

Exhibit 6:

Revenue Requirement



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6.1 Overview

This section is intended to outline and support ENWIN's request for an overall increase in its Revenue Requirement. The following items are included in this Exhibit:

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

These items are presented in Table 6-1 Revenue Deficiency Calculation. The information supports ENWIN's request in this Application for an increase in its Revenue Requirement to support the proposed operating and capital expenditures for 2020 and to service debt, pay PILs, and provide the allowed Return on Equity.

ENWIN's revenue deficiency for the 2020 Test Year is \$3,301,460. This deficiency is calculated as the difference between the 2020 Test Year Revenue Requirement of \$58,246,170 and the Revenue at Existing Rates at \$54,238,255.

ENWIN has completed the Revenue Requirement Work Form ("RRWF") as provided by the Board. The RRWF has been filed in live Excel format, and is also included as a pdf version in Appendix 6-A to this Exhibit.

The Revenue Deficiency Computation does not include: (i) Recovery of Deferral and Variance Accounts; or (ii) Other electricity charges including Energy Commodity, Transmission Charges, and Wholesale Market Service Charges. These items are considered elsewhere in this Application and are treated as either as recoveries/dispositions of regulatory assets/liabilities or as energy related costs recorded in the OEB's prescribed Retail Settlement Variance Accounts.

6.2 Calculation of Revenue Requirement

ENWIN has calculated the proposed Revenue Requirement with the following drivers:

- Operations, Maintenance & Administration ("OM&A") Expenses;
- Property Taxes;
- Depreciation/Amortization Expense;
- PILs;
- Deemed Interest Expense;
- Return on Equity;



ENWIN's revenue requirement is primarily recovered through electricity distribution rates with supplemental revenue from Board Approved services charges such as late payment charges and other operating income. This supplemental revenue is treated as an offset to ENWIN's Service Revenue Requirement and is further described in Exhibit 3 of this Application.

Particulars	2020 Test Existing Rates	2020 Test - Required
Revenue Deficiency from Below		\$ 3,301,460
Distribution Revenue	\$ 50,936,794	\$ 50,936,794
Other Operating Revenue Offsets - net	\$ 4,007,915	\$ 4,007,915
Total Revenue	\$ 54,944,709	\$ 58,246,169
Administrative & General, Billing and Collecting	\$ 18,444,138	\$ 18,444,138
Operating & Maintenance	\$ 10,903,678	\$ 10,903,678
Donations - LEAP	\$ 69,800	\$ 69,800
Depreciation & Amortization	\$ 11,500,628	\$ 11,500,628
Property Taxes	\$ 331,505	\$ 331,505
Deemed Interest Expense	\$ 6,014,821	\$ 6,014,821
Total Cost and Expenses	\$ 47,264,570	\$ 47,264,570
Utility Income Before Income Taxes	\$ 7,680,138	\$ 10,981,599
Corporate Income Taxes	\$ 1,199,540	\$ 2,074,428
Utility Net Income	\$ 6,480,598	\$ 8,907,172
Income Tax Expense Calculation:		
Accounting pretax Income	\$ 7,680,138	\$ 10,981,599
Tax Adjustments to Accounting Income	-\$ 3,153,574	-\$ 3,153,574
Taxable Income	\$ 4,526,564	\$ 7,828,025
Income Tax on Taxable Income	\$ 1,199,540	\$ 2,074,428
Income Tax Credits	\$ -	\$ -
Income Tax Rate	26.50%	26.50%
Rate Base:		
Gross Fixed Asset (average)	\$ 336,753,251	\$ 336,753,251
Accumulated Depreciation (average)	-\$ 110,280,094	-\$ 110,280,094
Net Fixed Assets (average)	\$ 226,473,157	\$ 226,473,157
Allowance for Working Capital	\$ 21,499,345	\$ 21,499,345
Utility Rate Base	\$ 247,972,502	\$ 247,972,502

