculation of delivery-related Revenue Deficiency/Sufficiency (excluding cost of power and associated costs): net utility income, rate base, actual return on rate base, indicated rate of return, requested rate of return, deficiency/sufficiency, gross deficiency/sufficiency. Deficiency/sufficiency must also be net of other costs (e.g. LV costs, RSVAs, smart meter and other DVA balances).

⁵6.3.2 CAUSES OF REVENUE DEFICIENCY OR SURPLUS

Table 10 - Revenue Deficiency Analysis

CHEI's existing rates are based on the Board-approved rates in 2014 following a cost of service rate application, and adjustments to its base distribution rates in 2014-2017 under the Board's third Generation Incentive Regulation Mechanism.

As shown in Table 9 in the previous section, the Revenue Deficiency is determined to be \$198,507. The deficiency is for the most part due to the increase in the Rate Base, Depreciation Expenses, and OM&A.

Table 10 above shows that the causes for the increase in revenue deficiency stem from an increase in Rate Base of \$1,796,898 higher than the 2014 Board-approved amount, an increase of 62%. Based on a 5.21% overall cost of capital, the increase in the rate base drives an increase in the revenue requirement. The factors contributing to the change in the rate base are discussed in detail at Exhibit 2 but for the most part, are due to investments in the distribution system to follow the Distribution System Plan.

Increased Operations, Maintenance, and Administration (OM&A) expenses are another driver of the revenue deficiency. Projected OM&A for 2018 is \$165,692 higher than the 2014 Board-approved amount, which represents an increase of 29.56%. The cost drivers underlying this increase are explained in Exhibit 4.

The major contributors of the deficiency from 2014 Board Approved to 2018 Test Year are explained below.

- The increase in OM&A of \$165,692 from \$556,279 in 2014 Board Approved to \$721,971 in 2018 all of which are explained in detail throughout Exhibit 4.

⁵ MFR - Summary of drivers for test year deficiency/sufficiency, how much each driver contributes; references in application evidence mapped to drivers

- An increase in Average Net Fixed Assets of \$ 1,962,316 from \$2,372,683 in 2014 Board approved to \$4,334,999 in 2018 all of which are explained at Exhibit 2 and in the Distribution System Plan.
- A decrease Working Capital of from \$535,243 in 2014 Board approved to \$369,670 in 2018.
- A drop in the Weighted Average Cost of Capital from 6.56% of 2014 Board approved to 5.21% in 2018 which is explained at Exhibit 5.
- An increase in Depreciation Expenses of \$32,692 from \$132,429 in the 2014 Board approved to \$165,121 in 2018 which is detailed in Exhibit 4.
- A decrease in deemed PILs expense of \$2,542 from the 2014 Board approved value to \$4,630 in 2018.

6.3.3 IMPACT OF IMPLEMENTATION OF MIFRS ON REVENUE DEFICIENCY OR SURPLUS

The adoption of newly prescribed accounting policies has had no impact on the allocation of the revenue requirement and determination of the rate base as the utility had already adopted the new useful lives in its last Cost of Service.

CHEI's OM&A has not been impacted by the policy which states that burdens which are 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.⁶

⁶ MFR - Impacts of any changes in methodologies to deficiency/sufficiency

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Appendix 1 – Revenue Requirement Work Form



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2017 Filers

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[13. Rate Design and Revenue Reconciliation](#)

