



EXHIBIT 6 – REVENUE REQUIREMENT

2019 Cost of Service

Chapleau Public Utilities Corporation.
EB-2018-0087

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6.2 CALCULATION OF REVENUE REQUIREMENT

6.2.1 DETERMINATION OF NET UTILITY INCOME

CPUC's current rates are based on Board approved rates effective May 1, 2015 through an IRM proceeding (EB-2014-0063). 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.

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 2019 volumes.

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Table 1 - Distribution Revenues at Current Rates – 2019 Volumes

2018 Rates at 2019 Load

Customer Class Name	Test Year Projected Revenue from Existing Variable Charges							
	Variable Distribution Rate	per	Test Year Volume	Gross Variable Revenue	Transform. Allowance Rate	Transform. Allowance kW's	Transform. Allowance \$'s	Net Variable Revenue
<i>Residential</i>	\$0.0140	kWh	13,831,681	\$193,643.53			\$0.00	\$193,643.53
<i>General Service < 50 kW</i>	\$0.0179	kWh	4,880,502	\$87,360.98			\$0.00	\$87,360.98
<i>General Service > 50 to 4999 kW</i>	\$3.6185	kW	18,883	\$68,329.27	0.60		\$0.00	\$68,329.27
<i>Unmetered Scattered Load</i>	\$0.0336	kWh	5,232	\$175.79			\$0.00	\$175.79
<i>Sentinel</i>	\$15.0437	kW	65	\$977.84			\$0.00	\$977.84
<i>Street Lighting</i>	\$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
<u>2018 Rates at 2019 Load</u>								
Customer Class Name	Test Year Projected Revenue from Existing Fixed & Variable Charges							
	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Revenue	TOTAL	% Fixed Revenue	% Variable Revenue	% Total Revenue
<i>Residential</i>	\$24.04	1,033	\$298,023.37	\$193,643.53	\$491,666.90	60.61%	39.39%	62.75%
<i>General Service < 50 kW</i>	\$35.18	148	\$62,674.21	\$87,360.98	\$150,035.19	41.77%	58.23%	19.15%
<i>General Service > 50 to 4999 kW</i>	\$193.66	15	\$35,397.36	\$68,329.27	\$103,726.63	34.13%	65.87%	13.24%
<i>Unmetered Scattered Load</i>	\$24.99	4	\$1,199.52	\$175.79	\$1,375.31	87.22%	12.78%	0.18%
<i>Sentinel</i>	\$8.65	23	\$2,387.40	\$977.84	\$3,365.24	70.94%	29.06%	0.43%
<i>Street Lighting</i>	\$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			

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Table 2 - Distribution Revenues at Proposed Rates – 2019 Volumes

<u>2019 Rates at 2019 Load</u>								
Customer Class Name	Test Year Projected Revenue from Proposed Variable Charges							
	Variable Distribution Rate	per	Test Year Volume	Gross Variable Revenue	Transform. Allowance Rate	Transform. Allowance kW's	Transform. Allowance \$'s	Net Variable Revenue
<i>Residential</i>	(\$0.0000)	kWh	13,831,681	-\$5.65			\$0.00	-\$5.65
<i>General Service < 50 kW</i>	\$0.0266	kWh	4,880,502	\$129,724.67			\$0.00	\$129,724.67
<i>General Service > 50 to 4999 kW</i>	\$5.1694	kW	18,883	\$97,614.67	0.60		\$0.00	\$97,614.67
<i>Unmetered Scattered Load</i>	\$0.0285	kWh	5,232	\$148.90			\$0.00	\$148.90
<i>Sentinel</i>	\$21.4320	kW	65	\$1,393.08			\$0.00	\$1,393.08
<i>Street Lighting</i>	\$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
<u>2019 Rates at 2019 Load</u>								
Customer Class Name	Test Year Projected Revenue from Proposed Fixed Charges							
	" Fixed							
<i>Residential</i>	\$50.8700	1,033	\$630,634.31	-\$5.65	\$630,628.67	100.00%	0.00%	62.76%
<i>General Service < 50 kW</i>	\$35.1800	148	\$62,674.21	\$129,724.67	\$192,398.88	32.58%	67.42%	19.15%
<i>General Service > 50 to 4999 kW</i>	\$193.6600	15	\$35,397.36	\$97,614.67	\$133,012.04	26.61%	73.39%	13.24%
<i>Unmetered Scattered Load</i>	\$21.1670	4	\$1,016.02	\$148.90	\$1,164.92	87.22%	12.78%	0.12%
<i>Sentinel</i>	\$12.3232	23	\$3,401.20	\$1,393.08	\$4,794.28	70.94%	29.06%	0.48%
<i>Street Lighting</i>	\$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