TABLE 6-1 Revenue Requirement



Particulars	2020 Test Existing Rates	2020 Test - Required
Return Rates:		
Return on Debt (weighted)	4.04%	4.04%
Return on Equity	8.98%	8.98%
Actual Return on Rate Base:		
Deemed Interest Expense	\$ 6,014,821	\$ 6,014,821
Utility Net Income	\$ 6,480,598	\$ 8,907,172
Total Actual Return on Rate Base	\$ 12,495,419	\$ 14,921,993
Actual Return on Rate Base (%)	5.04%	6.02%
Expected Return on Rate Base:		
Deemed Interest Expense	\$ 6,014,821	\$ 6,014,821
Return on Equity	\$ 8,907,172	\$ 8,907,172
Total Expected Return on Rate Base	\$ 14,921,993	\$ 14,921,993
Expected Return on Rate Base (%)	6.02%	6.02%
Revenue Deficiency after tax	\$ 2,426,573	\$ -
Gross Revenue Deficiency before tax	\$ 3,301,460	\$ -

TABLE 6-1 Revenue Requirement (Continued).

6.3 Cost Drivers on Revenue Deficiency

Table 6-2 below summarizes the contributors to the revenue deficiency by revenue requirement component. Column A lists the 2009 Board Approved. Column B lists the 2020 revenue at existing rates allocated to revenue requirement components based on the proportions in Column A. Column C represents the 2020 proposed components and Column D represents the variance between Columns C and B respectively which provides an estimate of the revenue requirement components for the deficiency of \$3,301,460.



Service Revenue Requirement	2009 Board Approved Rates	At Current Approved Rates	At Proposed Rates	Variance (Deficiency)
	(A)	(B)	(C)	(D) = (C) - (B)
Revenue Requirement:				
OM&A, including LEAP	21,623,869	23,887,532	29,417,617	5,530,085
Depreciation	11,487,968	12,690,569	11,500,628	- 1,189,941
Property Taxes	502,272	554,852	331,505	- 223,347
Return on Rate Base	6,401,691	7,071,843	8,907,172	1,835,329
Deemed Interest	7,677,063	8,480,725	6,014,821	- 2,465,904
PILS	2,045,100	2,259,188	2,074,427	- 184,761
Total	49,737,963	54,944,709	58,246,170	3,301,461
Rate Base	199,803,078		247,972,502	247,972,502

TABLE 6-2 Revenue Deficiency by Revenue Requirement Component.

The revenue deficiency of \$3,301,460 for the 2020 Test Year is principally a result of increases in the following components:

- The first contributor is an OM&A increase of \$5,530,085. Details relating to ENWIN's OM&A increases are summarized in Exhibit 4 of this Application;
- The second contributor is an increase in Rate Base of \$48.2 million between the 2009 and 2020 Test Year, which impacts the return on equity and deemed interest. The net book value of Property, Plant & Equipment has increased since the last Cost of Service filing but that was partially offset with a lower working capital allowance of 7.5% compared to 15% which existed in the last Cost of Service filing. Further detail related to the \$48.2 million increase in rate base is summarized in Exhibit 2 of this Application.



ATTACHMENT 6 – A

Revenue Requirement Work Form; Board Version 8.0



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2019 Filers



Version 8.00

Utility Name	ENWIN Utilities Ltd.
Service Territory	Windsor, Ontario
Assigned EB Number	EB-2019-0032
Name and Title	Paul Gleason
Phone Number	519-255-2888 ext. 325
Email Address	regulatory@enwin.com
Test Year	2020
Bridge Year	2019
Last Rebasing Year	2009

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.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2019 Filers

- | | |
|--------------------------------------|--|
| 1. Info | 8. Rev Def Suff |
| 2. Table of Contents | 9. Rev Req |
| 3. Data Input Sheet | 10. Load Forecast |
| 4. Rate Base | 11. Cost Allocation |
| 5. Utility Income | 12. Residential Rate Design |
| 6. Taxes PILs | 13. Rate Design and Revenue Reconciliation |
| 7. Cost of Capital | 14. Tracking Sheet |

Notes:

- | | |
|-----|--|
| (1) | Pale green cells represent inputs |
| (2) | Pale green boxes at the bottom of each page are for additional notes |
| (3) | Pale yellow cells represent drop-down lists |
| (4) | <i>Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.</i> |
| (5) | <i>Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel format.</i> |



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2019 Filers

Data Input ⁽¹⁾

	Initial Application ⁽²⁾		⁽⁶⁾	Per Board Decision
1 Rate Base				
Gross Fixed Assets (average)	\$336,753,251		\$ 336,753,251	\$336,753,251
Accumulated Depreciation (average)	(\$110,280,094) ⁽⁵⁾		(\$110,280,094)	(\$110,280,094)
Allowance for Working Capital:				
Controllable Expenses	\$29,511,932		\$ 29,511,932	\$29,511,932
Cost of Power	\$257,146,004		\$ 257,146,004	\$257,146,004
Working Capital Rate (%)	7.50% ⁽⁹⁾		7.50% ⁽⁹⁾	7.50% ⁽⁹⁾
2 Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$50,936,794	\$0	\$50,936,794	\$50,936,794
Distribution Revenue at Proposed Rates	\$54,238,255	\$0	\$54,238,255	\$54,238,255
Other Revenue:				
Specific Service Charges	\$675,108	\$0	\$675,108	\$675,108
Late Payment Charges	\$384,000	\$0	\$384,000	\$384,000
Other Distribution Revenue	\$1,485,454	\$0	\$1,485,454	\$1,485,454
Other Income and Deductions	\$1,463,353	\$0	\$1,463,353	\$1,463,353
Total Revenue Offsets	\$4,007,915 ⁽⁷⁾	\$0	\$4,007,915	\$4,007,915
Operating Expenses:				
OM+A Expenses	\$29,347,816	\$ 29,347,816		\$29,347,816
Depreciation/Amortization	\$11,500,628	\$ 11,500,628		\$11,500,628
Property taxes	\$331,505	\$ 331,505		\$331,505
Other expenses	\$69,800	69800		\$69,800
3 Taxes/PILs				
Taxable Income:	(\$3,153,574) ⁽³⁾	(\$3,153,574)		(\$3,153,574)
Adjustments required to arrive at taxable income				
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$1,524,704	\$1,524,704		\$1,524,704
Income taxes (grossed up)	\$2,074,427	\$2,074,427		\$2,074,427
Federal tax (%)	15.00%	15.00%		15.00%
Provincial tax (%)	11.50%	11.50%		11.50%
Income Tax Credits	\$ -			
4 Capitalization/Cost of Capital				
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.0%	56.0%		56.0%
Short-term debt Capitalization Ratio (%)	4.0% ⁽⁸⁾	4.0% ⁽⁸⁾		4.0% ⁽⁸⁾
Common Equity Capitalization Ratio (%)	40.0%	40.0%		40.0%
Preferred Shares Capitalization Ratio (%)	0.0%	0.0%		0.0%
	100.0%	100.0%		100.0%
Cost of Capital				
Long-term debt Cost Rate (%)	4.13%	4.13%		4.13%
Short-term debt Cost Rate (%)	2.82%	2.82%		2.82%
Common Equity Cost Rate (%)	8.98%	8.98%		8.98%
Preferred Shares Cost Rate (%)	0.00%	0.00%		0.00%

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 2019 Filers

Rate Base and Working Capital

Rate Base										
Line No.	Particulars		Initial Application						Per Board Decision	
1	Gross Fixed Assets (average) ⁽²⁾		\$336,753,251		\$ -		\$336,753,251		\$ -	\$336,753,251
2	Accumulated Depreciation (average) ⁽²⁾		(\$110,280,094)		\$ -		(\$110,280,094)		\$ -	(\$110,280,094)
3	Net Fixed Assets (average) ⁽²⁾		\$226,473,157		\$ -		\$226,473,157		\$ -	\$226,473,157
4	Allowance for Working Capital ⁽¹⁾		\$21,499,345		\$ -		\$21,499,345		\$ -	\$21,499,345
5	Total Rate Base		\$247,972,502		\$ -		\$247,972,502		\$ -	\$247,972,502

