



Ontario Energy Board Commission de l'énergie de l'Ontario

REVENUE REQUIREMENT AND CHARGE DETERMINANT ORDER

EB-2016-0231

FIVE NATIONS ENERGY INC.

**Application for changes to its electricity transmission revenue
requirement effective January 1, 2016**

BEFORE: Allison Duff
Presiding Member

Christine Long
Vice-Chair

Ellen Fry
Member

January 18, 2018

1 INTRODUCTION AND SUMMARY

Five Nations Energy Inc. (FNEI) filed a cost of service application with the Ontario Energy Board (OEB) on July 27, 2016 (completed November 25, 2016) under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to its transmission revenue requirement effective January 1, 2016. FNEI recovers its approved revenue requirement through Ontario's Uniform Transmission Rates (UTRs).

FNEI is a non-profit corporation that is licensed by the OEB to own and operate transmission facilities along the western coast of James Bay. FNEI's transmission line serves the three First Nation communities of Attawapiskat, Fort Albany and Kashechewan, and the DeBeers Victor Diamond Mine.

In the Decision and Order, dated December 14, 2017, the OEB directed FNEI to file a draft revenue requirement and charge determinant order (the draft order) which reflects the OEB's findings, no later than January 5, 2018. Among other findings, the OEB denied FNEI's request for a January 1, 2016 effective date. Instead, the OEB approved a revised 2017 revenue requirement with an effective date of January 1, 2017 and a revised 2018 revenue requirement with an effective date of January 1, 2018. The OEB also provided OEB staff and Energy Probe the opportunity to file comments on the draft order no later than January 12, 2018 and offered FNEI the opportunity to file responses no later than January 16, 2018.

In its Decision and Order, the OEB also stated that Energy Probe is eligible for cost awards in this proceeding and made provisions for Energy Probe to file its cost claim. Energy Probe filed its cost claim on January 3, 2018 and FNEI responded on January 11, 2018 noting that it has no concerns with costs claimed.

The OEB's findings with respect to the draft order are set out below. The OEB's cost award decision will be issued separately in due course.

2 DRAFT REVENUE REQUIREMENT AND CHARGE DETERMINANT ORDER

Background

FNEI filed its draft order on January 5, 2018. OEB staff reviewed the draft order and provided verbal comments to FNEI on January 8, 2018. FNEI filed a revised version of the draft order on January 9, 2018. The revised draft order included: (a) an update to the calculation of the long-term debt amount; (b) the provision of supporting evidence with respect to the 2017 forgone revenue calculation; and (c) a schedule that shows the allocation of the 2017 and 2018 revenue requirements and the 2017 forgone revenue amount to the transmission rate pools.

OEB staff filed comments on the revised draft order on January 11, 2018. OEB staff submitted that the revised draft order is in accordance with the OEB's findings set out in its December 14, 2017 Decision and Order. OEB staff asked FNEI, in its reply comments, to confirm the total amount (both 2017 forgone revenue and 2018 revenue requirement) that is to be included in the 2018 UTRs and to confirm the proper allocation of the total amount to the transmission rate pools.

FNEI filed its reply to OEB staff's comments on January 16, 2018. In the reply, FNEI agreed with the total amount to be included in the 2018 UTRs and the allocation of the total amount to the transmission rate pools as was set out by OEB staff in its comments. On that basis, FNEI further updated its January 9, 2018 revised draft order to reflect the comments that were made by OEB staff.

Findings

The OEB approves the January 16, 2018 revised draft order as filed. The OEB finds that the revised draft order properly reflects the OEB's December 14, 2017 Decision and Order.

Based on the revised draft order, the OEB notes that the approved 2017 revenue requirement is \$7,799,400 and the approved 2018 revenue requirement is \$7,988,100.¹ The 2017 forgone revenue amount is \$1,839,055.²

¹ Draft Revenue Requirement and Charge Determinant Order, January 16, 2018, Schedule B-4.

² Draft Revenue Requirement and Charge Determinant Order, January 16, 2018, Schedule C-1.