The 2019 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 \$1,004,819 Table 3 below presents CPUC's proposed 2019 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. ^{1 2} Table 3 shows the Statement of Rate Base and Table 4 shows the Return on Rate Base

Table 3 - Test Year Revenue Requirement

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

6.2.4 ACTUAL UTILITY RETURN ON RATE BASE

Table 5 - Return on Rate Base

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

6.2.5 REQUESTED AND INDICATED RATE OF RETURN

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

6.2.6 UTILITY INCOME AT PROPOSED REVENUE REQUIREMENT

Table 6 - Utility Income under proposed Revenue Requirement

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

6.2.7 REVENUE REQUIREMENT TREND

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

Table 7 - Trend in Revenue Requirement

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

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
10 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
12 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

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

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

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

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 10 at the next page.

1

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	

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³ 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).

⁴6.3.2 CAUSES OF REVENUE DEFICIENCY OR SURPLUS

CPUC's existing rates are based on the Board-approved rates in 2012 following a cost of service rate application, and adjustments to its base distribution rates in 2012-2015 under the Board's third Generation Incentive Regulation Mechanism.

As shown in Table 10 in the previous section, the Revenue Deficiency is determined to be \$221,259. The deficiency is for the most part due to the increase in the Rate Base, Depreciation Expenses, and OM&A.

Table 10 below shows that the causes for the revenue deficiency stem from an increase in Rate 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.

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 (1) investments in the distribution system to follow the Distribution System Plan. (2) The transfer of assets from the affiliate which is no longer operational and (3) the purchase of a boom truck.

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-approved amount. The cost drivers underlying this increase are explained in Exhibit 4.

The major contributors of the deficiency from 2012 Board Approved to 2019 Test Year are presented in the table below and explanations following the table.

⁴ MFR - Summary of drivers for test year deficiency/sufficiency, how much each driver contributes; references in application evidence mapped to drivers

1 **Table 11 – Differences in Revenue Requirement from 2012 Cost of Service**

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

- 2
- 3 • The increase in OM&A of \$176,823 from \$644,340 in 2012 Board Approved to \$821,163
- 4 in 2019 is primarily due to a having 2 managerial positions as opposed to one in 2012
- 5 and the change in organizational structure from a virtual utility to a conventional utility.
- 6 OM&A variances are explained in detail throughout Exhibit 4. The relevant OEB
- 7 Appendices related to OMA spending are replicated below this list for ease of reference.
- 8 • An increase in Average Net Fixed Assets from \$1,036,682 in 2012 Board Approved to
- 9 \$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%

⁵ MFR - Summary of recoverable OM&A expenses; Appendix 2-JA

	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.*

1
2
3

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

<i>Reporting Basis</i>	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

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, Billing and Collections, LEAP	\$69,560.05	\$74,219.95	\$75,286.41	\$78,150.35	\$79,342.15	\$80,816.11	\$88,000.00	\$87,690.00
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	\$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

2

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

6.3.3 IMPACT OF IMPLEMENTATION OF MIFRS ON REVENUE DEFICIENCY OR SURPLUS

The adoption of newly prescribed accounting policies (IFRS) has some impact on the depreciation expense. Side by side comparison of the depreciation expense under CGAAP vs IFRS are presented in Exhibit 2. The utility is also seeking recovery of balances in account 1576 as per OEB policy.