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$29,511,932	\$ -	\$29,511,932	\$ -	\$29,511,932
7	Cost of Power	\$257,146,004	\$ -	\$257,146,004	\$ -	\$257,146,004
8	Working Capital Base	\$286,657,936	\$ -	\$286,657,936	\$ -	\$286,657,936
9	Working Capital Rate % ⁽¹⁾	7.50%	0.00%	7.50%	0.00%	7.50%
10	Working Capital Allowance	\$21,499,345	\$ -	\$21,499,345	\$ -	\$21,499,345

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 2019 Filers

Utility Income

Line No.	Particulars	Initial Application				Per Board Decision			
	Operating Revenues:								
1	Distribution Revenue (at Proposed Rates)	\$54,238,255	\$ -	\$54,238,255	\$ -	\$54,238,255	\$ -	\$54,238,255	
2	Other Revenue ⁽¹⁾	\$4,007,915	\$ -	\$4,007,915	\$ -	\$4,007,915	\$ -	\$4,007,915	
3	Total Operating Revenues	\$58,246,170	\$ -	\$58,246,170	\$ -	\$58,246,170	\$ -	\$58,246,170	
	Operating Expenses:								
4	OM+A Expenses	\$29,347,816	\$ -	\$29,347,816	\$ -	\$29,347,816	\$ -	\$29,347,816	
5	Depreciation/Amortization	\$11,500,628	\$ -	\$11,500,628	\$ -	\$11,500,628	\$ -	\$11,500,628	
6	Property taxes	\$331,505	\$ -	\$331,505	\$ -	\$331,505	\$ -	\$331,505	
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Other expense	\$69,800	\$ -	\$69,800	\$ -	\$69,800	\$ -	\$69,800	
9	Subtotal (lines 4 to 8)	\$41,249,749	\$ -	\$41,249,749	\$ -	\$41,249,749	\$ -	\$41,249,749	
10	Deemed Interest Expense	\$6,014,821	\$ -	\$6,014,821	\$ -	\$6,014,821	\$ -	\$6,014,821	
11	Total Expenses (lines 9 to 10)	\$47,264,570	\$ -	\$47,264,570	\$ -	\$47,264,570	\$ -	\$47,264,570	
12	Utility income before income taxes	\$10,981,599	\$ -	\$10,981,599	\$ -	\$10,981,599	\$ -	\$10,981,599	
13	Income taxes (grossed-up)	\$2,074,427	\$ -	\$2,074,427	\$ -	\$2,074,427	\$ -	\$2,074,427	
14	Utility net income	\$8,907,172	\$ -	\$8,907,172	\$ -	\$8,907,172	\$ -	\$8,907,172	

Notes

Other Revenues / Revenue Offsets

⁽¹⁾	Specific Service Charges	\$675,108	\$ -	\$675,108	\$ -	\$675,108	\$ -	\$675,108
	Late Payment Charges	\$384,000	\$ -	\$384,000	\$ -	\$384,000	\$ -	\$384,000
	Other Distribution Revenue	\$1,485,454	\$ -	\$1,485,454	\$ -	\$1,485,454	\$ -	\$1,485,454
	Other Income and Deductions	\$1,463,353	\$ -	\$1,463,353	\$ -	\$1,463,353	\$ -	\$1,463,353
	Total Revenue Offsets	\$4,007,915	\$ -	\$4,007,915	\$ -	\$4,007,915	\$ -	\$4,007,915