The total amount to be included in the 2018 UTRs is \$9,827,155, which reflects both the 2017 forgone revenue amount and the 2018 approved revenue requirement.³

The OEB finds that total amount to be included in the 2018 UTRs is to be allocated to the transmission rate pools as follows.⁴

	Transmission Rate Pools			Total
	Network Pool	Line Connection	Transformation	
Amount to be included in 2018 UTRs	\$5,408,935	\$1,426,550	\$2,991,661	\$9,827,155

Also, as set out in the revised draft order, the OEB approves the following charge determinants for 2017 and 2018 as they properly reflect the OEB's Decision and Order.⁵

	Approved Charge Determinants (MW)
Network	230.41
Line Connection	248.86
Transformation	73.04

³ Draft Revenue Requirement and Charge Determinant Order, January 16, 2018, Schedule E-1.

⁴ Draft Revenue Requirement and Charge Determinant Order, January 16, 2018, Schedule E-1.

⁵ Draft Revenue Requirement and Charge Determinant Order, January 16, 2018, Schedule D-1.

3 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The total revenue requirement for FNEI to be included in the calculation of the 2018 UTRs is confirmed as \$9,827,155. The calculations supporting the 2017 and 2018 revenue requirements, the 2017 forgone revenue amount, the allocation to the transmission rate pools, and the charge determinants are set out in Schedule A.

DATED at Toronto January 18, 2018

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Schedule A

Revenue Requirement and Charge Determinant Order

Five Nations Energy Inc.

EB-2016-0231

January 18, 2018

FIVE NATIONS ENERGY INC.

Numerical Summary of Rate Base
(\$000's)

	<u>Board Approved</u> <u>EB-2009-0387</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Property, Plant & Equipment</u>								
Asset Values at Cost	33,226.0	33,123.7	33,450.1	34,253.3	35,767.0	39,164.5	41,634.1	47,211.4
Accumulated Depreciation	<u>5,045.8</u>	<u>5,038.5</u>	<u>6,211.0</u>	<u>7,402.9</u>	<u>8,265.7</u>	<u>9,306.6</u>	<u>10,537.0</u>	<u>11,887.0</u>
Net Book Value	28,180.2	28,085.2	27,239.1	26,850.4	27,501.2	29,858.0	31,097.0	35,324.4
<u>Allowance for Working Capital</u>								
Working Cash Allowance	<u>503.2</u>	<u>462.3</u>	<u>484.4</u>	<u>456.9</u>	<u>495.0</u>	<u>513.9</u>	<u>561.2</u>	<u>150.0</u>
Total Working Capital	<u>503.2</u>	<u>462.3</u>	<u>484.4</u>	<u>456.9</u>	<u>495.0</u>	<u>513.9</u>	<u>561.2</u>	<u>150.0</u>
Utility Rate Base	28,683.5	28,547.5	27,723.5	27,307.3	27,996.2	30,371.9	31,658.2	35,474.5
		<u>Variance</u>	<u>Variance</u>	<u>Variance</u>	<u>Variance</u>	<u>Variance</u>	<u>Variance</u>	<u>Variance</u>
		<u>2010 vs. B.A.</u>	<u>2011 vs. 2010</u>	<u>2012 vs. 2011</u>	<u>2013 vs. 2012</u>	<u>2014 vs. 2013</u>	<u>2015 vs. 2014</u>	<u>2016 vs. 2015</u>
<u>Property, Plant & Equipment</u>								
Asset Values at Cost		(102.3)	326.4	803.2	1,513.7	3,397.6	2,469.5	5,577.4
Accumulated Depreciation		(7.3)	<u>1,172.4</u>	<u>1,191.9</u>	<u>862.9</u>	<u>1,040.9</u>	<u>1,230.4</u>	<u>1,350.0</u>
Net Book Value		(95.0)	(846.1)	(388.7)	650.8	2,356.7	1,239.1	4,227.4
<u>Allowance for Working Capital</u>								
Working Cash Allowance		(41.0)	<u>22.1</u>	<u>(27.5)</u>	<u>38.1</u>	<u>18.9</u>	<u>47.3</u>	<u>(411.2)</u>
Total Working Capital		(41.0)	<u>22.1</u>	<u>(27.5)</u>	<u>38.1</u>	<u>18.9</u>	<u>47.3</u>	<u>(411.2)</u>
Utility Rate Base		(136.0)	(824.0)	(416.2)	688.9	2,375.6	1,286.4	3,816.2

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - Average of Opening & Closing Balances - 2016
(\$000's)

