



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers



Version 5.00

Utility Name	Niagara Peninsula Energy Inc.
Service Territory	
Assigned EB Number	EB-2014-0096
Name and Title	Suzanne Wilson, VP Finance
Phone Number	905-353-6004
Email Address	suzanne.wilson@npei.ca

*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 2015 Filers

[1. Info](#)

[2. Table of Contents](#)

[3. Data Input Sheet](#)

[4. Rate Base](#)

[5. Utility Income](#)

[6. Taxes PILs](#)

[7. Cost of Capital](#)

[8. Rev Def Suff](#)

[9. Rev Req](#)

[10. Tracking Sheet](#)

## Notes:

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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Data Input <sup>(1)</sup>

	Initial Application	(2)	Adjustments	Settlement Agreement	(6)	Adjustments	Per Board Decision
<b>1 Rate Base</b>							
Gross Fixed Assets (average)	\$247,689,793		(\$1,445,365)	\$ 246,244,429			\$246,244,429
Accumulated Depreciation (average)	(\$123,945,922)	(5)	\$834,982	(\$123,110,940)			(\$123,110,940)
<b>Allowance for Working Capital:</b>							
Controllable Expenses	\$17,041,580		(\$616,585)	\$ 16,424,995			\$16,424,995
Cost of Power	\$136,943,243		\$7,206,425.71	\$ 144,149,669			\$144,149,669
Working Capital Rate (%)	13.00%	(9)		13.00%	(9)		10.48% (9)
<b>2 Utility Income</b>							
Operating Revenues:							
Distribution Revenue at Current Rates	\$28,371,080		(\$3,082)	\$28,367,998		\$0	\$28,367,998
Distribution Revenue at Proposed Rates	\$29,374,853		(\$709,662)	\$28,665,191		\$0	\$28,665,191
<b>Other Revenue:</b>							
Specific Service Charges	\$803,285		(\$0)	\$803,285		\$0	\$803,285
Late Payment Charges	\$361,000		\$0	\$361,000		\$0	\$361,000
Other Distribution Revenue	\$251,187		\$6,047	\$257,234		\$0	\$257,234
Other Income and Deductions	\$181,003		\$0	\$181,003		\$0	\$181,003
Total Revenue Offsets	\$1,596,475	(7)	\$6,047	\$1,602,522		\$0	\$1,602,522
<b>Operating Expenses:</b>							
OM+A Expenses	\$16,754,348		(\$616,585)	\$ 16,137,763		\$ -	\$16,137,763
Depreciation/Amortization	\$4,936,879		\$97,195	\$ 5,034,074			\$5,034,074
Property taxes	\$287,232			\$ 287,232			\$287,232
Other expenses							
<b>3 Taxes/PILs</b>							
Taxable Income:							
Adjustments required to arrive at taxable income	(\$4,814,861)	(3)		(\$4,598,147)			(\$4,598,147)
<b>Utility Income Taxes and Rates:</b>							
Income taxes (not grossed up)	\$34,407			\$120,121			\$80,231
Income taxes (grossed up)	\$43,189			\$163,430			\$109,157
Federal tax (%)	15.00%			15.00%			15.00%
Provincial tax (%)	5.33%			11.50%			11.50%
Income Tax Credits	(\$81,003)			(\$81,003)			(\$81,003)
<b>4 Capitalization/Cost of Capital</b>							
<b>Capital Structure:</b>							
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 (%)							
	100.0%			100.0%			100.0%
<b>Cost of Capital</b>							
Long-term debt Cost Rate (%)	4.28%			3.92%			3.92%
Short-term debt Cost Rate (%)	2.11%			2.16%			2.16%
Common Equity Cost Rate (%)	9.36%			9.30%			9.30%
Preferred Shares Cost Rate (%)	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) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Rate Base and Working Capital

Line No.	Particulars		Initial Application	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$247,689,793	(\$1,445,365)	\$246,244,429	\$ -	\$246,244,429
2	Accumulated Depreciation (average)	(3)	(\$123,945,922)	\$834,982	(\$123,110,940)	\$ -	(\$123,110,940)
3	Net Fixed Assets (average)	(3)	\$123,743,871	(\$610,383)	\$123,133,488	\$ -	\$123,133,488
4	Allowance for Working Capital	(1)	\$20,018,027	\$856,679	\$20,874,706	(\$4,046,482)	\$16,828,225
5	<b>Total Rate Base</b>		<b>\$143,761,898</b>	<b>\$246,296</b>	<b>\$144,008,195</b>	<b>(\$4,046,482)</b>	<b>\$139,961,713</b>