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2019 Filers

Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$8,907,172		\$8,907,172		\$8,907,172	
2	Adjustments required to arrive at taxable utility income	(\$3,153,574)		(\$3,153,574)		(\$3,153,574)	
3	Taxable income	\$5,753,598		\$5,753,598		\$5,753,598	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$1,524,704		\$1,524,704		\$1,524,704	
6	Total taxes	\$1,524,704		\$1,524,704		\$1,524,704	
7	Gross-up of Income Taxes	\$549,723		\$549,723		\$549,723	
8	Grossed-up Income Taxes	\$2,074,427		\$2,074,427		\$2,074,427	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$2,074,427		\$2,074,427		\$2,074,427	
10	Other tax Credits	\$ -		\$ -		\$ -	
<u>Tax Rates</u>							
11	Federal tax (%)	15.00%		15.00%		15.00%	
12	Provincial tax (%)	11.50%		11.50%		11.50%	
13	Total tax rate (%)	26.50%		26.50%		26.50%	

Notes



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2019 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$138,864,601	4.13%	\$5,735,108
2	Short-term Debt	4.00%	\$9,918,900	2.82%	\$279,713
3	Total Debt	60.00%	\$148,783,501	4.04%	\$6,014,821
	Equity				
4	Common Equity	40.00%	\$99,189,001	8.98%	\$8,907,172
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$99,189,001	8.98%	\$8,907,172
7	Total	100.00%	\$247,972,502	6.02%	\$14,921,993
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$138,864,601	4.13%	\$5,735,108
2	Short-term Debt	4.00%	\$9,918,900	2.82%	\$279,713
3	Total Debt	60.00%	\$148,783,501	4.04%	\$6,014,821
	Equity				
4	Common Equity	40.00%	\$99,189,001	8.98%	\$8,907,172
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$99,189,001	8.98%	\$8,907,172
7	Total	100.00%	\$247,972,502	6.02%	\$14,921,993
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	56.00%	\$138,864,601	4.13%	\$5,735,108
9	Short-term Debt	4.00%	\$9,918,900	2.82%	\$279,713
10	Total Debt	60.00%	\$148,783,501	4.04%	\$6,014,821
	Equity				
11	Common Equity	40.00%	\$99,189,001	8.98%	\$8,907,172
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	40.00%	\$99,189,001	8.98%	\$8,907,172
14	Total	100.00%	\$247,972,502	6.02%	\$14,921,993

Notes



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2019 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		\$3,301,460		\$3,301,460
2	Distribution Revenue	\$50,936,794	\$50,936,795	\$50,936,794	\$50,936,795
3	Other Operating Revenue	\$4,007,915	\$4,007,915	\$4,007,915	\$4,007,915
	Offsets - net				
4	Total Revenue	\$54,944,709	\$58,246,170	\$54,944,709	\$58,246,170
5	Operating Expenses	\$41,249,749	\$41,249,749	\$41,249,749	\$41,249,749
6	Deemed Interest Expense	\$6,014,821	\$6,014,821	\$6,014,821	\$6,014,821
8	Total Cost and Expenses	\$47,264,570	\$47,264,570	\$47,264,570	\$47,264,570
9	Utility Income Before Income Taxes	\$7,680,139	\$10,981,599	\$7,680,139	\$10,981,599
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$3,153,574)	(\$3,153,574)	(\$3,153,574)	(\$3,153,574)
11	Taxable Income	\$4,526,565	\$7,828,025	\$4,526,565	\$7,828,025
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%
13	Income Tax on Taxable Income	\$1,199,540	\$2,074,427	\$1,199,540	\$2,074,427
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	\$6,480,599	\$8,907,172	\$6,480,599	\$8,907,172
16	Utility Rate Base	\$247,972,502	\$247,972,502	\$247,972,502	\$247,972,502
17	Deemed Equity Portion of Rate Base	\$99,189,001	\$99,189,001	\$99,189,001	\$99,189,001
18	Income/(Equity Portion of Rate Base)	6.53%	8.98%	6.53%	8.98%
19	Target Return - Equity on Rate Base	8.98%	8.98%	8.98%	8.98%
20	Deficiency/Sufficiency in Return on Equity	-2.45%	0.00%	-2.45%	0.00%
21	Indicated Rate of Return	5.04%	6.02%	5.04%	6.02%
22	Requested Rate of Return on Rate Base	6.02%	6.02%	6.02%	6.02%
23	Deficiency/Sufficiency in Rate of Return	-0.98%	0.00%	-0.98%	0.00%
24	Target Return on Equity	\$8,907,172	\$8,907,172	\$8,907,172	\$8,907,172
25	Revenue Deficiency/(Sufficiency)	\$2,426,573	\$ -	\$2,426,573	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$3,301,460 ⁽¹⁾		\$3,301,460 ⁽¹⁾	