<u>Asset Class</u>	<u>Gross Property Plant & Equip.</u>	<u>Accumulated Depreciation</u>	<u>Net Plant</u>
1608 - Franchises & Consents	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	1,021.1	3,410.3
1710 - Leasehold Improvements	0.0	0.0	0.0
1715 - Station Equipment	31,518.1	7,517.2	24,000.9
1720 - Towers and Fixtures	0.0	0.0	0.0
1725 - Poles and Fixtures	50,928.4	16,833.2	34,095.1
1730 - Overhead Conductors & Devices	20,441.0	5,844.8	14,596.2
1735 - Underground Conduit	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0
1905 - Land	250.6	0.0	250.6
1906 - Land Rights	0.0	0.0	0.0
1908 - Buildings and Fixtures	4,689.8	634.2	4,055.7
1910 - Leasehold Improvements	0.0	0.0	0.0
1915 - Office Furniture & Equipment	62.1	50.4	11.7
1920 - Computer Equipment - Hardware	100.5	79.2	21.3
1925 - Computer Software	10.0	9.4	0.6
1930 - Transportation Equipment	664.6	277.4	387.2
1935 - Stores Equipment	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	486.6	402.2	84.3
1945 - Measurement and Testing Equipment	0.0	0.0	0.0
1950 - Power Operated Equipment	399.5	95.8	303.6
1955 - Communication Equipment	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,771.1)	(20,877.8)	(45,893.3)
2005 - Property Under Capital Leases	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	47,211.4	11,887.0	35,324.4

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2016
(\$000's)

<u>Asset Values at Cost</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4	4,431.4
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	30,338.4	30,593.3	30,991.1	31,088.8	31,137.1	31,277.3	31,653.8	31,963.3	32,184.2	32,224.3	32,352.6	32,412.6	31,518.1
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	50,926.5	50,928.5	50,928.5	50,928.5	50,928.5	50,928.5	50,928.5	50,928.5	50,928.5	50,928.5	50,928.5	50,928.5	50,928.4
1730 - Overhead Conductors & Devices	20,440.4	20,440.4	20,441.2	20,441.2	20,441.2	20,441.2	20,441.2	20,441.2	20,441.2	20,441.2	20,441.2	20,441.1	20,441.0
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	4,685.4	4,685.4	4,685.4	4,685.4	4,685.4	4,689.5	4,689.5	4,689.5	4,689.5	4,689.5	4,701.6	4,702.5	4,689.8
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	62.0	63.7	62.1
1920 - Computer Equipment - Hardware	94.2	97.4	97.4	99.0	99.0	100.3	103.0	103.0	103.0	103.0	103.0	103.0	100.5
1925 - Computer Software	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1930 - Transportation Equipment	659.7	662.4	665.3	665.3	665.3	665.3	665.3	665.3	665.3	665.3	665.3	665.3	664.6
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	477.6	479.1	486.9	487.0	487.0	487.0	487.9	487.9	487.9	490.1	490.1	490.5	486.6
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	366.2	366.2	366.2	366.2	371.4	371.4	371.4	371.4	371.4	371.4	548.4	551.8	399.5
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,768.6)	(66,798.6)	(66,771.1)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Assets	45,973.7	46,238.0	46,647.4	46,746.7	46,800.3	46,945.8	47,326.0	47,635.5	47,856.5	47,898.7	48,216.1	48,252.5	47,211.4

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2016
(\$000's)

