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1 **6.0 Calculation of Revenue Deficiency or Sufficiency**

2 **6.1 Revenue Deficiency Overview**

3 Brantford Power Inc. has included the following information in this exhibit, excluding energy costs (i.e.
4 costs of power and associated costs) and revenues:

- 5 • Determination of Net Utility Income
- 6 • Statement of Rate Base
- 7 • Actual Utility Return on Rate Base
- 8 • Indicated Rate of Return
- 9 • Requested Rate of Return
- 10 • Deficiency or Sufficiency in Revenue
- 11 • Gross Deficiency or Sufficiency in Revenue

12 The information in this exhibit supports Brantford Power Inc.'s request in this application for an increase
13 in its revenue requirement to support the proposed capital and operating budgets for 2022, to service
14 debt, to pay deemed PILs, and to earn the allowable return on equity.

15 Brantford Power Inc. has determined that the Revenue Deficiency for the 2022 Test Year is \$4,397,115.

16 The calculations on which this determination is based are set out below. The Revenue Deficiency
17 calculation does not include the following:

- 18 • Recovery of Deferral and Variance Accounts
- 19 • Other electricity charges which include Energy Commodity, Transmission Charges and Wholesale
20 Market Service Charges

21 These items are considered elsewhere in this Application and are treated either as recoveries of
22 regulatory assets or regulatory liabilities on the Balance Sheet or as energy related costs recorded in the
23 OEB-prescribed Retail Settlement Variance Accounts. BPI notes that there have been no significant
24 changes to the methodologies which would cause any material impacts to revenue deficiency.

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1 **6.1.1 Revenue Requirement**

2 Brantford Power Inc.'s revenue requirement is comprised of the following components:

- 3 • Operation, Maintenance, and Administration Expense (OM&A)
- 4 • Depreciation/Amortization Expense
- 5 • Property Taxes
- 6 • Payments in Lieu of Taxes (PILs)
- 7 • Return on Rate Base (Debt Interest Expenses + Return on Equity)

8 BPI's revenue requirement is primarily received through electricity distribution rates and offset by
9 revenue from Board Approved specific service charges, late payment charges, interest, and other
10 operating income.

11 BPI has included the OEB's Revenue Requirement Work Form ("RRWF") as Attachment 6-A of this Exhibit
12 as a PDF document and has also included an excel version.

13 BPI has ensured that numbers entered in the RRWF reconcile with the appropriate numbers in other
14 Exhibits of this Application.

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6.2 Determination of Net Utility Income

BPI has determined its allowable 2022 Net Income as \$3,275,229 Table 6.2-A provides the detailed Net Income calculation for the 2022 Test Year.

TABLE 6.2-A - Determination of Net Utility Income

Description	2022 Test - Required Revenue	2022 At Existing Rates
Operating Revenues		
Distribution Revenue	22,779,797	18,382,682
Other Operating Revenue (Net)	1,067,032	1,067,032
Total Revenue	23,846,829	19,449,714
Costs and Expenses		
Administrative & General, Billing & Collecting	10,136,526	10,136,526
Operation & Maintenance	3,644,114	3,644,114
Donations - LEAP	28,000	28,000
Depreciation & Amortization	4,019,354	4,019,354
Property Taxes	261,988	261,988
Deemed Interest	1,873,131	1,873,131
Total Costs and Expenses	19,963,113	19,963,113
Utility Income Before Income Taxes	3,883,716	(513,398)
Total Income Taxes	608,487	0
Utility Net Income	3,275,229	(513,398)

1 **6.3 Statement of Rate Base**
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3 A summary of BPI’s Rate Base for the 2022 Test Year, calculated on BPI’s deemed capital structure in
 4 accordance with OEB filing requirements, is summarized below in Table 6.3-A. BPI’s 2022 Rate Base is
 5 \$98,178,340.