### (1) Allowance for Working Capital - Derivation

6	Controllable Expenses		\$17,041,580	(\$616,585)	\$16,424,995	\$ -	\$16,424,995
7	Cost of Power		\$136,943,243	\$7,206,426	\$144,149,669	\$ -	\$144,149,669
8	Working Capital Base		\$153,984,823	\$6,589,841	\$160,574,664	\$ -	\$160,574,664
9	Working Capital Rate %	(2)	13.00%	0.00%	13.00%	-2.52%	10.48%
10	Working Capital Allowance		\$20,018,027	\$856,679	\$20,874,706	(\$4,046,482)	\$16,828,225

#### Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2014 cost of service applications is 13%.  
(3) Average of opening and closing balances for the year.



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Utility Income

Line No.	Particulars	Initial Application	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
	<b>Operating Revenues:</b>					
1	Distribution Revenue (at Proposed Rates)	\$29,374,853	(\$709,662)	\$28,665,191	\$ -	\$28,665,191
2	Other Revenue (1)	\$1,596,475	\$6,047	\$1,602,522	\$ -	\$1,602,522
3	Total Operating Revenues	\$30,971,328	(\$703,615)	\$30,267,713	\$ -	\$30,267,713
	<b>Operating Expenses:</b>					
4	OM+A Expenses	\$16,754,348	(\$616,585)	\$16,137,763	\$ -	\$16,137,763
5	Depreciation/Amortization	\$4,936,879	\$97,195	\$5,034,074	\$ -	\$5,034,074
6	Property taxes	\$287,232	\$ -	\$287,232	\$ -	\$287,232
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$21,978,459	(\$519,390)	\$21,459,069	\$ -	\$21,459,069
10	Deemed Interest Expense	\$3,567,234	(\$279,124)	\$3,288,110	(\$92,393)	\$3,195,718
11	Total Expenses (lines 9 to 10)	\$25,545,693	(\$798,514)	\$24,747,179	(\$92,393)	\$24,654,787
12	Utility income before income taxes	\$5,425,635	\$94,899	\$5,520,534	\$92,393	\$5,612,926
13	Income taxes (grossed-up)	\$43,189	\$120,241	\$163,430	(\$54,273)	\$109,157
14	Utility net income	\$5,382,446	(\$25,342)	\$5,357,104	\$146,665	\$5,503,769

## Notes

### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$803,285	(\$0)	\$803,285	\$ -	\$803,285
	Late Payment Charges	\$361,000	\$ -	\$361,000	\$ -	\$361,000
	Other Distribution Revenue	\$251,187	\$6,047	\$257,234	\$ -	\$257,234
	Other Income and Deductions	\$181,003	\$ -	\$181,003	\$ -	\$181,003
	Total Revenue Offsets	\$1,596,475	\$6,047	\$1,602,522	\$ -	\$1,602,522



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Taxes/PILs

Line No.	Particulars	Application	Settlement Agreement	Per Board Decision
<b>Determination of Taxable Income</b>				
1	Utility net income before taxes	\$5,382,445	\$5,357,105	\$5,206,576
2	Adjustments required to arrive at taxable utility income	(\$4,814,861)	(\$4,598,147)	(\$4,598,147)
3	Taxable income	<u>\$567,584</u>	<u>\$758,958</u>	<u>\$608,429</u>
<b>Calculation of Utility income Taxes</b>				
4	Income taxes	<u>\$34,407</u>	<u>\$120,121</u>	<u>\$80,231</u>
6	Total taxes	<u>\$34,407</u>	<u>\$120,121</u>	<u>\$80,231</u>
7	Gross-up of Income Taxes	<u>\$8,782</u>	<u>\$43,309</u>	<u>\$28,927</u>
8	Grossed-up Income Taxes	<u>\$43,189</u>	<u>\$163,430</u>	<u>\$109,157</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$43,189</u>	<u>\$163,430</u>	<u>\$109,157</u>
10	Other tax Credits	(\$81,003)	(\$81,003)	(\$81,003)
<b>Tax Rates</b>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	5.33%	11.50%	11.50%
13	Total tax rate (%)	<u>20.33%</u>	<u>26.50%</u>	<u>26.50%</u>