<u>Accumulated Depreciation</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	961.4	972.3	983.1	994.0	1,004.8	1,015.7	1,026.5	1,037.4	1,048.2	1,059.1	1,069.9	1,080.8	1,021.1
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	7,089.6	7,165.3	7,241.1	7,318.5	7,395.8	7,473.2	7,553.2	7,633.1	7,713.0	7,792.9	7,872.9	7,957.2	7,517.2
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	16,244.8	16,351.8	16,458.8	16,565.8	16,672.8	16,779.7	16,886.7	16,993.7	17,100.7	17,207.7	17,314.6	17,421.6	16,833.2
1730 - Overhead Conductors & Devices	5,671.4	5,702.9	5,734.5	5,766.0	5,797.5	5,829.0	5,860.6	5,892.1	5,923.6	5,955.1	5,986.7	6,018.2	5,844.8
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	549.5	565.1	580.8	596.5	612.1	627.8	643.4	659.1	674.7	690.4	706.0	704.6	634.2
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	49.3	49.5	49.7	49.9	50.1	50.3	50.5	50.6	50.8	51.0	51.2	51.4	50.4
1920 - Computer Equipment - Hardware	72.9	73.9	74.9	76.0	77.1	78.3	79.6	80.9	82.2	83.5	84.8	85.8	79.2
1925 - Computer Software	9.1	9.1	9.2	9.2	9.3	9.3	9.4	9.4	9.5	9.5	9.6	9.7	9.4
1930 - Transportation Equipment	254.0	261.2	245.6	253.5	261.5	269.4	277.4	285.3	293.3	301.2	309.2	317.1	277.4
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	380.7	385.4	389.5	392.1	394.7	397.3	402.2	407.1	412.1	417.0	421.9	426.9	402.2
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	79.4	82.0	84.6	87.6	90.7	93.8	96.9	100.1	103.2	106.4	109.5	115.7	95.8
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(20,121.5)	(20,259.0)	(20,396.5)	(20,534.0)	(20,671.5)	(20,809.0)	(20,946.5)	(21,084.0)	(21,221.5)	(21,359.0)	(21,496.5)	(21,634.0)	(20,877.8)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Accumulated Depreciation	11,240.5	11,359.5	11,455.2	11,575.1	11,695.0	11,814.8	11,939.8	12,064.8	12,189.8	12,314.8	12,439.7	12,554.9	11,887.0

FIVE NATIONS ENERGY INC.

Property, Plant & Equipment - 2016
(\$000's)

<u>Net Fixed Asset Values</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sep.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Average</u>
1608 - Franchises & Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1705 - Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1706 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1708 - Buildings and Fixtures	3,470.0	3,459.1	3,448.3	3,437.4	3,426.6	3,415.7	3,404.9	3,394.0	3,383.2	3,372.3	3,361.5	3,350.6	3,410.3
1710 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1715 - Station Equipment	23,248.8	23,427.9	23,750.1	23,770.4	23,741.3	23,804.0	24,100.6	24,330.2	24,471.2	24,431.3	24,479.8	24,455.4	24,000.9
1720 - Towers and Fixtures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725 - Poles and Fixtures	34,681.7	34,576.7	34,469.7	34,362.8	34,255.8	34,148.8	34,041.8	33,934.8	33,827.9	33,720.9	33,613.9	33,506.9	34,095.1
1730 - Overhead Conductors & Devices	14,769.0	14,737.4	14,706.7	14,675.2	14,643.6	14,612.1	14,580.6	14,549.1	14,517.5	14,486.0	14,454.5	14,422.9	14,596.2
1735 - Underground Conduit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1740 - Underground Conductors & Devices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1745 - Road and Trails	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1905 - Land	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6	250.6
1906 - Land Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1908 - Buildings and Fixtures	4,135.9	4,120.3	4,104.5	4,088.9	4,073.2	4,061.7	4,046.0	4,030.4	4,014.7	3,999.1	3,995.5	3,997.9	4,055.7
1910 - Leasehold Improvements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1915 - Office Furniture & Equipment	12.7	12.5	12.3	12.1	11.9	11.7	11.5	11.3	11.1	10.9	10.7	12.2	11.7
1920 - Computer Equipment - Hardware	21.3	23.5	22.5	22.9	21.8	22.0	23.5	22.2	20.9	19.6	18.2	17.2	21.3
1925 - Computer Software	0.9	0.9	0.8	0.8	0.7	0.7	0.6	0.5	0.5	0.4	0.4	0.3	0.6
1930 - Transportation Equipment	405.7	401.2	419.8	411.8	403.9	395.9	388.0	380.0	372.1	364.1	356.2	348.2	387.2
1935 - Stores Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1940 - Tools, Shop and Garage Equipment	96.9	93.7	97.3	94.8	92.2	89.6	85.7	80.8	75.9	73.1	68.2	63.6	84.3
1945 - Measurement and Testing Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1950 - Power Operated Equipment	286.8	284.2	281.6	278.5	280.7	277.6	274.5	271.4	268.2	265.1	438.9	436.1	303.6
1955 - Communication Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1960 - Miscellaneous Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1970 - Load Management Controls - Customer Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1975 - Load Management Controls - Utility Premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1980 - System Supervisory Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1990 - Other Tangible Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1995 - Contributions and Grants - Credit	(46,647.1)	(46,509.6)	(46,372.1)	(46,234.6)	(46,097.1)	(45,959.6)	(45,822.1)	(45,684.6)	(45,547.1)	(45,409.6)	(45,272.1)	(45,164.6)	(45,893.3)
2005 - Property Under Capital Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 - Electric Plant Purchased or Sold	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2050 - Completed Construction Not Classified - Electric	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net Fixed Assets	34,733.2	34,878.5	35,192.2	35,171.6	35,105.3	35,131.0	35,386.2	35,570.7	35,666.7	35,583.9	35,776.4	35,697.5	35,324.4