6 **TABLE 6.3-A - Rate Base**

Rate Base Calculation	
Details	Initial Application
Gross Fixed Assets (Average)	119,351,969
Accumulated Depreciation(Average)	(29,354,945)
Net Fixed Assets (Average)	89,997,024
Allowance for Working Capital	8,181,316
Total Rate Base	98,178,340
Allowance for Working Capital- Derivation	
Controllable Expenses	13,802,317
Cost of Power	95,281,898
Working Capital Base	109,084,215
Working Capital Rate	7.50%
Working Capital Allowance	8,181,316

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6.4 Actual Utility Return on Rate Base

Table 6.4-A summarizes the computation of BPI’s return on rate base under a 2022” Test Year at existing rates” scenario, of 1.38% and the 2022 Test Year at proposed rates of 5.24% in order to achieve the required revenue. BPI worked with Board Staff to address an issue caused by the negative return on equity and tax adjustments, which impacted PILS in a way which prevented the revenue deficiency from reconciling in the RRWF. The resolution results in the RRWF showing a positive net income after tax as a result of negative taxes being calculated and offsetting the negative net income. The corrected net income under a “2022 on Existing Rates” scenario is shown in the table below. BPI has computed the revenue deficiency of \$4,397,115 as the difference between revenues at existing rates (2022 load forecast x 2021 distribution rates) and the proposed base revenue requirement.

TABLE 6.4-A - Return on Rate Base

Actual Return on Rate Base:	2022 Test Existing Rates	2022 Test Required Revenue
Rate Base	98,178,340	98,178,340
Interest Expense	1,873,131	1,873,131
Net Income	(513,398)	3,275,229
Total Actual Return on Rate Base	1,359,732	5,148,360
Actual Return on Rate Base	1.38%	5.24%
Actual Return on Equity	-1.31%	8.34%
Required Return on Rate Base		
Rate Base	98,178,340	98,178,340
Return Rates:		
Return on Debt (Weighted)	3.18%	3.18%
Return on Equity	8.34%	8.34%
Deemed Interest Expense	1,873,131	1,873,131
Return On Equity	3,275,229	3,275,229
Total Return	5,148,360	5,148,360
Expected Return on Rate Base	5.24%	5.24%
Expected ROE	8.34%	8.34%
Variance from Expected Return on Rate Base	-3.86%	0.00%
Variance from Expected ROE	-9.65%	0.00%

1 **6.4.1 Indicated Rate of Return**

2 BPI's 2022 Indicated Rate of Return is 5.24% as presented in Table 6.4-A and it is calculated as the sum
3 of Utility Net Income and Deemed Interest Expense divided by the Utility Rate of Return on Rate Base.
4 The 2022 Indicated Rate of Return at 2021 approved rates is 386 basis points below the requested rate
5 of return.

6 **6.4.2 Requested Rate of Return**

7 BPI has determined its requested rate of return on rate base to be 5.24% or \$5,148,360.

8 Table 6.4-A above summarizes the computation of BPI's expected 2022 rate of return on rate base of
9 1.38% (at the existing rates) and BPI's 2022 requested rate of 5.24%.

10 As summarized in table 6.4-A, in the absence of a change to distribution rates for 2022, as determined in
11 the table calculation above and assuming that the 2021 approved rates remained unchanged, BPI's
12 return on rate base would be \$1,359,732, or a rate of return of 1.38%.

13 **6.5 Deficiency of Sufficiency in Revenue**

14 BPI has provided a detailed calculation supporting its 2022 Revenue Deficiency in table 6.5-A below.

15 The Gross Revenue Deficiency is calculated at \$4,397,115. Table 6.5-A provides the Revenue Deficiency
16 calculation for the 2022 Test Year at Proposed Rates, which balances the Revenue Deficiency, Net
17 Income and Total Return on Rate Base.