CPUC'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.⁸

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

Appendix 1 – Revenue Requirement Work Form



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2018 Filers



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.



Revenue Requirement Workform (RRWF) for 2018 Filers

Data Input ⁽¹⁾

	Initial Application ⁽²⁾			Per Board Decision
1 Rate Base				
Gross Fixed Assets (average)	\$3,925,018		\$ 3,925,018	\$3,925,018
Accumulated Depreciation (average)	(\$2,438,409) ⁽⁵⁾		(\$2,438,409)	(\$2,438,409)
Allowance for Working Capital:				
Controllable Expenses	\$829,425		\$ 829,425	\$829,425
Cost of Power	\$2,692,686		\$ 2,692,686	\$2,692,686
Working Capital Rate (%)	7.50% ⁽⁹⁾			
2 Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$783,561			
Distribution Revenue at Proposed Rates	\$1,004,820			
Other Revenue:				
Specific Service Charges	\$6,207			
Late Payment Charges	\$5,355			
Other Distribution Revenue	\$16,351			
Other Income and Deductions	\$22,816			
Total Revenue Offsets	\$50,729 ⁽⁷⁾			
Operating Expenses:				
OM+A Expenses	\$821,163		\$ 821,163	\$821,163
Depreciation/Amortization	\$120,706		\$ 120,706	\$120,706
Property taxes	\$8,262		\$ 8,262	\$8,262
Other expenses				
3 Taxes/PILs				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$63,028) ⁽³⁾			
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$ -			
Income taxes (grossed up)	\$ -			
Federal tax (%)	0.00%			
Provincial tax (%)	0.00%			
Income Tax Credits				
4 Capitalization/Cost of Capital				
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.00%			
Short-term debt Capitalization Ratio (%)	4.00% ⁽⁸⁾			
Common Equity Capitalization Ratio (%)	40.00%			
Preferred Shares Capitalization Ratio (%)	100.0%			
Cost of Capital				
Long-term debt Cost Rate (%)	4.16%			
Short-term debt Cost Rate (%)	2.29%			
Common Equity Cost Rate (%)	9.00%			
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 2018 Filers

Rate Base and Working Capital

Rate Base									
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)		\$ -		\$ -
5	Total Rate Base		\$1,750,767		(\$264,158)		\$1,486,609		\$1,486,609

(1) Allowance for Working Capital - Derivation

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

Notes

⁽¹⁾ 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.

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



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2018 Filers

Utility Income

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

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$6,207	\$ -	\$ -	\$ -	\$ -
	Late Payment Charges	\$5,355	\$ -	\$ -	\$ -	\$ -
	Other Distribution Revenue	\$16,351	\$ -	\$ -	\$ -	\$ -
	Other Income and Deductions	\$22,816	\$ -	\$ -	\$ -	\$ -
	Total Revenue Offsets	\$50,729	\$ -	\$ -	\$ -	\$ -



Revenue Requirement Workform (RRWF) for 2018 Filers

Taxes/PILs

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

Notes



Revenue Requirement Workform (RRWF) for 2018 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	(\$)	(%)	(\$)
	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%	\$ -
6	Total Equity	40.00%	\$700,307	9.00%	\$63,028
7	Total	100.00%	\$1,750,767	6.02%	\$105,417
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	\$ -
7	Total	0.00%	\$1,486,609	0.00%	\$ -
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	4.16%	\$ -
9	Short-term Debt	0.00%	\$ -	2.29%	\$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
11	Common Equity	0.00%	\$ -	9.00%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$1,486,609	0.00%	\$ -

