EXHIBIT 6 – REVENUE REQUIREMENT 2019 Cost of Service

Chapleau Public Utilities Corporation. EB-2018-0087

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2019 Cost of Service Inc Exhibit 6 – Revenue Requirement August 31, 2018

6.2 CALCULATION OF REVENUE REQUIREMENT

2 6.2.1 DETERMINATION OF NET UTILITY INCOME

- 3 CPUC's current rates are based on Board approved rates effective May 1, 2015 through an IRM
- 4 proceeding (EB-2014-0063). Existing revenues based on existing Board approved rates, which
- 5 are used in calculating utility income, are comprised of distribution revenue and exclude pass-
- 6 thru charges such as LV Charges and Transmission Charges and well as balances in deferral and
- 7 variance accounts.
- 8 Details on existing and projected distribution revenue at existing rates are presented in both
- 9 Exhibit 3 and Exhibit 8 and are also replicated below. Other revenues are shown in Exhibit 3
- 10 Section 3.4. Table 1 below shows distribution revenues at both current rates and proposed 2019
- 11 volumes.

Table 1 - Distribution Revenues at Current Rates – 2019 Volumes

2018 Rates at 2019 Load

		Tes	t Year Projecte	ed Revenue fro	m Existing Var	iable 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	\$0.0140	kWh	13,831,681	\$193,643.53			\$0.00	\$193,643.53					
General Service < 50 kW	\$0.0179	kWh	4,880,502	\$87,360.98			\$0.00	\$87,360.98					
General Service > 50 to 4999 kW	\$3.6185	kW	18,883	\$68,329.27	0.60		\$0.00	\$68,329.27					
Unmetered Scattered Load	\$0.0336	kWh	5,232	\$175.79			\$0.00	\$175.79					
Sentinel	\$15.0437	kW	65	\$977.84			\$0.00	\$977.84					
Street Lighting	\$20.6218	kW	774	\$15,955.09			\$0.00	\$15,955.09					
Total Variable Revenue			18,737,137	\$366,442.50	0.6	0	0	\$366,442.50					
2018 Rates at 2019 Load													
	Test Year Projected Revenue from Existing Fixed & Variable Charges												
Customer Class Name	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Revenue	TOTAL	% Fixed Revenue	% Variable Revenue	% Total Revenue					
Residential	\$24.04	1,033	\$298,023.37	\$193,643.53	\$491,666.90	60.61%	39.39%	62.75%					
General Service < 50 kW	\$35.18	148	\$62,674.21	\$87,360.98	\$150,035.19	41.77%	58.23%	19.15%					
General Service > 50 to 4999 kW	\$193.66	15	\$35,397.36	\$68,329.27	\$103,726.63	34.13%	65.87%	13.24%					
Unmetered Scattered Load	\$24.99	4	\$1,199.52	\$175.79	\$1,375.31	87.22%	12.78%	0.18%					
Sentinel	\$8.65	23	\$2,387.40	\$977.84	\$3,365.24	70.94%	29.06%	0.43%					
Street Lighting	\$4.43	328	\$17,436.48	\$15,955.09	\$33,391.57	52.22%	47.78%	4.26%					
Total Fixed Revenue		1,552	\$417,118.35	\$366,442.50	\$783,560.85								

Table 2 - Distribution Revenues at Proposed Rates – 2019 Volumes

2019 Rates at 2019 Load												
	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	(\$0.0000)	kWh	13,831,681	-\$5.65			\$0.00	-\$5.65				
General Service < 50 kW	\$0.0266	kWh	4,880,502	\$129,724.67			\$0.00	\$129,724.67				
General Service > 50 to 4999 kW	\$5.1694	kW	18,883	\$97,614.67	0.60		\$0.00	\$97,614.67				
Unmetered Scattered Load	\$0.0285	kWh	5,232	\$148.90			\$0.00	\$148.90				
Sentinel	\$21.4320	kW	65	\$1,393.08			\$0.00	\$1,393.08				
Street Lighting	\$26.4451	kW	774	\$20,460.54			\$0.00	\$20,460.54				
Total Variable Revenue			18,737,137	\$249,336.21	0.6	0	\$0.00	\$249,336.21				
2019 Rates at 2019 Load												
			Test Year Proj	ected Revenue	from Proposed Fi	xed Charges						
Customer Class Name	" Fixed											
Residential	\$50.8700	1,033	\$630,634.31	-\$5.65	\$630,628.67	100.00%	0.00%	62.76%				
General Service < 50 kW	\$35.1800	148	\$62,674.21	\$129,724.67	\$192,398.88	32.58%	67.42%	19.15%				
General Service > 50 to 4999 kW	\$193.6600	15	\$35,397.36	\$97,614.67	\$133,012.04	26.61%	73.39%	13.24%				
Unmetered Scattered Load	\$21.1670	4	\$1,016.02	\$148.90	\$1,164.92	87.22%	12.78%	0.12%				
Sentinel	\$12.3232	23	\$3,401.20	\$1,393.08	\$4,794.28	70.94%	29.06%	0.48%				
Street Lighting	\$5.6810	328	\$22,360.25	\$20,460.54	\$42,820.79	52.22%	47.78%	4.26%				
Total Fixed Revenue		1,552	\$755,483.36	\$249,336.21	\$1,004,819.58							
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6.2.2 PROPOSED REVENUE REQUIREMENT

- 2 The 2019 Base Revenue Requirement, which represents the amount of money that a utility must
- 3 receive from its customers to cover its costs, operating expenses, taxes, interest paid on debts
- 4 owed to investors and a deemed return (profit) is calculated to be \$1,004,819 Table 3 below
- 5 presents CPUC's proposed 2019 Revenue Requirement as calculated in the OEB's Revenue
- 6 Requirement Work Form which is being filed with this application and is also presented at
- 7 Appendix 1 of this Exhibit. ^{1 2} Table 3 shows the Statement of Rate Base and Table 4 shows the
- 8 Return on Rate Base

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Table 3 - Test Year Revenue Requirement

	MIFRS
Particular	2019
OM&A Expenses	\$821,163
Depreciation Expense	\$120,706
Property Taxes	\$8,262
(other expenses)	
Total Distribution Expenses	\$950,131
Regulated Return On Capital	\$105,417
Grossed up PILs	\$0
Service Revenue Requirement	\$1,055,548
Less: Revenue Offsets	-\$50,729
Base Revenue Requirement	\$1,004,820

¹ MFR - RRWF - in PDF and Excel. Revenue requirement, def/sufficiency, data entered in RRWF must correspond with other exhibits

 $^{^2}$ 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 4 - Statement of Rate Base

	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$980,429	4.16%	\$40,786
Short-term Debt	4.00%	\$70,031	2.29%	\$1,604
Total Debt	60.0%	\$1,050,460	4.04%	\$42,390
Equity				
Common Equity	40.00%	\$700,307	9.00%	\$63,028
Preferred Shares		\$ -		\$ -
Total Equity	40.0%	\$700,307	9.00%	\$63,028
Total	100.0%	\$1,750,767	6.02%	\$105,417

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6.2.4 ACTUAL UTILITY RETURN ON RATE BASE

Table 5 - Return on Rate Base

ReturnDeemed Interest Expense\$42,390Return on Deemed Equity\$63,028Total\$105,417

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1 6.2.5 REQUESTED AND INDICATED RATE OF RETURN

- 2 The requested rate of return is 9.00% as per the OEB prescribed Cost of Capital Parameters.
- 3 Details of the calculation can be found in Tab 2 of this exhibit in Table 10- Calculation of
- 4 Revenue Deficiency or Surplus.