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TABLE 6.5-A - Revenue Deficiency Determination

Line No.	Particulars	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$4,397,115
2	Distribution Revenue	\$18,382,682	\$18,382,682
3	Other Operating Revenue Offsets - net	\$1,067,032	\$1,067,032
4	Total Revenue	\$19,449,714	\$23,846,829
5	Operating Expenses	\$18,089,982	\$18,089,982
6	Deemed Interest Expense	\$1,873,131	\$1,873,131
8	Total Cost and Expenses	\$19,963,113	\$19,963,113
9	Utility Income Before Income Taxes	(\$513,398)	\$3,883,716
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$1,587,539)	(\$1,587,539)
11	Taxable Income	(\$2,100,937)	\$2,296,177
12	Income Tax Rate	26.50%	26.50%
13	Income Tax on Taxable Income	(\$556,748)	\$608,487
14	Income Tax Credits	\$ -	\$ -
15	Utility Net Income	\$43,350	\$3,275,229
16	Utility Rate Base	\$98,178,340	\$98,178,340
17	Deemed Equity Portion of Rate Base	\$39,271,336	\$39,271,336
18	Income/(Equity Portion of Rate Base)	0.11%	8.34%
19	Target Return - Equity on Rate Base	8.34%	8.34%
20	Deficiency/Sufficiency in Return on Equity	-8.23%	0.00%
21	Indicated Rate of Return	1.95%	5.24%
22	Requested Rate of Return on Rate Base	5.24%	5.24%
23	Deficiency/Sufficiency in Rate of Return	-3.29%	0.00%
24	Target Return on Equity	\$3,275,229	\$3,275,229
25	Revenue Deficiency/(Sufficiency)	\$3,231,879	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$4,397,115 ⁽¹⁾	

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6.6 Cost Drivers on Revenue Deficiency

Table 6.6-A below outlines the contributors to the Revenue Deficiency by Revenue Requirement component. Column A lists the 2017 approved amounts. Column B lists the 2022 Revenue at existing rates shown in table 6.5-A allocated to revenue requirement component based on the proportions in column A. Column B estimates the revenue requirement components for revenue at existing rates based on the components assumed in existing rates. Column C lists the 2022 proposed components. Finally, Column D represents the difference between Column C and Column B which provides an estimate of the revenue requirement components for the revenue deficiency of \$4,397,115.

TABLE 6.6-A – Revenue Deficiency by revenue requirement component

Service Revenue Requirement	2017 Approved (A)	2022 Revenue at Existing Rates Allocated in Proportion to 2017 Approved (B)	2022 Proposed (C)	Revenue Deficiency (D)= (C)-(B)
OM&A including property taxes	\$ 10,091,665	\$ 10,659,307	\$ 14,070,628	\$ 3,411,321
Depreciation	\$ 3,389,079	\$ 3,579,710	\$ 4,019,354	\$ 439,644
Return on Rate Base	\$ 4,428,235	\$ 4,677,317	\$ 5,148,360	\$ 471,043
PILs	\$ 504,976	\$ 533,380	\$ 608,487	\$ 75,107
Total	\$ 18,413,956	\$ 19,449,714	\$ 23,846,829	\$ 4,397,115
Rate Base	\$ 74,003,733		\$ 98,178,340	\$ 24,174,607

There are 2 main contributors to the revenue deficiency of \$4,397,115 for the 2022 Test Year:

- The first contributor is the increase in OM&A as detailed in Exhibit 4. Please refer to Exhibit 4 Table 4.1-A: Summary of OM&A Increases – 2017 Board Approved to 2022 Test Year. Please note the OM&A shown above includes property taxes and LEAP.
- The second contributor relates to the increase in the return on rate base resulting from an increase in Rate Base of approximately \$24.2M which is detailed in Exhibit 2. Please refer to Exhibit 2, Table 2.1.1-A Summary of Rate Base which supports the Rate Base values shown above for 2017 Approved and 2022 Proposed. The rationale that supports the \$24.2M increase in Rate Base since 2017 is provided in the evidence in Exhibit 2. Included in the increase of \$24.2M is the regulated component of BP’s new facility, which was the subject of an Incremental Capital Module Application made in 2020 and approved by the OEB. The inclusion of Major Spares represents a change in methodology and has contributed to the increased Rate Base. The ending net book value balance for spares in the 2022 Test Year is \$944,681.