FIVE NATIONS ENERGY INC.

Allowance for Working Capital - 2016
(\$000's)

<u>Expense Category</u>	<u>Annual Expense</u>	
Operations, Maintenance & Admin	4,226.0 x 3.55%	<u>150.0</u>
Total Working Capital Allowance		150.0

Calculation of Approved 2017 and 2018 OM&A Budgets

OM&A category	Calculation (\$M)
2016 Proposed OM&A budget	\$4.34
Addition for actual land use fees exceeding budget	+0.03
Reduction to reflect actual compensation costs at Dec. 31, 2016	-0.13
Addition of apprentice station technician (1/2 year as hired in July 2017)	+0.05
Reduction of half the 10% one-time salary increase	-0.03
Removal of conservation budget	-0.03
Approved 2017 OM&A budget	\$4.23
Addition for full-year salary for both new employees	+0.15
Approved 2018 OM&A budget	\$4.38

* Taken from EOB Decision, p. 22.

FNEI Calculated Cost of Capital for 2017

	Capital Component (\$000s)	Capital Component (%)	Interest Rate (%)	Return Component (%)	Cost of Capital (\$000s)
Long-Term Debt	19,865.7	56.0%	5.11%	2.862%	1,015.14
Short-Term Debt	1,419.0	4.0%	1.76%	0.070%	24.97
Deemed Equity	14,189.9	40.0%	8.78%	3.512%	1,245.87
Rate Base	35,474.5	100%	-	6.444%	2,285.98

FNEI Calculated Cost of Capital for 2018

	Capital Component (\$000s)	Capital Component (%)	Interest Rate (%)	Return Component (%)	Cost of Capital (\$000s)
Long-Term Debt	19,865.7	56.0%	5.11%	2.862%	1,015.14
Short-Term Debt	1,419.0	4.0%	2.29%	0.092%	32.50
Deemed Equity	14,189.9	40.0%	9.00%	3.600%	1,277.09
Rate Base	35,474.5	100%	-	6.554%	2,324.73

Revised Depreciation Calculation

Date	Comment	Credits
Accum.Amort-Office Building		
1/31/2016	Amortization for January	14,286.45
2/29/2016	Amortization for February	14,286.45
3/31/2016	Amortization for March	14,286.46
4/30/2016	Amortization for April 2016	14,286.45
5/31/2016	Amortization for May 2016	14,286.45
6/30/2016	Amortization for June 2016	14,286.45
7/31/2016	Amortization for June 2016	14,286.45
8/31/2016	Amortization for August 2016	14,286.45
9/30/2016	Amortization for September 2016	14,286.45
10/31/2016	Amortization for October 2016	14,286.45
11/30/2016	Amortization for November 2016	14,286.45
12/31/2016	Amortization for Dcember 2016	14,286.45
		<hr/>
		171,437.41
	10% Reduction	17,143.74
Starting Depreciation Amount (Actual)		1,450,000.00
		17,143.74
Revised Amount		1,432,856.26

Calculation of Transmission Revenue Requirement – 2017 and 2018

(\$'000s)

	EB-2016-0231 Application	2017 Calculated	2018 Calculated
OM&A	4,336.0	4,226.0	4,376.0
Depreciation	1,293.3	1,433.4	1,433.4
Cost of Debt	1,044.7	1,040.1	1,047.6
ROE	1,315.1	1,245.9	1,277.1
SUB-TOTAL	7,989.2	7,945.4	8,134.1
Less: Other Revenue	150.0	146.0	146.0
TOTAL	\$7,839.2	\$7,799.4	\$7,988.1