5 6.2.6 UTILITY INCOME AT PROPOSED REVENUE REQUIREMENT

Table 6 - Utility Income under proposed Revenue Requirement

Particulars	Initial Application
Operating Revenues:	
Distribution Revenue (at Proposed Rates)	\$1,004,820
Other Revenue	\$50,729
Total Operating Revenues	\$1,055,548
Operating Expenses:	
OM+A Expenses	
Depreciation/Amortization	\$821,163
Property taxes	\$120,706
Capital taxes	\$8,262
Other expense	\$ -
Total Operating Expenses	\$ -
	\$950,131
Deemed Interest Expense	
Total Expenses	\$42,390
Utility income before income taxes	\$992,521
Income taxes (grossed-up)	
Utility net income	\$63,028

1 6.2.7 REVENUE REQUIREMENT TREND

- 2 Table 7 below presents CPUC's Revenue Requirement trend starting from the 2012 Board
- 3 Approved all the way to the 2019 proposed Revenue Requirement.

4 Table 7 - Trend in Revenue Requirement

	CGAAP	CGAAP	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Particular	Last Board Approved	2012	2013	2014	2015	2016	2017	2018	2019
OM&A Expenses	\$644,340	\$670,607	\$638,471	\$744,673	\$730,565	\$744,037	\$716,586	\$809,404	\$821,163
Depreciation Expense	\$75,576	\$113,903	\$72,025	\$72,466	\$50,827	\$52,874	\$49,114	\$154,279	\$120,706
Property Taxes	\$10,150	\$9,885	\$7,123	\$7,050	\$6,619	\$6,989	\$7,916	\$8,100	\$8,262
(other expenses)	\$3,000								
Total Distribution Expenses	\$733,066	\$794,394	\$717,619	\$824,189	\$788,011	\$803,900	\$773,615	\$971,783	\$950,131
Regulated Return On Capital	\$93,774	\$100,051	\$85,488	\$106,908	\$103,805	\$106,352	\$99,272	\$111,977	\$105,417
Grossed up PILs	\$13,814	\$0	\$0	\$0	\$0	\$1,902	\$4,126	\$0	\$0
Service Revenue Requirement	\$840,654	\$894,445	\$803,107	\$931,097	\$891,817	\$912,154	\$877,013	\$1,083,761	\$1,055,548
	•		•				·		
Less: Revenue Offsets	-\$41,735	-\$36,786	-\$10,058	-\$30,361	\$1,687	-\$47,433	-\$36,942	-\$93,910	-\$50,729
Base Revenue Requirement	\$798,919	\$857,659	\$793,048	\$900,736	\$893,504	\$864,721	\$840,071	\$989,851	\$1,004,820

Table 8 - Variance Analysis of Revenue Requirement

	CGAAP	CGAAP	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	Variance over last CoS
Particular	Last Board Approved	2012	2013	2014	2015	2016	2017	2018	2019	2019
OM&A Expenses	644,340	670,607	638,471	744,673	730,565	744,037	716,586	809,404	821,163	
Year over year change (\$)		26,267	-32,136	106,202	-14,108	13,472	-27,451	64,731	11,759	176,823
Year over year change (%)		4.08%	-4.79%	16.63%	-1.89%	1.84%	-3.69%	8.69%	1.45%	27.44%
Depreciation Expense	75,576	113,903	72,025	72,466	50,827	52,874	49,114	154,279	120,706	
Year over year change (\$)		38,326.86	-41,878.11	440.91	-21,638.66	2,047.30	-3,760.56	81,813.64	-33,573.30	45,130.00
Year over year change (%)		50.71%	-36.77%	0.61%	-29.86%	4.03%	-7.11%	112.90%	-21.76%	59.71%
Property Taxes	10,150	9,885	7,123	7,050	6,619	6,989	7,916	8,100	8,262	0
Year over year change (\$)		-265.39	-2,761.41	-72.75	-430.99	369.78	926.54	1,049.55	162.00	-1,888.00
Year over year change (%)		-2.61%	-27.94%	-1.02%	-6.11%	5.59%	13.26%	14.89%	2.00%	-19.10%
Total Distribution Expenses	730,066	794,394	717,619	824,189	788,011	803,900	773,615	971,783	950,131	
Year over year change (\$)		64,328.39	-76,775.58	106,570.57	-36,178.12	15,888.87	-30,284.78	147,593.92	-21,652.30	220,065.00
Year over year change (%)		8.81%	-9.66%	14.85%	-4.39%	2.02%	-3.77%	17.91%	-2.23%	30.14%
Regulated Return On Capital	93,774	100,051	85,488	106,908	103,805	106,352	99,272	111,977	105,417	
Year over year change (\$)		6,277.15	-14,563.01	21,419.90	-3,102.39	2,546.96	-7,080.45	5,069.54	-6,560.05	11,643.53
Year over year change (%)		6.69%	-14.56%	25.06%	-2.90%	2.45%	-6.66%	4.74%	-5.86%	12.42%
Grossed up PILs	13,814	0	0	0	0	1,902	4,126	0	0	
Year over year change (\$)		-13,814.00	0.00	0.00	0.00	1,902.00	2,224.00	0.00	0.00	-13,814.00
Year over year change (%)		-100.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	116.93%	#DIV/0!	#DIV/0!	-100.00%
Service Revenue Requirement	837,653.64	894,445.18	803,106.59	931,097.06	891,816.55	912,154.38	877,013.15	1,083,760.52	1,055,548.18	
Year over year change (\$)		56,791.54	-91,338.59	127,990.47	-39,280.51	20,337.83	-35,141.23	152,663.46	-28,212.35	217,894.53
Year over year change (%)		6.78%	-10.21%	15.94%	-4.22%	2.28%	-3.85%	16.40%	-2.60%	24.36%