[14. 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 format.***



Revenue Requirement Workform (RRWF) for 2017 Filers

Data Input ⁽¹⁾

	Initial Application ⁽²⁾				Per Board Decision
1 Rate Base					
Gross Fixed Assets (average)	\$6,216,043		\$ 6,216,043		\$6,216,043
Accumulated Depreciation (average)	(\$1,881,045) ⁽⁵⁾		(\$1,881,045)		(\$1,881,045)
Allowance for Working Capital:					
Controllable Expenses	\$721,971		\$ 721,971		\$721,971
Cost of Power	\$4,209,043		\$ 4,209,043		\$4,209,043
Working Capital Rate (%)	7.50% ⁽⁹⁾				
2 Utility Income					
Operating Revenues:					
Distribution Revenue at Current Rates	\$909,378				
Distribution Revenue at Proposed Rates	\$1,107,885				
Other Revenue:					
Specific Service Charges	\$20,041				
Late Payment Charges	\$11,400				
Other Distribution Revenue	(\$10,152)				
Other Income and Deductions	\$7,500				
Total Revenue Offsets	\$28,789 ⁽⁷⁾				
Operating Expenses:					
OM+A Expenses	\$721,971		\$ 721,971		\$721,971
Depreciation/Amortization	\$165,121		\$ 165,121		\$165,121
Property taxes					
Other expenses					
3 Taxes/PILs					
Taxable Income:					
	(\$138,995) ⁽³⁾				
Adjustments required to arrive at taxable income					
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$3,936				
Income taxes (grossed up)	\$4,630				
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⁾				
Common Equity Capitalization Ratio (%)	40.0%				
Preferred Shares Capitalization Ratio (%)					
	100.0%				
Cost of Capital					
Long-term debt Cost Rate (%)	2.90%				
Short-term debt Cost Rate (%)	1.76%				
Common Equity Cost Rate (%)	8.78%				
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 (%)

⁽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, a WCA factor based on lead-lag study, with supporting rationale could be provided.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2017 Filers

Rate Base and Working Capital

Rate Base										
Line No.	Particulars		Initial Application					Per Board Decision		
1	Gross Fixed Assets (average) ⁽²⁾		\$6,216,043		\$ -		\$6,216,043		\$ -	\$6,216,043
2	Accumulated Depreciation (average) ⁽²⁾		(\$1,881,045)		\$ -		(\$1,881,045)		\$ -	(\$1,881,045)
3	Net Fixed Assets (average) ⁽²⁾		\$4,334,999		\$ -		\$4,334,999		\$ -	\$4,334,999
4	Allowance for Working Capital ⁽¹⁾		\$369,826		(\$369,826)		\$ -		\$ -	\$ -
5	Total Rate Base		\$4,704,825		(\$369,826)		\$4,334,999		\$ -	\$4,334,999

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$721,971	\$ -	\$721,971	\$ -	\$721,971
7	Cost of Power	\$4,209,043	\$ -	\$4,209,043	\$ -	\$4,209,043
8	Working Capital Base	\$4,931,014	\$ -	\$4,931,014	\$ -	\$4,931,014
9	Working Capital Rate % ⁽¹⁾	7.50%	-7.50%	0.00%	0.00%	0.00%
10	Working Capital Allowance	\$369,826	(\$369,826)	\$ -	\$ -	\$ -

Notes

⁽¹⁾ Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2017 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015.

⁽²⁾ Average of opening and closing balances for the year.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2017 Filers

Utility Income

Line No.	Particulars	Initial Application				Per Board Decision	
Operating Revenues:							
1	Distribution Revenue (at Proposed Rates)	\$1,107,885	(\$1,107,885)	\$ -	\$ -	\$ -	
2	Other Revenue ⁽¹⁾	\$28,789	(\$28,789)	\$ -	\$ -	\$ -	
3	Total Operating Revenues	\$1,136,675	(\$1,136,675)	\$ -	\$ -	\$ -	
Operating Expenses:							
4	OM+A Expenses	\$721,971	\$ -	\$721,971	\$ -	\$721,971	
5	Depreciation/Amortization	\$165,121	\$ -	\$165,121	\$ -	\$165,121	
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	
9	Subtotal (lines 4 to 8)	\$887,092	\$ -	\$887,092	\$ -	\$887,092	
10	Deemed Interest Expense	\$79,719	(\$79,719)	\$ -	\$ -	\$ -	
11	Total Expenses (lines 9 to 10)	\$966,811	(\$79,719)	\$887,092	\$ -	\$887,092	
12	Utility income before income taxes	\$169,864	(\$1,056,956)	(\$887,092)	\$ -	(\$887,092)	
13	Income taxes (grossed-up)	\$4,630	\$ -	\$4,630	\$ -	\$4,630	
14	Utility net income	\$165,233	(\$1,056,956)	(\$891,723)	\$ -	(\$891,723)	