Notes:

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



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2019 Filers

Revenue Requirement

Line No.	Particulars	Application				Per Board Decision	
1	OM&A Expenses	\$29,347,816		\$29,347,816		\$29,347,816	
2	Amortization/Depreciation	\$11,500,628		\$11,500,628		\$11,500,628	
3	Property Taxes	\$331,505		\$331,505		\$331,505	
5	Income Taxes (Grossed up)	\$2,074,427		\$2,074,427		\$2,074,427	
6	Other Expenses	\$69,800		\$69,800		\$69,800	
7	Return						
	Deemed Interest Expense	\$6,014,821		\$6,014,821		\$6,014,821	
	Return on Deemed Equity	\$8,907,172		\$8,907,172		\$8,907,172	
8	Service Revenue Requirement (before Revenues)	<u>\$58,246,170</u>		<u>\$58,246,170</u>		<u>\$58,246,170</u>	
9	Revenue Offsets	\$4,007,915		\$4,007,915		\$4,007,915	
10	Base Revenue Requirement (excluding Tranformer Ownership Allowance credit adjustment)	<u>\$54,238,255</u>		<u>\$54,238,255</u>		<u>\$54,238,255</u>	
11	Distribution revenue	\$54,238,255		\$54,238,255		\$54,238,255	
12	Other revenue	\$4,007,915		\$4,007,915		\$4,007,915	
13	Total revenue	<u>\$58,246,170</u>		<u>\$58,246,170</u>		<u>\$58,246,170</u>	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ -</u>	(1)	<u>\$ -</u>	(1)	<u>\$ -</u>	(1)

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application		Δ% (2)	Per Board Decision	Δ% (2)
Service Revenue Requirement	\$58,246,170	\$58,246,170	\$0	\$58,246,170	(\$1)
Grossed-Up Revenue					
Deficiency/(Sufficiency)	\$3,301,460	\$3,301,460	\$0	\$3,301,460	(\$1)
Base Revenue Requirement (to be recovered from Distribution Rates)	\$54,238,255	\$54,238,255	\$0	\$54,238,255	(\$1)
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	\$3,301,461	\$3,301,461	\$0	\$3,301,461	(\$1)

Notes

(1) Line 11 - Line 8

(2) Percentage Change Relative to Initial Application



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2019 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 2-4 should be incorporated into the entries. The inputs should correspond with the summary of the Load Forecast for the Test Year in Appendix 2-1B and in Exhibit 3 of the application.

Appendix 2-1B 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						Per Board Decision		
Customer Class		Initial Application								
Input the name of each customer class.		Customer / Connections	kWh	kW/kVA ⁽¹⁾	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	Test Year average or mid-year	Annual	Annual
1	Residential	80,293	555,916,913	-						
2	GS <50	7,131	195,457,487	-						
3	GS 50 - 4999 KW	1,274	910,869,945	2,562,347						
4	Large Use 3TS	3	277,391,364	528,993						
5	Large Use - Regular	6	281,863,540	542,339						
6	Street light	24,188	6,419,124	18,431						
7	Sentinel	512	735,308	2,038						
8	Unmetered	721	2,221,824	-						
9										
10										
11										
12										
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20										
Total			2,230,875,605	3,654,148		-	-		-	-