List of Attachments

Attachment 6-A - Revenue Requirement Work Form

Attachment 6-A

Revenue Requirement Work Form



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2021 Filers



Version 1.00

Utility Name	Brantford Power Inc.
Service Territory	<i>Brantford</i>
Assigned EB Number	EB-2021-0009
Name and Title	Oana Stefan, Manager of Regulatory Affairs
Phone Number	519-751-3522 x 5477
Email Address	ostefan@brantford.ca
Test Year	2022
Bridge Year	2021
Last Rebasing Year	2017

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



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2021 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. Load Forecast](#)

[11. Cost Allocation](#)

[12. Residential Rate Design](#)

[13. Rate Design and Revenue Reconciliation](#)

[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) ***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 format.***



Revenue Requirement Workform (RRWF) for 2021 Filers

Data Input ⁽¹⁾

	Initial Application ⁽²⁾			Per Board Decision
1 Rate Base				
Gross Fixed Assets (average)	\$119,351,969		\$ 119,351,969	\$119,351,969
Accumulated Depreciation (average)	(\$29,354,945) ⁽⁵⁾		(\$29,354,945)	(\$29,354,945)
Allowance for Working Capital:				
Controllable Expenses	\$13,802,317		\$ 13,802,317	\$13,802,317
Cost of Power	\$95,281,898		\$ 95,281,898	\$95,281,898
Working Capital Rate (%)	7.50% ⁽⁹⁾			
2 Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$18,382,682			
Distribution Revenue at Proposed Rates	\$22,779,797			
Other Revenue:				
Specific Service Charges	\$188,127			
Late Payment Charges	\$341,499			
Other Distribution Revenue	\$397,262			
Other Income and Deductions	\$140,144			
Total Revenue Offsets	\$1,067,032 ⁽⁷⁾			
Operating Expenses:				
OM+A Expenses	\$13,780,640		\$ 13,780,640	\$13,780,640
Depreciation/Amortization	\$4,019,354		\$ 4,019,354	\$4,019,354
Property taxes	\$261,988		\$ 261,988	\$261,988
Other expenses	\$28,000		28000	\$28,000
3 Taxes/PILs				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$1,587,539) ⁽³⁾			
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$447,238			
Income taxes (grossed up)	\$608,487			
Federal tax (%)	15.00%			
Provincial tax (%)	11.50%			
Income Tax Credits				
4 Capitalization/Cost of Capital				
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.0%			
Short-term debt Capitalization Ratio (%)	4.0% ⁽⁸⁾			
Common Equity Capitalization Ratio (%)	40.0%			
Preferred Shares Capitalization Ratio (%)				
	100.0%			
Cost of Capital				
Long-term debt Cost Rate (%)	3.28%			
Short-term debt Cost Rate (%)	1.75%			
Common Equity Cost Rate (%)	8.34%			
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 M12. 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.



Revenue Requirement Workform (RRWF) for 2021 Filers

Rate Base and Working Capital

Line No.	Particulars	Initial Application		Per Board Decision	
1	Gross Fixed Assets (average) ⁽²⁾	\$119,351,969	\$ -	\$119,351,969	\$ -
2	Accumulated Depreciation (average) ⁽²⁾	(\$29,354,945)	\$ -	(\$29,354,945)	\$ -
3	Net Fixed Assets (average) ⁽²⁾	\$89,997,024	\$ -	\$89,997,024	\$ -
4	Allowance for Working Capital ⁽¹⁾	\$8,181,316	(\$8,181,316)	\$ -	\$ -
5	Total Rate Base	\$98,178,340	(\$8,181,316)	\$89,997,024	\$ -