Notes

Other Revenues / Revenue Offsets

⁽¹⁾	Specific Service Charges	\$20,041	\$ -	\$ -	\$ -
	Late Payment Charges	\$11,400	\$ -	\$ -	\$ -
	Other Distribution Revenue	(\$10,152)	\$ -	\$ -	\$ -
	Other Income and Deductions	\$7,500	\$ -	\$ -	\$ -
	Total Revenue Offsets	\$28,789	\$ -	\$ -	\$ -



Revenue Requirement Workform (RRWF) for 2017 Filers

Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$165,233		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	(\$138,995)		\$ -		\$ -	
3	Taxable income	\$26,239		\$ -		\$ -	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$3,936		\$3,936		\$3,936	
6	Total taxes	\$3,936		\$3,936		\$3,936	
7	Gross-up of Income Taxes	\$695		\$695		\$695	
8	Grossed-up Income Taxes	\$4,630		\$4,630		\$4,630	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$4,630		\$4,630		\$4,630	
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



Revenue Requirement Workform (RRWF) for 2017 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return		
		Initial Application						
		(%)		(\$)		(%)		(\$)
	Debt							
1	Long-term Debt	56.00%		\$2,634,702	2.90%			\$76,406
2	Short-term Debt	4.00%		\$188,193	1.76%			\$3,312
3	Total Debt	60.00%		\$2,822,895	2.82%			\$79,719
	Equity							
4	Common Equity	40.00%		\$1,881,930	8.78%			\$165,233
5	Preferred Shares	0.00%		\$ -	0.00%			\$ -
6	Total Equity	40.00%		\$1,881,930	8.78%			\$165,233
7	Total	100.00%		\$4,704,825	5.21%			\$244,952
		(%)		(\$)		(%)		(\$)
	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%		\$4,334,999	0.00%			\$ -
		Per Board Decision						
		(%)		(\$)		(%)		(\$)
	Debt							
8	Long-term Debt	0.00%		\$ -	2.90%			\$ -
9	Short-term Debt	0.00%		\$ -	1.76%			\$ -
10	Total Debt	0.00%		\$ -	0.00%			\$ -
	Equity							
11	Common Equity	0.00%		\$ -	8.78%			\$ -
12	Preferred Shares	0.00%		\$ -	0.00%			\$ -
13	Total Equity	0.00%		\$ -	0.00%			\$ -
14	Total	0.00%		\$4,334,999	0.00%			\$ -

Notes



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2017 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		\$228,090		(\$26,219)
2	Distribution Revenue	\$909,378	\$879,795	\$909,378	\$1,134,104
3	Other Operating Revenue	\$28,789	\$28,789	\$ -	\$ -
	Offsets - net				
4	Total Revenue	\$938,168	\$1,136,675	\$909,378	\$1,107,885
5	Operating Expenses	\$887,092	\$887,092	\$887,092	\$887,092
6	Deemed Interest Expense	\$79,719	\$79,719	\$ -	\$ -
8	Total Cost and Expenses	\$966,811	\$966,811	\$887,092	\$887,092
9	Utility Income Before Income Taxes	(\$28,643)	\$169,864	\$22,286	\$220,793
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$138,995)	(\$138,995)	(\$138,995)	(\$138,995)
11	Taxable Income	(\$167,638)	\$30,869	(\$116,708)	\$81,798
12	Income Tax Rate	15.00%	15.00%	15.00%	15.00%
13	Income Tax on Taxable Income	\$ -	\$4,630	\$ -	\$12,270
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	(\$28,643)	\$165,233	\$22,286	(\$891,723)
16	Utility Rate Base	\$4,704,825	\$4,704,825	\$4,334,999	\$4,334,999
17	Deemed Equity Portion of Rate Base	\$1,881,930	\$1,881,930	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	-1.52%	8.78%	0.00%	0.00%
19	Target Return - Equity on Rate Base	8.78%	8.78%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-10.30%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	1.09%	5.21%	0.51%	0.00%
22	Requested Rate of Return on Rate Base	5.21%	5.21%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-4.12%	0.00%	0.51%	0.00%
24	Target Return on Equity	\$165,233	\$165,233	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$193,876	\$ -	(\$22,286)	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$228,090 ⁽¹⁾		(\$26,219) ⁽¹⁾	

Notes:

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



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2017 Filers

Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$721,971	\$721,971	\$721,971	
2	Amortization/Depreciation	\$165,121	\$165,121	\$165,121	
3	Property Taxes	\$ -			
5	Income Taxes (Grossed up)	\$4,630	\$4,630	\$4,630	
6	Other Expenses	\$ -			
7	Return				
	Deemed Interest Expense	\$79,719	\$ -	\$ -	
	Return on Deemed Equity	\$165,233	\$ -	\$ -	
8	Service Revenue Requirement (before Revenues)	<u>\$1,136,675</u>	<u>\$891,723</u>	<u>\$891,723</u>	
9	Revenue Offsets	\$28,789	\$ -	\$ -	
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$1,107,885</u>	<u>\$891,723</u>	<u>\$891,723</u>	
11	Distribution revenue	\$1,107,885	\$ -	\$ -	
12	Other revenue	\$28,789	\$ -	\$ -	
13	Total revenue	<u>\$1,136,675</u>	<u>\$ -</u>	<u>\$ -</u>	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ -</u> ⁽¹⁾	<u>(\$891,723)</u> ⁽¹⁾	<u>(\$891,723)</u> ⁽¹⁾	

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application		Δ% ⁽²⁾	Per Board Decision	Δ% ⁽²⁾
Service Revenue Requirement	\$1,136,675	\$891,723	(\$0)	\$891,723	(\$1)
Grossed-Up Revenue					
Deficiency/(Sufficiency)	\$228,090	(\$26,219)	(\$1)	\$1,043,638	(\$1)
Base Revenue Requirement (to be recovered from Distribution Rates)	\$1,107,885	\$891,723	(\$0)	\$891,723	(\$1)
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	\$198,507	\$ -	(\$1)	\$ -	(\$1)

Notes

⁽¹⁾ Line 11 - Line 8

⁽²⁾ Percentage Change Relative to Initial Application



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2017 Filers

Load Forecast Summary

This spreadsheet provides a summary of the customer and load forecast on which the test year revenue requirement is derived. The amounts serve as the denominators for deriving the rates to recover the test year revenue requirement for purposes of this RRWF.

The information to be input is inclusive of any adjustments to kWh and kW to reflect the impacts of CDM programs up to and including CDM programs planned to be executed in the test year. i.e., the load forecast adjustments determined in **Appendix 2-I** should be incorporated into the entries. The inputs should correspond with the summary of the Load Forecast for the Test Year in **Appendix 2-IB** and in Exhibit 3 of the application.

Appendix 2-IB is still required to be filled out, as it also provides a year-over-year variance analysis of demand growth and trends from historical actuals to the Bridge and Test Year forecasts.

Stage in Process:

Initial Application

Customer Class		Initial Application			Per Board Decision		
Input the name of each customer class.		Customer / Connections	kWh	kW/kVA ⁽¹⁾	Customer / Connections	kWh	kW/kVA ⁽¹⁾
		Test Year average or mid-year	Annual	Annual	Test Year average or mid-year	Annual	Annual
1	Residential	2,100	21,616,344	-			
2	General Service < 50 kW	172	5,043,563	-			
3	General Service > 50 to 4999 kW	9	2,827,501	12,736			
4	Unmetered Scattered Load	17	82,127	-			
5	Street Lighting	530	393,969	603			
6	other	-	-	-			
7	other	-	-	-			
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
Total		2,828	29,963,504	13,339			

Notes:

⁽¹⁾ Input kW or kVA for those customer classes for which billing is based on demand (kW or kVA) versus energy consumption (kWh)



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2017 Filers

Cost Allocation and Rate Design

This spreadsheet replaces **Appendix 2-P** and provides a summary of the results from the Cost Allocation spreadsheet, and is used in the determination of the class revenue requirement and, hence, ultimately, the determination of rates from customers in all classes to recover the revenue requirement.