Less: Revenue Offsets	-41,735.00	-36,786.22	-10,058.45	-30,360.76	1,687.42	-47,433.31	-36,942.00	-93,910.00	-50,728.60	
Year over year change (\$)		4,948.78	26,727.77	-20,302.31	32,048.18	-49,120.73	10,491.31	-63,549.24	43,181.40	-8,993.60
Year over year change (%)		-11.86%	-72.66%	201.84%	-105.56%	-2911.00%	-22.12%	209.31%	-45.98%	21.55%
Base Revenue Requirement	795,918.64	857,658.96	793,048.14	900,736.30	893,503.97	864,721.07	840,071.15	989,850.52	1,004,819.58	
Year over year change (\$)		61,740.32	-64,610.82	107,688.16	-7,232.33	-28,782.90	-24,649.92	89,114.22	14,969.05	208,900.93
Year over year change (%)		7.76%	-7.53%	13.58%	-0.80%	-3.22%	-2.85%	9.89%	1.51%	26.25%

2019 Cost of Service Inc Exhibit 6 – Revenue Requirement August 31, 2018

- 1 As can be seen from Table 7 and Table 8 above, the proposed revenue requirement for the test
- 2 year is 26.25% higher than the 2012 Cost of Service Approved Revenue Requirement. The
- 3 revenue requirement increased moderately in 2014 and again in 2018 and 2019. The increase in
- 4 2018 and 2019 mostly due to the effects on OM&A of transitioning from a virtual utility where
- 5 the utility was being financially supported by the affiliate to a traditional organization structure
- 6 where employees are employed by the utility.
- 7 Another reason for the increase in revenue requirement is the increase in depreciation expense
- 8 due to the transfer of assets from the affiliate to the utility and the purchase of a new boom
- 9 truck in 2018. The Regulated Return on Capital due to the capital addition. Regulatory costs are
- also projected to be higher for 2019 due to provisions for an oral hearing and drafting of the
- 11 Distribution System Plan by a third-party engineering firm. Year over year variances in OM&A
- are explained throughout Exhibit 4 and Revenue Offsets and explained in detail at Exhibit 3.

6.3 REVENUE DEFICIENCY OR SURPLUS

2 6.3.1 CALCULATION OF REVENUE DEFICIENCY OR SURPLUS

- 3 CPUC's net revenue deficiency under the proposed rates is \$221,259. This deficiency is
- 4 calculated as the difference between the 2019 Test Year Revenue Requirement and the Forecast
- 5 Test Year Revenue Requirement at the Applicant's 2015 approved distribution rates.

Table 9 - Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency (RRWF)

Service Revenue Requirement	\$1,055,548
Grossed-Up Revenue Deficiency/(Sufficiency)	\$221,259
Base Revenue Requirement (to be recovered from Distribution Rates)	\$1,004,820
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	\$221,259

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- 9 The Revenue Deficiency sheet presented at the next page is an excerpt from the Revenue
- 10 Requirement Work Form. The drivers of the revenue deficiency are detailed in Table 10 at the
- 11 next page.

Table 10 - Revenue Deficiency (RRWF)³

Particulars	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below		\$221,259
Distribution Revenue	\$783,561	\$783,561
Other Operating Revenue Offsets - net	\$50,729	\$50,729
Total Revenue	\$834,289	\$1,055,548
Operating Expenses	\$950,131	\$950,131
Deemed Interest Expense	\$42,390	\$42,390
Total Cost and Expenses	\$992,521	\$992,521
Utility Income Before Income Taxes	(\$158,231)	\$63,028
Tax Adjustments to Accounting Income per PILs model	(\$62,841)	(\$62,841)
Taxable Income	(\$221,072)	\$186
Income Tax Rate	0.00%	0.00%
Income Tax on Taxable Income	\$ -	\$ -
Income Tax Credits	\$ -	\$ -
Utility Net Income	(\$158,231)	\$63,028
Utility Rate Base	\$1,750,767	\$1,750,767
Deemed Equity Portion of Rate Base	\$700,307	\$700,307
Income/(Equity Portion of Rate Base)	-22.59%	9.00%
Target Return - Equity on Rate Base	9.00%	9.00%
Deficiency/Sufficiency in Return on Equity	-31.59%	0.00%
Indicated Rate of Return	-6.62%	6.02%
Requested Rate of Return on Rate Base	6.02%	6.02%
Deficiency/Sufficiency in Rate of Return	-12.64%	0.00%
Target Return on Equity		
Revenue Deficiency/(Sufficiency)	\$63,028	\$63,028
Gross Revenue Deficiency/(Sufficiency)	\$221,259	
Target Return on Equity	\$221,259	

⁴6.3.2 CAUSES OF REVENUE DEFICIENCY OR SURPLUS

- 2 CPUC's existing rates are based on the Board-approved rates in 2012 following a cost of service
- 3 rate application, and adjustments to its base distribution rates in 2012-2015 under the Board's
- 4 third Generation Incentive Regulation Mechanism.
- 5 As shown in Table 10 in the previous section, the Revenue Deficiency is determined to be
- 6 \$221,259. The deficiency is for the most part due to the increase in the Rate Base, Depreciation
- 7 Expenses, and OM&A.

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- 8 Table 10 below shows that the causes for the revenue deficiency stem from an increase in Rate
- 9 Base of \$238,484 higher than the 2012 Board-approved amount. Based on a 6.02% overall cost
- of capital, the increase in the rate base drives an increase in the revenue requirement.
- 11 The factors contributing to the change in the rate base are discussed in detail at Exhibit 2 but for
- 12 the most part, are due to (1) investments in the distribution system to follow the Distribution
- 13 System Plan. (2) The transfer of assets from the affiliate which is no longer operational and (3)
- 14 the purchase of a boom truck.
- 15 Increased Operations, Maintenance, and Administration (OM&A) expenses are another driver of
- the revenue deficiency. Projected OM&A for 2019 is \$176,823 higher than the 2012 Board-
- 17 approved amount. The cost drivers underlying this increase are explained in Exhibit 4.
- 18 The major contributors of the deficiency from 2012 Board Approved to 2019 Test Year are
- 19 presented in the table below and explanations following the table.

Table 11 - Differences in Revenue Requirement from 2012 Cost of Service

	CGAAP	MIFRS	
Particular	2012	2019	Diff
Long Term Debt	4.41%	4.16%	-0.25%
Short Term Debt	2.08%	2.29%	0.21%
Return on Equity	9.12%	9.00%	-0.12%
Weighted Debt Rate	4.25%	4.04%	-0.22%
Regulated Rate of Return	6.20%	6.02%	-0.18%
,			
Controllable Expenses	\$654,490	\$829,425	\$174,935
Power Supply Expense	\$2,516,183	\$2,692,686	\$176,503
Total Eligible Distribution Expenses	\$3,170,673	\$3,522,111	\$351,438
Working Capital Allowance Rate	15.00%	7.50%	-7.50%
Total Working Capital Allowance ("WCA")	\$475,601	\$264,158	-\$211,443
Fixed Asset Opening Bal Bridge Year	\$2,554,525	\$3,925,018	\$1,370,493
Fixed Asset Opening Bal Test Year	-\$1,517,843	-\$2,438,409	-\$920,566
Average Fixed Asset	\$1,036,682	\$1,486,609	\$449,927
Working Capital Allowance	\$475,601	\$264,158	-\$211,443
Rate Base	\$1,512,283	\$1,750,767	\$238,484
Regulated Rate of Return	6.20%	6.02%	-0.18%
Regulated Return on Capital	\$93,774	\$105,417	\$11,644
Deemed Interest Expense	\$38,606	\$42,390	\$3,784
Deemed Return on Equity	\$55,168	\$63,028	\$7,860
	****	****	4.=4.000
OM&A	\$644,340	\$821,163	\$176,823
Property Taxes	\$10,150	\$8,262	
Depreciation Expense	\$75,576	\$120,706	\$45,130
PILs	\$13,814	\$0	-\$13,814
Revenue Offset	-\$41,735	-\$50,729	-\$8,994
Revenue Requirement	\$795,919	\$1,004,820	\$208,901

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The increase in OM&A of \$176,823 from \$644,340 in 2012 Board Approved to \$821,163 in 2019 is primarily due to a having 2 managerial positions as opposed to one in 2012 and the change in organizational structure from a virtual utility to a conventional utility.