## Notes



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return
		Initial Application				
		(%)	(\$)	(%)		(\$)
	Debt					
1	Long-term Debt	56.00%	\$80,506,663	4.28%		\$3,445,899
2	Short-term Debt	4.00%	\$5,750,476	2.11%		\$121,335
3	Total Debt	60.00%	\$86,257,139	4.14%		\$3,567,234
	Equity					
4	Common Equity	40.00%	\$57,504,759	9.36%		\$5,382,445
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	40.00%	\$57,504,759	9.36%		\$5,382,445
7	Total	100.00%	\$143,761,898	6.23%		\$8,949,680
		Settlement Agreement				
		(%)	(\$)	(%)		(\$)
	Debt					
1	Long-term Debt	56.00%	\$80,644,589	3.92%		\$3,163,687
2	Short-term Debt	4.00%	\$5,760,328	2.16%		\$124,423
3	Total Debt	60.00%	\$86,404,917	3.81%		\$3,288,110
	Equity					
4	Common Equity	40.00%	\$57,603,278	9.30%		\$5,357,105
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	40.00%	\$57,603,278	9.30%		\$5,357,105
7	Total	100.00%	\$144,008,195	6.00%		\$8,645,215
		Per Board Decision				
		(%)	(\$)	(%)		(\$)
	Debt					
8	Long-term Debt	56.00%	\$78,378,559	3.92%		\$3,074,791
9	Short-term Debt	4.00%	\$5,598,469	2.16%		\$120,927
10	Total Debt	60.00%	\$83,977,028	3.81%		\$3,195,718
	Equity					
11	Common Equity	40.00%	\$55,984,685	9.30%		\$5,206,576
12	Preferred Shares	0.00%	\$ -	0.00%		\$ -
13	Total Equity	40.00%	\$55,984,685	9.30%		\$5,206,576
14	Total	100.00%	\$139,961,713	6.00%		\$8,402,294

### Notes

(1)

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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Settlement Agreement		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$1,003,772		\$297,194		(\$0)
2	Distribution Revenue	\$28,371,080	\$28,371,081	\$28,367,998	\$28,367,997	\$28,367,998	\$28,665,191
3	Other Operating Revenue	\$1,596,475	\$1,596,475	\$1,602,522	\$1,602,522	\$1,602,522	\$1,602,522
	Offsets - net						
4	<b>Total Revenue</b>	<b>\$29,967,555</b>	<b>\$30,971,328</b>	<b>\$29,970,520</b>	<b>\$30,267,713</b>	<b>\$29,970,520</b>	<b>\$30,267,713</b>
5	Operating Expenses	\$21,978,459	\$21,978,459	\$21,459,069	\$21,459,069	\$21,459,069	\$21,459,069
6	Deemed Interest Expense	\$3,567,234	\$3,567,234	\$3,288,110	\$3,288,110	\$3,195,718	\$3,195,718
8	<b>Total Cost and Expenses</b>	<b>\$25,545,693</b>	<b>\$25,545,693</b>	<b>\$24,747,179</b>	<b>\$24,747,179</b>	<b>\$24,654,787</b>	<b>\$24,654,787</b>
9	<b>Utility Income Before Income Taxes</b>	<b>\$4,421,862</b>	<b>\$5,425,635</b>	<b>\$5,223,341</b>	<b>\$5,520,534</b>	<b>\$5,315,733</b>	<b>\$5,612,926</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$4,814,861)	(\$4,814,861)	(\$4,598,147)	(\$4,598,147)	(\$4,598,147)	(\$4,598,147)
11	<b>Taxable Income</b>	<b>(\$392,999)</b>	<b>\$610,774</b>	<b>\$625,194</b>	<b>\$922,387</b>	<b>\$717,586</b>	<b>\$1,014,779</b>
12	Income Tax Rate	20.33%	20.33%	26.50%	26.50%	26.50%	26.50%
13	<b>Income Tax on Taxable Income</b>	<b>(\$79,911)</b>	<b>\$124,192</b>	<b>\$165,676</b>	<b>\$244,432</b>	<b>\$190,160</b>	<b>\$268,917</b>
14	<b>Income Tax Credits</b>	<b>(\$81,003)</b>	<b>(\$81,003)</b>	<b>(\$81,003)</b>	<b>(\$81,003)</b>	<b>(\$81,003)</b>	<b>(\$81,003)</b>
15	<b>Utility Net Income</b>	<b>\$4,582,775</b>	<b>\$5,382,446</b>	<b>\$5,138,667</b>	<b>\$5,357,104</b>	<b>\$5,206,576</b>	<b>\$5,503,769</b>
16	<b>Utility Rate Base</b>	<b>\$143,761,898</b>	<b>\$143,761,898</b>	<b>\$144,008,195</b>	<b>\$144,008,195</b>	<b>\$139,961,713</b>	<b>\$139,961,713</b>
17	Deemed Equity Portion of Rate Base	\$57,504,759	\$57,504,759	\$57,603,278	\$57,603,278	\$55,984,685	\$55,984,685
18	Income/(Equity Portion of Rate Base)	7.97%	9.36%	8.92%	9.30%	9.30%	9.83%
19	Target Return - Equity on Rate Base	9.36%	9.36%	9.30%	9.30%	9.30%	9.30%
20	Deficiency/Sufficiency in Return on Equity	-1.39%	0.00%	-0.38%	0.00%	0.00%	0.53%
21	Indicated Rate of Return	5.67%	6.23%	5.85%	6.00%	6.00%	6.22%
22	Requested Rate of Return on Rate Base	6.23%	6.23%	6.00%	6.00%	6.00%	6.00%
23	Deficiency/Sufficiency in Rate of Return	-0.56%	0.00%	-0.15%	0.00%	0.00%	0.21%
24	Target Return on Equity	\$5,382,445	\$5,382,445	\$5,357,105	\$5,357,105	\$5,206,576	\$5,206,576
25	Revenue Deficiency/(Sufficiency)	\$799,670	\$0	\$218,438	(\$1)	(\$0)	\$297,193
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$1,003,772 (1)</b>		<b>\$297,194 (1)</b>		<b>(\$0) (1)</b>	