Stage in Application Process: *Initial Application*

A) Allocated Costs

Name of Customer Class ⁽³⁾	Costs Allocated from Previous Study ⁽¹⁾	%	Allocated Class Revenue Requirement ⁽¹⁾	%
From Sheet 10. Load Forecast			(7A)	
1 Residential	\$ 687,249	77.36%	\$ 935,021	82.26%
2 General Service < 50 kW	\$ 107,690	12.12%	\$ 118,999	10.47%
3 General Service > 50 to 4999 kW	\$ 69,528	7.83%	\$ 48,159	4.24%
4 Unmetered Scattered Load	\$ 5,498	0.62%	\$ 4,957	0.44%
5 Street Lighting	\$ 18,461	2.08%	\$ 29,538	2.60%
6 other				
7 other				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
Total	\$ 888,426	100.00%	\$ 1,136,675	100.00%
Allocated Revenue Requirement does not match Base Revenue Requirement from Sheet 9. Check data.			\$ 1,107,885.26	

- (1) Class Allocated Revenue Requirement, from Sheet O-1, Revenue to Cost || RR, row 40, from the Cost Allocation Study in this application. This excludes costs in deferral and variance accounts. For Embedded Distributors, Account 4750 - Low Voltage (LV) Costs are also excluded.
- (2) Host Distributors - Provide information on any embedded distributor(s) as a separate class, if applicable. If embedded distributors are billed in a General Service class, include the allocated costs and revenues of the embedded distributor(s) in the applicable class, and also complete Appendix 2-Q.
- (3) Customer Classes - If these differ from those in place in the previous cost allocation study, modify the customer classes to match the proposal in the current application as closely as possible.

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	\$ 1,061,718	\$ 861,040	\$ 905,860	\$ 22,026
2	General Service < 50 kW	\$ 315,831	\$ 135,979	\$ 101,117	\$ 5,899
3	General Service > 50 to 4999 kW	\$ 395,641	\$ 83,586	\$ 71,906	\$ 362
4	Unmetered Scattered Load	\$ 19,399	\$ 5,930	\$ 5,847	\$ 103
5	Street Lighting	\$ 64,220	\$ 21,351	\$ 23,154	\$ 399
6	other				
7	other				
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
Total		\$ 1,856,809	\$ 1,107,885	\$ 1,107,885	\$ 28,789

- (4) In columns 7B to 7D, LF means Load Forecast of Annual Billing Quantities (i.e., customers or connections, as applicable X 12 months, and kWh, kW or kVA as applicable. Revenue quantities should be net of the Transformer Ownership Allowance for applicable customer classes. Exclude revenues from rate adders and rate riders.
- (5) Columns 7C and 7D - Column Total should equal the Base Revenue Requirement for each.
- (6) Column 7C - The OEB-issued cost allocation model calculates "1+d" on worksheet O-1, cell C22. "d" is defined as Revenue Deficiency/Revenue at Current Rates.
- (7) Column 7E - If using the OEB-issued cost allocation model, enter Miscellaneous Revenues as it appears on worksheet O-1, row 19,

C) Rebalancing Revenue-to-Cost Ratios

	Name of Customer Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios	Policy Range
		Most Recent Year:	(7C + 7E) / (7A)	(7D + 7E) / (7A)	
		2014			
		%	%	%	%
1	Residential	107.00%	94.44%	99.24%	85 - 115
2	General Service < 50 kW	88.00%	119.23%	89.93%	85 - 115
3	General Service > 50 to 4999 kW	103.00%	174.31%	150.06%	80 - 120
4	Unmetered Scattered Load	70.00%	121.71%	120.05%	80 - 120
5	Street Lighting	70.00%	73.64%	79.74%	80 - 120
6	other				80 - 120
7	other				80 - 120
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

- (8) Previously Approved Revenue-to-Cost (R/C) Ratios - For most applicants, the most recent year would be the third year (at the latest) of the Price Cap IR period. For example, if the applicant, rebased in 2012 with further adjustments to move within the range over two years, the Most Recent Year would be 2015. However, the ratios in 2015 would be equal to those after the adjustment in 2014.
- (9) Status Quo Ratios - The OEB-issued cost allocation model provides the Status Quo Ratios on Worksheet O-1. The Status Quo means "Before Rebalancing".
- (10) Ratios shown in red are outside of the allowed range. Applies to both Tables C and D.