OM&A variances are explained in detail throughout Exhibit 4. The relevant OEB

Appendices related to OMA spending are replicated below this list for ease of reference.

• An increase in Average Net Fixed Assets from \$1,036,682 in 2012 Board Approved to \$1,486,609 in 2019 is primarily due to the transfer of assets from the affiliate to the

- utility as well as the purchase of a new boom truck in 2018. Details of the utility's capital spending is explained at Exhibit 2 and in the Distribution System Plan.
- A decrease of \$211,443 in Working Capital of from \$475,601 in 2012 Board approved to
 \$264,158 in 2019.
- A marginal reduction in the Weighted Average Cost of Capital from 6.20% of 2012
 Board approved to 6.02% in 2019 which is explained at Exhibit 5.
- An increase in Depreciation Expenses of \$45,130 from \$75,576 in the 2012 Board
 approved to \$120,706 in 2019 which is detailed in Exhibit 4.
- A decrease in deemed PILs expense of -\$13,814 from the 2012 Board approved value to
 \$0 in 2019.

Table 12 – OEB Appendix 2-JA – Summary of Recoverable OM&A Expenses⁵

	CGAAP	CGAAP	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
	Board Approved	2012	2013	2014	2015	2016	2017	2018	2019
Operations	\$205,440	\$289,711	\$220,412	\$223,211	\$208,239	\$236,332	\$237,909	\$247,400	\$242,760
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,610
Sub-Total	\$205,440	\$289,711	\$220,412	\$223,211	\$208,239	\$236,332	\$237,909	\$247,400	\$244,370
%Change (year over year)		41.0%	-23.9%	1.3%	-6.7%	13.5%	0.7%	4.7%	-1.2%
%Change (Test Year vs Last Rebasing Year - Actual)									-15.7%
Billing and Collecting	\$84,200	\$95,585	\$115,086	\$135,609	\$129,895	\$121,157	\$121,220	\$135,000	\$133,730
Community Relations	\$600	\$115	\$415	\$415	\$115	\$415	\$415	\$0	\$0
Administrative and General +LEAP	\$354,100	\$285,195	\$302,558	\$385,438	\$392,316	\$386,133	\$357,042	\$427,004	\$443,063
Sub-Total	\$438,900	\$380,896	\$418,059	\$521,463	\$522,325	\$507,705	\$478,677	\$562,004	\$576,793
%Change (year over year)		-13.2%	9.8%	24.7%	0.2%	-2.8%	-5.7%	10.7%	2.6%
%Change (Test Year vs Last Rebasing Year - Actual)									51.4%
Total	\$644,340	\$670,607	\$638,471	\$744,673	\$730,565	\$744,037	\$716,586	\$809,404	\$821,163
%Change (year over year)		4.1%	-4.8%	16.6%	-1.9%	1.8%	-3.7%	13.0%	1.5%

13

11

12

	CGAAP	CGAAP	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
	Board Approved	2012	2013	2014	2015	2016	2017	2018	2019
Operations	\$205,440	\$289,711	\$220,412	\$223,211	\$208,239	\$236,332	\$237,909	\$247,400	\$242,760
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,610
Billing and Collecting	\$84,200	\$95,585	\$115,086	\$135,609	\$129,895	\$121,157	\$121,220	\$135,000	\$133,730
Community Relations	\$600	\$115	\$415	\$415	\$115	\$415	\$415	\$0	\$0
Administrative and General+LEAP	\$354,100	\$285,195	\$302,558	\$385,438	\$392,316	\$386,133	\$357,042	\$427,004	\$443,063
Total	\$644,340	\$670,607	\$638,471	\$744,673	\$730,565	\$744,037	\$716,586	\$809,404	\$821,163
%Change (year over year)		4.1%	-4.8%	16.6%	-1.9%	1.8%	-3.7%	13.0%	1.5%

^{*}CPUC notes that it has modified appendix 2-JA so that it would fit on this page.

3

Table 13 – OEB Appendix 2-JB – Recoverable OM&A Cost Driver Table⁶

Reporting Basis	CGAAP	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OM&A	2012	2013	2014	2015	2016	2017	2018	2019
OM&A Cost Drivers >\$10,000	\$538,994.71	\$670,607.00	\$638,471.00	\$744,673.00	\$730,565.00	\$744,037.00	\$716,586.00	\$809,404.00
Operation								
5020-Overhead Distribution Lines & Feeders - Operation Labour	\$0		\$13,425			-\$15,186	\$14,393	
5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$0	\$19,069	-\$14,106		\$22,237	\$10,150		
5065-Meter Expense	\$0	-\$90,957						
Billing and Collecting								
5310-Meter Reading Expense	\$0	\$12,578						
5335-Bad Debt Expense	\$0		\$23,102	-\$10,871	-\$12,137			
Administration								
5610-Management Salaries and Expenses	\$0				\$27,080	\$21,847	39,378	
5630-Outside Services Employed	\$0	-\$18,883	\$0	\$61,550	-\$33,890	-\$11,678	- 26,046	
5635-Property Insurance	\$0				-\$10,495			
5645-Employee Pensions and Benefits	\$0					\$10,536	\$10,158	
5655-Regulatory Expenses	\$0	\$12,024	-\$11,584				\$33,581	\$21,522
5665-Miscellaneous General Expenses	\$0		\$94,880	-\$56,604		-\$44,485		
Misc <1000	\$131,612							
Misc <5000	\$0	\$34,031	\$484	-\$8,184	\$20,677	\$1,364	\$21,354	-\$9,763
Closing Balance	\$670,607	\$638,471	\$744,673	\$730,565	\$744,037	\$716,586	\$809,404	\$821,163