Filed: January 16, 2018
Draft Order
EB-2016-0231
Schedule C-1

Actual Transmission Revenues for 2017

Date	Comment	Credits	Balance
1/31/2017	Independent Elec. Market Operator	500,702.11	500,702.11
2/28/2017	Independent Elec. Market Operator	483,870.87	984,572.98
3/31/2017	Independent Elec. Market Operator	480,393.02	1,464,966.00
4/30/2017	Independent Elec. Market Operator	455,286.02	1,920,252.02
5/31/2017	Independent Elec. Market Operator	452,833.73	2,373,085.75
6/30/2017	Independent Elec. Market Operator	533,729.33	2,906,815.08
7/31/2017	Independent Elec. Market Operator	533,862.12	3,440,677.20
8/31/2017	Independent Elec. Market Operator	527,595.07	3,968,272.27
9/30/2017	Independent Elec. Market Operator	563,235.25	4,531,507.52
10/31/2017	Independent Elec. Market Operator	444,743.68	4,976,251.20
11/30/2017	Independent Elec. Market Operator	453,124.64	5,429,375.84
12/31/2017	Estimated Revenue for December 2017 (Calc Tab)	484,969.05	5,914,344.89
		5,914,344.89	

2017 Calculated Revenue Requirement = \$7,799,400

Less: \$5,914,345

Less: \$46,000

FOREGONE REVENUE AMOUNT = \$1,839,055

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Draft Order

EB-2016-0231

Schedule C-3

Forecast of December 2017 Transmission Revenues (based on 2016)

Date	Comment	Credits	2016 Balance	2017 Balance	% Difference
1/31/2016	Independent Elec. Market Operator	510,268.22	510,268.22	500,702.11	98.13%
2/29/2016	Independent Elec. Market Operator	509,866.60	1,020,134.82	984,572.98	96.51%
3/31/2016	Independent Elec. Market Operator	494,913.33	1,515,048.15	1,464,966.00	96.69%
4/30/2016	Independent Elec. Market Operator	464,846.14	1,979,894.29	1,920,252.02	96.99%
5/31/2016	Independent Elec. Market Operator	504,455.76	2,484,350.05	2,373,085.75	95.52%
6/30/2016	Independent Elec. Market Operator	562,949.25	3,047,299.30	2,906,815.08	95.39%
7/31/2016	Independent Elec. Market Operator	587,591.64	3,634,890.94	3,440,677.20	94.66%
8/31/2016	Independent Elec. Market Operator	597,367.43	4,232,258.37	3,968,272.27	93.76%
9/30/2016	Independent Elec. Market Operator	589,219.02	4,821,477.39	4,531,507.52	93.99%
10/31/2016	Independent Elec. Market Operator	454,126.54	5,275,603.93	4,976,251.20	94.33%
11/30/2016	Independent Elec. Market Operator	474,151.63	5,749,755.56	5,429,375.84	94.43%
12/31/2016	Independent Elec. Market Operator	<u>513,586.38</u>	6,263,341.94	484,969.05 Estimate*	
		6,263,341.94			

*December 2017 = December 2016 revenue (\$513,586.38) multiplied by 94.43% (with rounding).

FNEI Charge Determinants for 2017 and 2018

(MW)	Currently Approved	2017 and 2018
Network	187.12	230.41
Line Connection	213.46	248.86
Transformation	76.19	73.04

FNEI 2017 and 2018 Revenue Requirement by Rate Pool
FNEI 2017 Foregone Revenue by Rate Pool

	Transmission Rate Pools			Total Revenue Requirement
	Network Pool	Line Connection	Transformation	
HONI 2018 Rev. Rqmt.	\$831.5 million	\$219.3 million	\$459.9 million	\$1,510.7 million
HONI Allocation Factor	0.550407	0.145164	0.304428	1.000000
FNEI 2017 Rev. Rqmt.	\$4,292,844	\$1,132,192	\$2,374,356	\$7,799,400
FNEI 2018 Rev. Rqmt.	\$4,396,706	\$1,159,585	\$2,431,801	\$7,988,100
FNEI 2017 Foregone Revenue	\$1,012,229	\$266,965	\$559,860	\$1,839,055
Amount to be included in 2018 UTRs	\$5,408,935	\$1,426,550	\$2,991,661	\$9,827,155