(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	99.24%	99.24%	99.24%	85 - 115
2	General Service < 50 kW	89.93%	89.93%	89.93%	85 - 115
3	General Service > 50 to 4999 kW	150.06%	150.06%	150.06%	80 - 120
4	Unmetered Scattered Load	120.05%	120.05%	120.05%	80 - 120
5	Street Lighting	79.74%	79.74%	79.74%	80 - 120
6	other				80 - 120
7	other				80 - 120
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

(11) The applicant should complete Table D if it is applying for approval of a revenue-to-cost ratio in 2017 that is outside of the OEB's policy range for any customer class. Table D will show that the distributor is likely to enter into the 2018 and 2019 Price Cap IR models, as necessary. For 2018 and 2019, enter the planned revenue-to-cost ratios that will be "Change" or "No Change" in 2017 (in the current Revenue/Cost Ratio Adjustment Workform, Worksheet C1.1 'Decision - Cost Revenue Adjustment, column d), and enter TBD for class(es) that will be entered as 'Rebalance'.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2017 Filers

New Rate Design Policy For Residential Customers

Please complete the following tables.

A Data Inputs (from Sheet 10. Load Forecast)

Test Year Billing Determinants for Residential Class	
Customers	2,100
kWh	21,616,344

Proposed Residential Class Specific Revenue Requirement ¹	\$ 905,860.48
--	---------------

Residential Base Rates on Current Tariff	
Monthly Fixed Charge (\$)	21.87
Distribution Volumetric Rate (\$/kWh)	0.0072

B Current Fixed/Variable Split

	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed	21.87	2,100	\$ 551,124.00	77.98%
Variable	0.0072	21,616,344	\$ 155,637.67	22.02%
TOTAL	-	-	\$ 706,761.67	-

C Calculating Test Year Base Rates

Number of Remaining Rate Design Policy Transition Years ²	2
--	---

	Test Year Revenue @ Current F/V Split	Test Year Base Rates @ Current F/V Split	Reconciliation - Test Year Base Rates @ Current F/V Split
Fixed	\$ 706,378.78	28.03	\$ 706,356.00
Variable	\$ 199,481.70	0.0092	\$ 198,870.36
TOTAL	\$ 905,860.48	-	\$ 905,226.36

	New F/V Split	Revenue @ new F/V Split	Final Adjusted Base Rates	Revenue Reconciliation @ Adjusted Rates
Fixed	88.99%	\$ 806,119.63	31.99	\$ 806,148.00
Variable	11.01%	\$ 99,740.85	0.0046	\$ 99,435.18
TOTAL	-	\$ 905,860.48	-	\$ 905,583.18

Checks ³	
Change in Fixed Rate	\$ 3.96
Difference Between Revenues @ Proposed Rates and Class Specific	(\$277.30)
	-0.03%

Notes:

- ¹ The final residential class specific revenue requirement, excluding allocated Miscellaneous Revenues, as shown on Sheet 11. Cost Allocation, should be used (i.e. the revenue requirement after any proposed adjustments to R/C ratios).
- ² The distributor should enter the number of years remaining before the transition to fully fixed rates is completed. A distributor transitioning to fully fixed rates over a four year period and began the transition in 2016 would input the number "3" into cell D40. A distributor transitioning over a five-year period would input the number "4". Where the change in the residential rate design will result in the fixed charge increasing by more than \$4/year, a distributor may propose an additional transition year.
- ³ Change in fixed rate due to rate design policy should be less than \$4. The difference between the proposed class revenue requirement and the revenue at calculated base rates should be minimal (i.e. should be reasonably considered as a rounding error)

Revenue Requirement Workform (RRWF) for 2017 Filers

Rate Design and Revenue Reconciliation

This sheet replaces Appendix 2-V, and provides a simplified model for calculating the standard monthly and volumetric rates based on the allocated class revenues and fixed/variable split resulting from the cost allocation study and rate design and as proposed by the applicant. However, the RRWF does not replace the rate generator model that an applicant distributor may use in support of its application. The RRWF provides a demonstrative check on the derivation of the revenue requirement and on the proposed base distribution rates to recover the revenue requirement, based on summary information from a more detailed rate generator model and other models that applicants use for cost allocation, load forecasting, taxes/PILs, etc.