 $^{^{\}rm 6}$ MFR - Recoverable OM&A cost drivers; Appendix 2-JB

1

Table 14 - OEB Appendix 2-JC - OM&A Programs Table⁷

Reporting Basis	CGAAP	NEWGAAP	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Programs	2012	2013	2014	2015	2016	2017	2018	2019
Customer Focus								
Customer Service, Mailing Costs,	\$69,560.05	\$74,219.95	\$75,286.41	\$78,150.35	\$79,342.15	\$80,816.11	\$88,000.00	\$87,690.00
Billing and Collections, LEAP	, , , , , , , , , , , , , , , , , , , ,	. ,	,	,	,.	, ,	, ,	, , , , , , , , , , , , , , , , , , , ,
Bad Debts	\$4,107.05	\$6,668.99	\$29,771.17	\$18,900.41	\$6,763.22	-\$208.49	\$5,000.00	\$5,000.00
Meter Reading	\$22,033.32	\$34,611.56	\$30,966.66	\$32,959.16	\$35,466.49	\$41,027.29	\$42,000.00	\$41,040.00
Operational focus	\$61,236.70	\$70,350.86	\$163,080.53	\$112,540.55	\$99,035.53	\$51,989.04	\$59,980.00	\$56,190.00
Sub-Total Sub-Total	\$156,937.12	\$185,851.36	\$299,104.77	\$242,550.47	\$220,607.39	\$173,623.95	\$194,980.00	\$189,920.00
Operational Effectiveness								
Distribution Station – operating and maintenance costs	\$4,023.95	\$2,493.59	\$3,390.12	\$3,467.60	\$2,991.14	\$2,080.44	\$4,200.00	\$4,284.00
Meters maintenance	\$92,076.41	\$1,119.90	\$1,675.40	\$572.37	\$514.32	\$7,009.77	\$6,800.00	\$6,936.00
Overhead lines	\$193,610.74	\$216,798.52	\$218,145.02	\$204,199.34	\$232,826.63	\$228,818.85	\$236,400.00	\$233,150.00
Outside Services (Accounting)	\$58,598.09	\$39,715.18	\$49,125.20	\$110,675.31	\$76,785.06	\$65,107.08	\$39,061.00	\$30,061.00
Wages Executive & Management ,Benefits, Pension, Injuries & Damages	\$156,575.41	\$171,682.99	\$164,006.95	\$159,325.52	\$199,378.26	\$229,553.72	\$283,990.00	\$291,317.00
Sub-Total	\$504,884.60	\$431,810.18	\$436,342.69	\$478,240.14	\$512,495.41	\$532,569.86	\$570,451.00	\$565,748.00
Public and Regulatory Responsiveness								
Regulatory & Compliance	\$6,785.20	\$18,809.32	\$7,225.81	\$7,774.19	\$8,933.79	\$8,392.02	\$41,973.00	\$63,495.00
Sub-Total	\$6,785.20	\$18,809.32	\$7,225.81	\$7,774.19	\$8,933.79	\$8,392.02	\$41,973.00	\$63,495.00
Miscellaneous								
Donation Leap	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Sub-Total	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
TOTAL OM&A	670,607	638,471	744,673	730,565	744,037	716,586	809,404	821,163

⁷ MFR - Completed Appendix 2-JC OM&A Programs Table - completed by program or major functions; include variance analysis limited to variances that are outliers, between test year and last OEB approved and most recent actuals, including an explanation for each significant change whether the change was within or outside the applicant's control and explanation of why

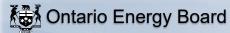
- 1 6.3.3 IMPACT OF IMPLEMENTATION OF MIFRS ON REVENUE DEFICIENCY OR
- 2 SURPLUS
- 3 The adoption of newly prescribed accounting policies (IFRS) has some impact on the
- 4 depreciation expense. Side by side comparison of the depreciation expense under CGAAP vs
- 5 IFRS are presented in Exhibit 2. The utility is also seeking recovery of balances in account 1576
- 6 as per OEB policy.
- 7 CPUC's OM&A has not been impacted by the policy which states that burdens which are longer
- 8 eligible for capitalization have been removed from rate base and included as an operating
- 9 expense since the utility has never capitalized administrative burdens on capital projects. 8

⁸ MFR - Impacts of any changes in methodologies to deficiency/sufficiency

1

2019 Cost of Service Inc Exhibit 6 – Revenue Requirement August 31, 2018

Appendix 1 – Revenue Requirement Work Form





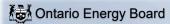
Version 7.02

Utility Name	Chapleau Public Utilities Corporation
Service Territory	
Assigned EB Number	EB-2018-0087
Name and Title	Jennifer Cyr, Manager of Fianance
Phone Number	705 864-0111
Email Address	jcyr.puc@chapleau.ca

The RRWF has been enhanced commencing with 2017 rate applications to provide estimated base distribution rates. The enhanced RRWF is not intended to replace a utility's formal rate generator model which should continue to be the source of the proposed rates as well as the final ones at the conclusion of the proceeding. The load forecasting addition made to this model is intended to be demonstrative only and does not replace the information filed in the utility's application. In an effort to minimize the incremental work required from utilities, the cost allocation and rate design additions to this model do in fact replace former appendices that were required to be filed as part of the cost of service (Chapter 2) filing requirements.

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.

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.

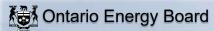


Data Input (1)

	_	Initial Application	(2)			(6)	Per Board Decision	_
1	Rate Base Gross Fixed Assets (average) Accumulated Depreciation (average) Allowance for Working Capital:	\$3,925,018 (\$2,438,409)	(5)	\$	3,925,018 (\$2,438,409)		\$3,925,018 (\$2,438,409)	
	Controllable Expenses Cost of Power Working Capital Rate (%)	\$829,425 \$2,692,686 7.50%	(9)	\$	829,425 2,692,686	(9)	\$829,425 \$2,692,686	(9)
2	Utility Income Operating Revenues: Distribution Revenue at Current Rates	\$783,561						
	Distribution Revenue at Proposed Rates Other Revenue:	\$1,004,820						
	Specific Service Charges Late Payment Charges Other Distribution Revenue Other Income and Deductions	\$6,207 \$5,355 \$16,351 \$22,816						
	Total Revenue Offsets	\$50,729	(7)					
	Operating Expenses: OM+A Expenses Depreciation/Amortization Property taxes Other expenses	\$821,163 \$120,706 \$8,262		\$ \$	821,163 120,706 8,262		\$821,163 \$120,706 \$8,262	
3	Taxes/PILs Taxable Income:							
	Adjustments required to arrive at taxable income Utility Income Taxes and Rates:	(\$63,028)	(3)					
	Income taxes (not grossed up) Income taxes (grossed up)	\$ - \$ -						
	Federal tax (%) Provincial tax (%) Income Tax Credits	0.00% 0.00%						
4	Capitalization/Cost of Capital Capital Structure:							
	Long-term debt Capitalization Ratio (%) Short-term debt Capitalization Ratio (%) Common Equity Capitalization Ratio (%) Prefered Shares Capitalization Ratio (%)	56.00% 4.00% 40.00%	(8)			(8)		(8)
	Cost of Capital Long-term debt Cost Rate (%) Short-term debt Cost Rate (%) Common Equity Cost Rate (%) Prefered Shares Cost Rate (%)	4.16% 2.29% 9.00%						

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

- 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
- Net of addbacks and deductions to arrive at taxable income.
- Average of Gross Fixed Assets at beginning and end of the Test Year
- Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- 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.
- Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- 4.0% unless an Applicant has proposed or been approved for another amount.
- 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.