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 2019 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 ⁽¹⁾	Costs Allocated from Previous Study ⁽¹⁾	%	Allocated Class Revenue Requirement ⁽¹⁾	%
From Sheet 10: Load Forecast			(7A)	
1 Residential	\$ 26,055,510	52.39%	\$ 30,775,096	52.84%
2 GS <50	\$ 6,020,860	12.11%	\$ 5,738,352	9.85%
3 GS 50 - 4999 KW	\$ 10,148,288	20.40%	\$ 13,637,160	23.41%
4 Large Use 3TS	\$ 3,726,413	7.49%	\$ 4,171,597	7.16%
5 Large Use - Regular	\$ 1,264,161	2.54%	\$ 2,240,710	3.85%
6 Street light	\$ 2,273,293	4.57%	\$ 1,472,321	2.53%
7 Sentinel	\$ 153,067	0.31%	\$ 88,663	0.15%
8 Unmetered	\$ 96,370	0.19%	\$ 122,270	0.21%
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Total	\$ 49,737,962	100.00%	\$ 58,246,169	100.00%
Service Revenue Requirement (from Sheet 9)			\$ 58,246,169.50	

- (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	\$ 25,523,539	\$ 27,177,843	\$ 27,177,843	\$ 2,255,571
2 GS <50	\$ 5,739,507	\$ 6,111,512	\$ 6,029,702	\$ 346,870
3 GS 50 - 4999 KW	\$ 13,894,407	\$ 14,794,970	\$ 14,500,039	\$ 653,850
4 Large Use 3TS	\$ 2,312,546	\$ 2,462,433	\$ 3,032,976	\$ 512,882
5 Large Use - Regular	\$ 1,536,084	\$ 1,635,645	\$ 1,794,634	\$ 109,970
6 Street light	\$ 1,758,951	\$ 1,872,958	\$ 1,520,167	\$ 115,905
7 Sentinel	\$ 77,107	\$ 82,105	\$ 82,105	\$ 5,693
8 Unmetered	\$ 94,653	\$ 100,788	\$ 100,788	\$ 7,174
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Total	\$ 50,936,794	\$ 54,238,254	\$ 54,238,254	\$ 4,007,915

- (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)	
	2011			
	%	%	%	%
1 Residential	90.00%	95.64%	95.64%	85 - 115
2 GS <50	105.00%	112.55%	111.12%	80 - 120
3 GS 50 - 4999 KW	80.00%	113.28%	111.12%	80 - 120
4 Large Use 3TS	102.00%	71.32%	85.00%	85 - 115
5 Large Use - Regular	115.00%	77.90%	85.00%	85 - 115
6 Street light	70.00%	135.08%	111.12%	80 - 120
7 Sentinel	70.00%	99.02%	99.02%	80 - 120
8 Unmetered	120.00%	88.30%	88.30%	80 - 120
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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	Proposed Revenue-to-Cost Ratio			Policy Range
	Test Year	Price Cap IR Period		
	2020	2021	2022	
1 Residential	95.64%	95.64%	95.64%	85 - 115
2 GS <50	111.12%	111.12%	111.12%	80 - 120
3 GS 50 - 4999 KW	111.12%	111.12%	111.12%	80 - 120
4 Large Use 3TS	85.00%	85.00%	85.00%	85 - 115
5 Large Use - Regular	85.00%	85.00%	85.00%	85 - 115
6 Street light	111.12%	111.12%	111.12%	80 - 120
7 Sentinel	99.02%	99.02%	99.02%	80 - 120
8 Unmetered	88.30%	88.30%	88.30%	80 - 120
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(11) The applicant should complete Table D if it is applying for approval of a revenue-to-cost ratio in 2019 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 2020 and 2021 Price Cap IR models, as necessary. For 2020 and 2021, enter the planned revenue-to-cost ratios that will be "Change" or "No Change" in 2018 (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 2019 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	80,293
kWh	555,916,913
Proposed Residential Class Specific Revenue Requirement ¹	\$ 27,177,843.00
Residential Base Rates on Current Tariff	
Monthly Fixed Charge (\$)	\$ 26.49
Distribution Volumetric Rate (\$/kWh)	\$ -

B Current Fixed/Variable Split

	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed	26.49	80,293	\$ 25,523,538.84	100.00%
Variable	0	555,916,913	\$ -	0.00%
TOTAL	-	-	\$ 25,523,538.84	-