Notes



Revenue Requirement Workform (RRWF) for 2018 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		\$221,259		\$166,570
2	Distribution Revenue	\$783,561	\$783,561	\$783,561	\$838,249
3	Other Operating Revenue	\$50,729	\$50,729	\$ -	\$ -
	Offsets - net				
4	Total Revenue	\$834,289	\$1,055,548	\$783,561	\$1,004,820
5	Operating Expenses	\$950,131	\$950,131	\$950,131	\$950,131
6	Deemed Interest Expense	\$42,390	\$42,390	\$ -	\$ -
8	Total Cost and Expenses	\$992,521	\$992,521	\$950,131	\$950,131
9	Utility Income Before Income Taxes	(\$158,231)	\$63,028	(\$166,570)	\$54,689
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)
12	Income Tax Rate	0.00%	0.00%	0.00%	0.00%
13	Income Tax on Taxable Income	\$ -	\$ -	\$ -	\$ -
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	(\$158,231)	\$63,028	(\$166,570)	(\$950,131)
16	Utility Rate Base	\$1,750,767	\$1,750,767	\$1,486,609	\$1,486,609
17	Deemed Equity Portion of Rate Base	\$700,307	\$700,307	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	-22.59%	9.00%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.00%	9.00%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-31.59%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	-6.62%	6.02%	-11.20%	0.00%
22	Requested Rate of Return on Rate Base	6.02%	6.02%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-12.64%	0.00%	-11.20%	0.00%
24	Target Return on Equity	\$63,028	\$63,028	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$221,259	\$ -	\$166,570	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$221,259 ⁽¹⁾		\$166,570 ⁽¹⁾	

Notes:

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



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2018 Filers

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)	<u>\$1,055,548</u>		<u>\$950,131</u>		<u>\$950,131</u>	
9	Revenue Offsets	\$50,729		\$ -		\$ -	
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$1,004,820</u>		<u>\$950,131</u>		<u>\$950,131</u>	
11	Distribution revenue	\$1,004,820		\$ -		\$ -	
12	Other revenue	\$50,729		\$ -		\$ -	
13	Total revenue	<u>\$1,055,548</u>		<u>\$ -</u>		<u>\$ -</u>	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ -</u>	⁽¹⁾	<u>(\$950,131)</u>	⁽¹⁾	<u>(\$950,131)</u>	⁽¹⁾

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application		Δ% ⁽²⁾	Per Board Decision	Δ% ⁽²⁾
Service Revenue Requirement	\$1,055,548	\$950,131	(\$0)	\$950,131	(\$1)
Grossed-Up Revenue					
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 Requirement	\$221,259	\$ -	(\$1)	\$ -	(\$1)

Notes

⁽¹⁾ Line 11 - Line 8

⁽²⁾ Percentage Change Relative to Initial Application



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Revenue Requirement Workform (RRWF) for 2018 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	1,033	13,831,681	-			
2	General Service < 50 kW	148	4,880,502	-			
3	General Service > 50 to 4999 kW	15	7,147,174	18,883			
4	Unmetered Scattered Load	4	5,232	-			
5	Sentinel	23	24,760	65			
6	Street Lighting	328	283,967	774			
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
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)



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Revenue Requirement Workform (RRWF) for 2018 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	\$ 513,150	64.23%	\$ 710,605	67.32%
2 General Service < 50 kW	\$ 156,531	19.59%	\$ 167,950	15.91%
3 General Service > 50 to 4999 kW	\$ 90,813	11.37%	\$ 131,088	12.42%
4 Unmetered Scattered Load	\$ 1,983	0.25%	\$ 473	0.04%
5 Sentinel	\$ 3,314	0.41%	\$ 4,982	0.47%
6 Street Lighting	\$ 33,127	4.15%	\$ 40,412	3.83%
7				
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9				
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17				
18				
19				
20				
Total	\$ 798,918	100.00%	\$ 1,055,511	100.00%
Service Revenue Requirement (from Sheet 9)			\$ 1,055,548.18	