Rate Base and Working Capital

Rate Base

	. tate Dase						
Line No.	Particulars	-	Initial Application				Per Board Decision
1	Gross Fixed Assets (average)	(2)	\$3,925,018	\$ -	\$3,925,018	\$ -	\$3,925,018
2	Accumulated Depreciation (average)	(2)	(\$2,438,409)	\$ -	(\$2,438,409)	\$ -	(\$2,438,409)
3	Net Fixed Assets (average)	(2)	\$1,486,609	\$ -	\$1,486,609	\$ -	\$1,486,609
4	Allowance for Working Capital	(1)	\$264,158	(\$264,158)	\$ -	<u> </u>	\$ -
5	Total Rate Base	=	\$1,750,767	(\$264,158)	\$1,486,609	<u> \$ -</u>	\$1,486,609

(1) Allowance for Working Capital - Derivation

Controllable Expenses Cost of Power Working Capital Base		\$829,425 \$2,692,686 \$3,522,111	\$ - \$ - \$ -	\$829,425 \$2,692,686 \$3,522,111	\$ - \$ - \$ -	\$829,425 \$2,692,686 \$3,522,111
Working Capital Rate %	(1)	7.50%	-7.50%	0.00%	0.00%	0.00%
Working Capital Allowance	;	\$264,158	(\$264,158)	\$ -		\$ -

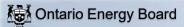
<u>Notes</u>

6

9

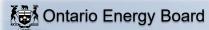
Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2018 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015.

Average of opening and closing balances for the year.



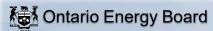
Utility Income

Line No.	Particulars	Initial Application				Per Board Decision
1	Operating Revenues: Distribution Revenue (at Proposed Rates)	\$1,004,820	(\$1,004,820)	\$ -	\$ -	\$ -
2	Other Revenue	(1) \$50,729	(\$50,729)	\$ -	<u> </u>	<u> </u>
3	Total Operating Revenues	\$1,055,548	(\$1,055,548)	<u> </u>	<u> \$ -</u>	<u> </u>
4 5 6 7 8	Operating Expenses: OM+A Expenses Depreciation/Amortization Property taxes Capital taxes Other expense	\$821,163 \$120,706 \$8,262 \$ -	\$ - \$ - \$ - \$ - \$ -	\$821,163 \$120,706 \$8,262 \$-	\$ - \$ - \$ - \$ - \$ -	\$821,163 \$120,706 \$8,262 \$-
9	Subtotal (lines 4 to 8)	\$950,131	\$ -	\$950,131	\$ -	\$950,131
10	Deemed Interest Expense	\$42,390	(\$42,390)	\$-	<u> </u>	\$-
11	Total Expenses (lines 9 to 10)	\$992,521	(\$42,390)	\$950,131	\$ -	\$950,131
12	Utility income before income taxes	\$63,028	(\$1,013,159)	(\$950,131)	<u> </u>	(\$950,131)
13	Income taxes (grossed-up)	\$ -	<u> </u>	\$ -	<u> </u>	\$ -
14	Utility net income	\$63,028	(\$1,013,159)	(\$950,131)	\$ -	(\$950,131)
<u>Notes</u>	Other Revenues / Reve	enue Offsets				
(1)	Specific Service Charges Late Payment Charges Other Distribution Revenue Other Income and Deductions Total Revenue Offsets	\$6,207 \$5,355 \$16,351 \$22,816 \$50,729	<u> </u>	\$ - \$ - \$ - \$ - \$ -	<u> </u>	\$ - \$ - \$ - \$ - \$ -



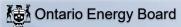
Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
	Determination of Taxable Income			
1	Utility net income before taxes	\$63,028	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$63,028)	\$ -	\$ -
3	Taxable income	\$ -	<u> </u>	<u> </u>
	Calculation of Utility income Taxes			
4	Income taxes	\$ -	\$ -	\$ -
6	Total taxes	\$ -	<u> </u>	<u> </u>
7	Gross-up of Income Taxes	\$ -	\$ -	<u> </u>
8	Grossed-up Income Taxes	\$ -	<u> </u>	\$ -
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$ -	<u> </u>	\$ -
10	Other tax Credits	\$ -	\$ -	\$ -
	Tax Rates			
11 12 13	Federal tax (%) Provincial tax (%) Total tax rate (%)	0.00% 0.00% 0.00%	0.00% 0.00% 0.00%	0.00% 0.00% 0.00%
Notes				



Capitalization/Cost of Capital

Line No.	Particulars	Capitaliz	ation Ratio	Cost Rate	Return
		Initial A	pplication		
	Debt	(%)	(\$)	(%)	(\$)
1	Long-term Debt	56.00%	\$980,429	4.16%	\$40,786
2	Short-term Debt	4.00%	\$70,031	2.29%	\$1,604
3	Total Debt	60.00%	\$1,050,460	4.04%	\$42,390
	Equity				
4	Common Equity	40.00%	\$700,307	9.00%	\$63,028
5	Preferred Shares	0.00%	\$ -	0.00%	<u> </u>
6	Total Equity	40.00%	\$700,307	9.00%	\$63,028
7	Total	100.00%	\$1,750,767	6.02%	\$105,417
	Date	(%)	(\$)	(%)	(\$)
1	Debt Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
4	Equity Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	\$ -
7	Total	0.00%	\$1,486,609	0.00%	\$ -
					
		Per Boar	d Decision		
		(%)	(\$)	(%)	(\$)
•	Debt Debt	0.000/	Φ.	4.400/	Φ.
8 9	Long-term Debt Short-term Debt	0.00% 0.00%	\$ - \$ -	4.16% 2.29%	\$ - \$ -
10	Total Debt	0.00%	\$-	0.00%	\$ -
44	Equity	0.000/	Φ.	0.000/	Φ.
11 12	Common Equity Preferred Shares	0.00% 0.00%	\$ - \$ -	9.00% 0.00%	\$ - \$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$1,486,609	0.00%	\$ -
<u>Notes</u>					



Initial Application

9.00%

-31.59%

-6.62%

6.02%

-12.64%

\$63,028

\$221,259

\$221,259 (1)