Stage in Process:		Initial Application		Class Allocated Revenues			Fixed / Variable Splits ²			Transformer Ownership Allowance ¹ (\$)		Distribution Rates				Revenue Reconciliation			
Customer and Load Forecast						From Sheet 11. Cost Allocation and Sheet 12. Residential Rate Design			Percentage to be entered as a fraction between 0 and 1			Monthly Service Charge		Volumetric Rate					
Customer Class	Volumetric Charge Determinant	Customers / Connections	kWh	KW or KVA	Total Class Revenue Requirement	Monthly Service Charge	Volumetric	Fixed	Variable		Rate	No. of decimals	Rate	No. of decimals	MSC Revenues	Volumetric revenues	Revenues less Transformer Ownership Allowance		
1 Residential	kWh	2,100	21,616,344	-	\$ 905,860	\$ 806,148	\$ 99,712	88.99%	11.01%		\$31.99	2	\$0.0046 /kWh	4	\$ 806,148.00	\$ 99,435.1808	\$ 905,583.18		
2 General Service < 50 kW	kWh	172	5,043,563	-	\$ 101,117	\$ 44,777	\$ 56,341	44.28%	55.72%		\$21.08		\$0.0112 /kWh		\$ 44,776.88	\$ 56,467.9070	\$ 101,264.79		
3 General Service > 50 to 4999 kW	kW	9	2,827,501	12,736	\$ 71,906	\$ 21,541	\$ 50,365	29.98%	70.04%		\$199.45		\$3.9545 /kW		\$ 21,540.80	\$ 50,364.5273	\$ 71,905.13		
4 Unmetered Scattered Load	kWh	17	82,127	-	\$ 5,847	\$ 4,416	\$ 1,432	75.52%	24.48%		\$21.16		\$0.0174 /kWh		\$ 4,415.87	\$ 1,429.0163	\$ 5,844.89		
5 Street Lighting	kW	530	393,969	603	\$ 23,154	\$ 12,647	\$ 10,508	54.62%	45.38%		\$1.99		\$17.4164 /kW		\$ 12,646.72	\$ 10,507.6092	\$ 23,154.33		
6 other		-	-	-											\$ -	\$ -	\$ -		
7 other		-	-	-											\$ -	\$ -	\$ -		
8		-	-	-											\$ -	\$ -	\$ -		
9		-	-	-											\$ -	\$ -	\$ -		
10		-	-	-											\$ -	\$ -	\$ -		
11		-	-	-											\$ -	\$ -	\$ -		
12		-	-	-											\$ -	\$ -	\$ -		
13		-	-	-											\$ -	\$ -	\$ -		
14		-	-	-											\$ -	\$ -	\$ -		
15		-	-	-											\$ -	\$ -	\$ -		
16		-	-	-											\$ -	\$ -	\$ -		
17		-	-	-											\$ -	\$ -	\$ -		
18		-	-	-											\$ -	\$ -	\$ -		
19		-	-	-											\$ -	\$ -	\$ -		
20		-	-	-											\$ -	\$ -	\$ -		
Total Transformer Ownership Allowance										\$ -					Total Distribution Revenues				\$ 1,107,752.32
											Rates recover revenue requirement				Base Revenue Requirement				\$ 1,107,885.26
															Difference				\$ 132.94
															% Difference				-0.012%

Notes:

¹ Transformer Ownership Allowance is entered as a positive amount, and only for those classes to which it applies.

² The Fixed/Variable split, for each customer class, drives the "rate generator" portion of this sheet of the RRWF. Only the "fixed" fraction is entered, as the sum of the "fixed" and "variable" portions must sum to 100%. For a distributor that may set the Monthly Service Charge, the "fixed" ratio is calculated as: [MSC x (average number of customers or connections) x 12 months] / (Class Allocated Revenue Requirement).



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2017 Filers

Tracking Form

The first row shown, labelled "Original Application", summarizes key statistics based on the data inputs into the RRWF. After the original application filing, the applicant provides key changes in capital and operating expenses, load forecasts, cost of capital, etc., as revised through the processing of the application. This could be due to revisions or responses to interrogatories. 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.

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	\$ 244,952	5.21%	\$ 4,704,825	\$ 4,931,014	\$ 369,826	\$ 165,121	\$ 4,630	\$ 721,971	\$ 1,136,675	\$ 28,789	\$ 1,107,885	\$ 228,090