- (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	\$ 491,667	\$ 630,502	\$ 630,629	\$ 33,102
2	General Service < 50 kW	\$ 150,035	\$ 192,402	\$ 192,399	\$ 9,211
3	General Service > 50 to 4999 kW	\$ 103,727	\$ 133,017	\$ 133,012	\$ 6,034
4	Unmetered Scattered Load	\$ 1,375	\$ 1,764	\$ 1,165	\$ 19
5	Sentinel	\$ 3,365	\$ 4,316	\$ 4,794	\$ 233
6	Street Lighting	\$ 33,392	\$ 42,821	\$ 42,821	\$ 2,129
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20					
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:	(7C + 7E) / (7A)	(7D + 7E) / (7A)	
		2012			
		%	%	%	%
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	81.52	111.23%	111.23%	
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- (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	Test Year	Proposed Revenue-to-Cost Ratio			Policy Range
		2018	2019	Price Cap IR Period	2020	
1	Residential	93.40%	93.40%		93.40%	85 - 115
2	General Service < 50 kW	120.04%	120.04%		120.04%	
3	General Service > 50 to 4999 kW	106.07%	106.07%		106.07%	
4	Unmetered Scattered Load	250.10%	250.10%		250.10%	
5	Sentinel	100.91%	100.91%		100.91%	
6	Street Lighting	111.23%	111.23%		111.23%	
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(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'.



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Revenue Requirement Workform (RRWF) for 2018 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	1,033
kWh	13,831,681

Proposed Residential Class Specific Revenue Requirement ¹	\$ 630,628.67
--	---------------

Residential Base Rates on Current Tariff	
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
--	---

	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	\$ 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	Revenue @ 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 and Class Specific Revenue Requirement	\$5.65
	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).
- 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 2018 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	1,033	13,831,681	-	\$ 630,629	\$ 630,629	\$ -	100.00%	0.00%		\$50.87	2	\$0.0000 /kWh	4	\$ 630,634.31	\$ -	\$ 630,634.31		
2 General Service < 50 kW	kWh	148	4,880,502	-	\$ 192,399	\$ 62,674	\$ 129,725	32.58%	67.42%		\$35.18		\$0.0266 /kWh		\$ 62,674.21	\$ 129,821,3497	\$ 192,495.56		
3 General Service > 50 to 4999 kW	kW	15	7,147,174	18,883	\$ 133,012	\$ 35,397	\$ 97,615	26.61%	73.39%		\$193.66		\$5.1694 /kW		\$ 35,397.36	\$ 97,615.4000	\$ 133,012.76		
4 Unmetered Scattered Load	kWh	4	5,232	-	\$ 1,165	\$ 1,016	\$ 149	87.22%	12.78%		\$21.17		\$0.0285 /kWh		\$ 1,016.16	\$ 149.1092	\$ 1,165.27		
5 Sentinel	kW	23	24,760	65	\$ 4,794	\$ 3,401	\$ 1,393	70.94%	29.06%		\$12.32		\$21.4320 /kW		\$ 3,400.32	\$ 1,393.0800	\$ 4,793.40		
6 Street Lighting	kW	328	283,967	774	\$ 42,821	\$ 22,360	\$ 20,461	52.22%	47.78%		\$5.68		\$26.4451 /kW		\$ 22,356.48	\$ 20,460.5739	\$ 42,817.05		
7		-	-	-											\$ -	\$ -	\$ -		
8		-	-	-											\$ -	\$ -	\$ -		
9		-	-	-											\$ -	\$ -	\$ -		
10		-	-	-											\$ -	\$ -	\$ -		
11		-	-	-											\$ -	\$ -	\$ -		
12		-	-	-											\$ -	\$ -	\$ -		
13		-	-	-											\$ -	\$ -	\$ -		
14		-	-	-											\$ -	\$ -	\$ -		
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16		-	-	-											\$ -	\$ -	\$ -		
17		-	-	-											\$ -	\$ -	\$ -		
18		-	-	-											\$ -	\$ -	\$ -		
19		-	-	-											\$ -	\$ -	\$ -		
20		-	-	-											\$ -	\$ -	\$ -		
Total Transformer Ownership Allowance										\$ -					Total Distribution Revenues		\$ 1,004,918.35		
											Rates recover revenue requirement				Base Revenue Requirement		\$ 1,004,819.58		
															Difference		\$ 98.77		
															% Difference		0.010%		

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 2018 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	\$ 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