Revenue Deficiency/Sufficiency

Line No.	Particulars	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		\$221,259	****	\$166,570		\$950,131
3	Distribution Revenue Other Operating Revenue Offsets - net	\$783,561 \$50,729	\$783,561 \$50,729	\$783,561 \$ -	\$838,249 \$ -	\$ - \$ -	(\$950,131) \$ -
4	Total Revenue	\$834,289	\$1,055,548	\$783,561	\$1,004,820	\$ -	\$ -
5 6 8	Operating Expenses Deemed Interest Expense Total Cost and Expenses	\$950,131 \$42,390 \$992,521	\$950,131 \$42,390 \$992,521	\$950,131 \$ - \$950,131	\$950,131 \$ - \$950,131	\$950,131 \$ - \$950,131	\$950,131 \$ - \$950,131
9	Utility Income Before Income Taxes	(\$158,231)	\$63,028	(\$166,570)	\$54,689	(\$950,131)	(\$950,131)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$63,028)	(\$63,028)	(\$63,028)	(\$63,028)	\$ -	\$ -
11	Taxable Income	(\$221,259)	(\$0)	(\$229,598)	(\$8,339)	(\$950,131)	(\$950,131)
12 13	Income Tax Rate	0.00% \$ -	0.00% \$ -	0.00% \$ -	0.00% \$ -	0.00% \$ -	0.00% \$ -
14 15	Income Tax Credits Utility Net Income	\$ - (\$158,231)	\$ - \$63,028	\$ - (\$166,570)	\$ - (\$950,131)	\$ - (\$950,131)	\$ - (\$950,131)
16	Utility Rate Base	\$1,750,767	\$1,750,767	\$1,486,609	\$1,486,609	\$1,486,609	\$1,486,609
17	Deemed Equity Portion of Rate Base	\$700,307	\$700,307	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate	-22.59%	9.00%	0.00%	0.00%	0.00%	0.00%

9.00%

0.00%

6.02%

6.02%

0.00%

\$63,028

0.00%

0.00%

-11.20%

0.00%

-11.20%

\$166,570

\$166,570 (1)

\$ -

0.00%

0.00%

0.00%

0.00%

0.00%

\$

\$ -

0.00%

0.00%

-63.91%

-63.91%

\$950,131

\$950,131 (1)

0.00%

0.00%

0.00%

0.00%

0.00%

0.00%

\$

\$ -

Notes:

26

Base)

Base

on Equity

Target Return - Equity on Rate

Deficiency/Sufficiency in Return

Indicated Rate of Return

Target Return on Equity

Gross Revenue Deficiency/(Sufficiency)

Requested Rate of Return on

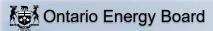
Deficiency/Sufficiency in Rate of

Revenue Deficiency/(Sufficiency)

19

20

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



Revenue Requirement

Line No.	Particulars	Application			Per Board Decision	
1	OM&A Expenses	\$821,163		\$821,163	\$821,163	
2	Amortization/Depreciation	\$120,706		\$120,706	\$120,706	
3	Property Taxes	\$8,262		\$8,262	\$8,262	
5	Income Taxes (Grossed up)	\$ -		\$ -	\$ -	
6	Other Expenses	\$ -			·	
7	Return	•				
	Deemed Interest Expense	\$42,390		\$ -	\$ -	
	Return on Deemed Equity	\$63,028	_	\$ -	\$ -	
8	Service Revenue Requirement					
	(before Revenues)	\$1,055,548	_	\$950,131	\$950,131	
9	Revenue Offsets	\$50,729		\$ -	\$ -	
10	Base Revenue Requirement	\$1,004,820	_	\$950,131	\$950,131	
	(excluding Tranformer Owership Allowance credit adjustment)		_			
	Distribution revenue	#4.004.000		Φ.	Φ.	
11		\$1,004,820		\$ -	\$ -	
12	Other revenue	\$50,729	_	\$ -	\$-	
13	Total revenue	\$1,055,548		\$ -	<u> </u>	
14	Difference (Total Revenue Less Distribution Revenue Requirement					
	before Revenues)	\$ -	(1)	(\$950,131)	(\$950,131) (*)	(1)

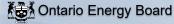
Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application		Δ% ⁽²⁾	Per Board Decision	Δ% (2)
Service Revenue Requirement Grossed-Up Revenue	\$1,055,548	\$950,131	(\$0)	\$950,131	(\$1)
Deficiency/(Sufficiency)	\$221,259	\$166,570	(\$0)	\$950,131	(\$1
Base Revenue Requirement (to be recovered from Distribution Rates)	\$1,004,820	\$950,131	(\$0)	\$950,131	(\$1
Revenue Deficiency/(Sufficiency) Associated with Base Revenue	ψ1,001,0 <u>2</u> 0	ψοσο, το τ	(40)	4000 ,101	(41)
Requirement	\$221,259	\$ -	(\$1)	\$ -	(\$1)

Notes

Line 11 - Line 8

Percentage Change Relative to Initial Application



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 andf trends from historical actuals to the Bridge and Test Year forecasts.

Stage in Process:

Initial	Apı	olica	tion

Customer Class
Input the name of each customer class.
Residential
General Service < 50 kW General Service > 50 to 4999 kW Unmetered Scattered Load Sentinel Street Lighting

	In	itial Application	
Customer / Connections		kWh	kW/kVA (1)
Test Year average or mid-year		Annual	Annual
1,033 148 15 4 23 328		13,831,681 4,880,502 7,147,174 5,232 24,760 283,967	- 18.883 - 65 774

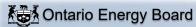
kWh Annual	kW/kVA ⁽¹⁾ Annual

Per Board Decision						
Customer / Connections	kWh	kW/kVA ⁽¹⁾				
Test Year average or mid-year	Annual	Annual				

Total 26,173,316 19,722 - - - -

Notes

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



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

From Sheet 10. Load Forecast	Previ	Allocated from ious Study ⁽¹⁾	%		located Class nue Requirement (1) (7A)	%
Residential General Service < 50 kW General Service > 50 to 4999 kW Unmetered Scattered Load Sentinel Street Lighting	* * * * * * *	513,150 156,531 90,813 1,983 3,314 33,127	64.23% 19.59% 11.37% 0.25% 0.41% 4.15%	***	710,605 167,950 131,088 473 4,982 40,412	67.32% 15.91% 12.42% 0.04% 0.47% 3.83%
Total	\$	798,918	100.00% Service Revenue	\$ \$	1,055,511 1,055,548.18	100.00%

- (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	Forecast (LF) X ent approved rates	F X current proved rates X (1+d)	LF X	Proposed Rates	Miscellaneous Revenues
	(7B)	(7C)		(7D)	(7E)
1 Residential	\$ 491,667	\$ 630,502	\$	630,629	\$ 33,102
General Service < 50 kW	\$ 150,035	\$ 192,402	\$	192,399	\$ 9,211
General Service > 50 to 4999 kW	\$ 103,727	\$ 133,017	\$	133,012	\$ 6,034
Unmetered Scattered Load	\$ 1,375	\$ 1,764	\$	1,165	\$ 19
Sentinel	\$ 3,365	\$ 4,316	\$ \$	4,794	\$ 233
6 Street Lighting 7 8 9 1 1 2 6 6 7 7 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	\$ 33,392	\$ 42,821	***	42,821	\$ 2,129
Total	\$ 783,561	\$ 1,004,820	\$	1,004,820	\$ 50,729