### Notes:

(1)

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





Ontario Energy Board

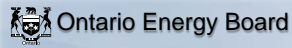
# Revenue Requirement Workform (RRWF) for 2015 Filers

## Revenue Requirement

Line No.	Particulars	Application	Settlement Agreement	Per Board Decision
1	OM&A Expenses	\$16,754,348	\$16,137,763	\$16,137,763
2	Amortization/Depreciation	\$4,936,879	\$5,034,074	\$5,034,074
3	Property Taxes	\$287,232	\$287,232	\$287,232
5	Income Taxes (Grossed up)	\$43,189	\$163,430	\$109,157
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$3,567,234	\$3,288,110	\$3,195,718
	Return on Deemed Equity	\$5,382,445	\$5,357,105	\$5,206,576
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$30,971,328</u>	<u>\$30,267,714</u>	<u>\$29,970,520</u>
9	Revenue Offsets	\$1,596,475	\$1,602,522	\$1,602,522
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$29,374,853</u>	<u>\$28,665,192</u>	<u>\$28,367,998</u>
11	Distribution revenue	\$29,374,853	\$28,665,191	\$28,665,191
12	Other revenue	\$1,596,475	\$1,602,522	\$1,602,522
13	<b>Total revenue</b>	<u>\$30,971,328</u>	<u>\$30,267,713</u>	<u>\$30,267,713</u>
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$0 (1)</u>	<u>(\$1) (1)</u>	<u>\$297,193 (1)</u>

### Notes

(1) Line 11 - Line 8



## Revenue Requirement Workform (RRWF) for 2015 Filers

### Tracking Form

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.

<sup>(1)</sup> Short reference to evidence material (interrogatory response, undertaking, exhibit number, Board Decision, Code, Guideline, Report of the Board, etc.)

<sup>(2)</sup> Short description of change, issue, etc.

60 Tracking Rows have been provided below. If you require more, please contact Industry Relations @ [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca).

### Summary of Proposed Changes

Reference <sup>(1)</sup>	Item / Description <sup>(2)</sup>	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
1	Original Application	\$ 8,949,680	6.23%	\$ 143,761,898	\$ 153,984,823	\$ 20,018,027	\$ 4,936,879	\$ 43,189	\$ 16,754,348	\$ 30,971,328	\$ 1,596,475	\$ 29,374,853	\$ 1,003,772