C Calculating Test Year Base Rates

Number of Remaining Rate Design Policy Transition Years ²	0
--	---

	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	\$ 27,177,843.00	28.21	\$ 27,180,786.36
Variable	\$ -	0	\$ -
TOTAL	\$ 27,177,843.00	-	\$ 27,180,786.36

	New F/V Split	Revenue @ new F/V Split	Final Adjusted Base Rates	Revenue Reconciliation @ Adjusted Rates
Fixed				
Variable				
TOTAL	-	\$ -	-	

Checks ³	
Change in Fixed Rate	
Difference Between Revenues @ Proposed Rates and Class Specific Revenue Requirement	

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)



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Revenue Requirement Workform (RRWF) for 2019 Filers

Rate Design and Revenue Reconciliation

This sheet replaces Appendix 2-1¹ 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, rates/PLS, etc.

Stage in Process:		Initial Application		Class Allocated Revenues					Fixed / Variable Splits ¹				Transformer Ownership Allowance ³ (\$)				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													
Customer Class	Volumetric Charge Determinant	Customers / Connections	kWh	kW or kVA	Total Class Revenue Requirement	Monthly Service Charge	Volumetric	Fixed	Variable	Transformer Ownership Allowance ³ (\$)	Monthly Service Charge Rate	No. of Meters	Volumetric Rate	No. of Meters	MISC Revenues	Volumetric Revenues	Revenues less Transformer Ownership Allowance					
From sheet 10: Load Forecast																						
1 Residential	kWh	80,263	555,916,913	-	\$ 27,177,843	\$ 27,177,843	\$ -	100.00%	0.00%		\$28.21	2	\$0.0020 / kWh	4	\$27,180,786.36	\$ -	\$27,180,786.36					
2 GS-50	kWh	1,131	185,457,487	-	\$ 6,026,702	\$ 2,438,000	\$ 3,588,702	40.40%	59.60%		\$28.47		\$0.0184 / kWh		\$2,438,234.84	\$ 3,596,417.7609	\$ 6,034,652.602					
3 GS 50 - 6000 kW	kWh	1,274	910,866,965	2,562,347	\$ 14,305,039	\$ 1,718,805	\$ 12,586,234	11.84%	88.16%	\$ - 483,037	\$112.30		\$0.1774 / kWh		\$1,716,842.40	\$14,200,192.7619	\$15,917,035.1619					
4 Large Use - ITS	kWh	5	277,381,364	528,983	\$ 3,032,876	\$ 1,363,019	\$ 1,669,857	44.94%	55.06%	\$ 278,175	\$37.861.65		\$3.6827 / kWh		\$1,393,016.49	\$1,428,122.511	\$3,032,968.992					
5 Large Use - Regular	kWh	6	281,885,540	542,338	\$ 1,794,634	\$ 685,730	\$ 1,108,904	38.21%	61.79%	\$ 325,403	\$9.524.02		\$2.8447 / kWh		\$1,486,729.44	\$1,434,323.9369	\$1,794,865.3819					
6 Street light	kWh	24,186	6,419,126	18,431	\$ 1,521,167	\$ 1,521,167	\$ -	100.00%	0.00%		\$5.24		\$0.0002 / kWh		\$1,520,841.44	\$ -	\$ 1,520,841.44					
7 Sentinel	kWh	312	725,308	2,038	\$ 82,105	\$ 82,105	\$ -	100.00%	0.00%		\$13.38		\$0.0002 / kWh		\$82,058.80	\$ -	\$ 82,058.80					
8 Unmetered	kWh	721	2,221,524	-	\$ 100,788	\$ 100,788	\$ -	100.00%	0.00%		\$11.65		\$0.0002 / kWh		\$100,765.80	\$ -	\$ 100,765.80					
9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -					
Total Transformer Ownership Allowance										\$ - 1,086,615	Rates recover revenue requirement				Total Distribution Revenues				\$54,244,978.11			
															Base Revenue Requirement				\$54,238,254.85			
															Difference				\$ 6,723.31			
															% Difference				0.012%			