⁽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: 2012	(7C + 7E) / (7A)	(7D + 7E) / (7A)	
	%	%	%	%
1 Residential	97.47	93.39%	93.40%	85 - 115
2 General Service < 50 kW	104.28	120.04%	120.04%	
3 General Service > 50 to 4999 kW	120.00	106.07%	106.07%	
4 Unmetered Scattered Load	118.20	376.62%	250.10%	
5 Sentinel	81.52	91.30%	100.91%	
6 Street Lighting 7 8 9	81.52	111.23%	111.23%	
0 1 2				
3				
4				
5 6				
7				
8				
9				
0				

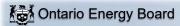
⁽⁸⁾ Previously Approved Revenue-to-Cost (R/C) Ratios - For most applicants, the most recent year would be the third year (at the latest) of the Price Cap IR period. For example, if the applicant, rebased in 2012 with further adjustments to move within the range over two years, the Most Recent Year would 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	Propos	Policy Range		
	Test Year	Price Cap IR F	Period	, ,
	2018	2019	2020	
Residential	93.40%	93.40%	93.40%	85 - 115
General Service < 50 kW	120.04%	120.04%	120.04%	
General Service > 50 to 4999 kW	106.07%	106.07%	106.07%	
Unmetered Scattered Load	250.10%	250.10%	250.10%	
Sentinel	100.91%	100.91%	100.91%	
Street Lighting	111.23%	111.23%	111.23%	

(11) The applicant should complete Table D if it is applying for approval of a revenue-to-cost ratio in 2018 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 2019 and 2020 Price Cap IR models, as necessary. For 2019 and 2020, 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'.



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		1,033									
kWh		13,831,681									
Proposed Residential Class Specific Revenue	\$	630,628.67									
Requirement ¹											
Residential Base Rates on Cu	rrent Tarif	f									
M + - - - - - - - -	Φ.	04.04									

Monthly Fixed Charge (\$) \$ 24.04 Distribution Volumetric Rate (\$/kWh) \$ 0.0140

B Current Fixed/Variable Split

	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed	24.04	1,033	\$ 298,023.37	60.61%
Variable	0.014	13,831,681	\$ 193,643.53	39.39%
TOTAL	-	-	\$ 491,666.90	-

C Calculating Test Year Base Rates

Number of Remaining Rate Design Policy	
Transition Years ²	1

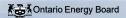
	Т	est Year Revenue @ Current F/V Split	Test Year Base Rates @ Current F/V Split	Reconciliation - Test Year Base Rates @ Current F/V Split
Fixed	\$	382,254.90	30.83	\$ 382,198.86
Variable	\$	248,373.77	0.018	\$ 248,970.26
TOTAL	\$	630,628.67	-	\$ 631,169.11

	New F/V Split	Re	evenue @ new F/V Split	Final Adjusted Base Rates	Revenue Reconciliation @ Adjusted Rates			
Fixed	100.00%	\$	630,628.67	\$ 50.87	\$	630,634.31		
Variable	0.00%	\$		\$ -	\$	-		
TOTAL	-	\$	630.628.67	-	\$	630.634.31		

Checks ³											
Change in Fixed Rate	\$	20.04									
Difference Between Revenues @ Proposed Rates		\$5.65									
and Class Specific Revenue Requirement		0.00%									

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).
- 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)

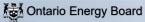


Rate Design and Revenue Reconciliation

This sheet replaces Appendix 2-V, and provides a simplified model for calculating the standard monthly and voluentric 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 ARWF 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:		li	nitial Application			Clas	Class Allocated Revenues									tribution Rates		F	on	
	Customer and Lo	oad Forecast			Fron	From Sheet 11. Cost Allocation and Sheet 12. Residential Rate Design				Fixed / Variable Splits ² Percentage to be entered as a fraction between 0 and 1										
Customer Class From sheet 10. Load Forecast	Volumetric Charge Determinant	Customers / Connections	kWh	kW or kVA	Total Reve Requir	enue	Month Service C		Volum	etric	Fixed	Variable	Transformer Ownership Allowance 1 (\$)	Monthly Ser Rate	No. of decimals	Volume	etric Rate No. of decimals	MSC Revenues	Volumetric revenues	Revenues less Transformer Ownership Allowance
Residential Ceneral Service < 50 kW General Service < 50 to 4099 kW Limmetered Scattered Load Servinel Street Lighting 10 11 12 13 14 15 16 17 18 19 10	KWh MVh KW KWh KW KW	1,033 148 15 4 23 328 - - - - - - - - - - - - - - -	13,831,681 4,880,502 7,147,174 5,232 24,760 283,967	18,883 - 65 774 	\$ 1 \$ 1 \$ \$	630,629 192,399 133,012 1,165 4,794 42,821	\$ 65 \$ 35 \$ 5	2,674 5,397	\$ 9 \$ \$	29,725 97,615 149 1,393 20,461	100.00% 32.68% 26.61% 87.22% 70.94% 52.22%	0.00% 67.42% 73.39% 12.78% 29.06% 47.78%		\$50.8 \$35.1 \$133.6 \$21.1 \$12.3 \$5.6	8 6 7 2	\$0.0266 /F \$5.1694 /F	Wh W	\$ 630,634.31 \$ 626,74.21 \$ 35,997.36 \$ 35,997.36 \$ 3,400.32 \$ 22,356.48 \$ 5 - \$ 5 -	\$ 129,821.3497 \$ 97,615.4000 \$ 149.1032 \$ 1.393.0800 \$ 20,460.5739 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	\$ 630,634.31 \$ 192,495.56 \$ 133,012.76 \$ 1,165.27 \$ 4,793.40 \$ 42,817.05 \$. \$. \$. \$. \$. \$. \$. \$. \$. \$.
										Т	otal Transformer Ov	vnership Allowance	\$ -					Total Distribution Re		\$ 1,004,918.35
Notes:																Rates recover reve	nue requirement	Base Revenue Requi	irement	\$ 1,004,819.58 \$ 98.77
1 Transformer Ownership Allowance is	entered as a nositive s	amount and only for	three classes to wi	nich it annlies														% Difference		0.010%

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 calcutated as: [MSC x (average number of customers or connections) x 12 months] / (Class Allocated Revenue Requirement).



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

Г			Cost of	Capital	Rate Bas	e and Capital Exp	enditures	Ope	erating Expense	es	Revenue Requirement				
R	Reference ⁽¹⁾	Item / Description ⁽²⁾	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)			OM&A	Service Other Revenue Requirement				
		Original Application	\$ 105,417	6.02%	\$ 1,750,767	\$ 3,522,111	\$ 264,158	\$ 120,706	\$ -	\$ 821,163	\$ 1,055,548	\$ 50,729	\$ 1,004,820	\$ 221,259	