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$13,802,317	\$ -	\$13,802,317	\$ -
7	Cost of Power	\$95,281,898	\$ -	\$95,281,898	\$ -
8	Working Capital Base	\$109,084,215	\$ -	\$109,084,215	\$ -
9	Working Capital Rate % ⁽¹⁾	7.50%	-7.50%	0.00%	0.00%
10	Working Capital Allowance	\$8,181,316	(\$8,181,316)	\$ -	\$ -

Notes

(1) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2021 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.



Revenue Requirement Workform (RRWF) for 2021 Filers

Utility Income

Line No.	Particulars	Initial Application				Per Board Decision
Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)	\$22,779,797	(\$22,779,797)	\$ -	\$ -	\$ -
2	Other Revenue ⁽¹⁾	\$1,067,032	(\$1,067,032)	\$ -	\$ -	\$ -
3	Total Operating Revenues	\$23,846,829	(\$23,846,829)	\$ -	\$ -	\$ -
Operating Expenses:						
4	OM+A Expenses	\$13,780,640	\$ -	\$13,780,640	\$ -	\$13,780,640
5	Depreciation/Amortization	\$4,019,354	\$ -	\$4,019,354	\$ -	\$4,019,354
6	Property taxes	\$261,988	\$ -	\$261,988	\$ -	\$261,988
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$28,000	\$ -	\$28,000	\$ -	\$28,000
9	Subtotal (lines 4 to 8)	\$18,089,982	\$ -	\$18,089,982	\$ -	\$18,089,982
10	Deemed Interest Expense	\$1,873,131	(\$1,873,131)	\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$19,963,113	(\$1,873,131)	\$18,089,982	\$ -	\$18,089,982
12	Utility income before income taxes	\$3,883,716	(\$21,973,698)	(\$18,089,982)	\$ -	(\$18,089,982)
13	Income taxes (grossed-up)	\$608,487	\$ -	\$608,487	\$ -	\$608,487
14	Utility net income	\$3,275,229	(\$21,973,698)	(\$18,698,469)	\$ -	(\$18,698,469)

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$188,127	\$ -	\$ -	\$ -
	Late Payment Charges	\$341,499	\$ -	\$ -	\$ -
	Other Distribution Revenue	\$397,262	\$ -	\$ -	\$ -
	Other Income and Deductions	\$140,144	\$ -	\$ -	\$ -
	Total Revenue Offsets	\$1,067,032	\$ -	\$ -	\$ -



Revenue Requirement Workform (RRWF) for 2021 Filers

Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income before taxes	\$3,275,229	\$ -
2	Adjustments required to arrive at taxable utility income	(\$1,587,539)	\$ -
3	Taxable income	\$1,687,690	\$ -
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$447,238	\$447,238
6	Total taxes	\$447,238	\$447,238
7	Gross-up of Income Taxes	\$161,249	\$161,249
8	Grossed-up Income Taxes	\$608,487	\$608,487
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$608,487	\$608,487
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%
13	Total tax rate (%)	26.50%	26.50%

Notes



Revenue Requirement Workform (RRWF) for 2021 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
Initial Application					
	Debt				
1	Long-term Debt	56.00%	\$54,979,871	3.28%	\$1,804,406
2	Short-term Debt	4.00%	\$3,927,134	1.75%	\$68,725
3	Total Debt	60.00%	\$58,907,004	3.18%	\$1,873,131
	Equity				
4	Common Equity	40.00%	\$39,271,336	8.34%	\$3,275,229
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$39,271,336	8.34%	\$3,275,229
7	Total	100.00%	\$98,178,340	5.24%	\$5,148,360
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%	\$89,997,024	0.00%	\$ -
	Debt				
8	Long-term Debt	0.00%	\$ -	3.28%	\$ -
9	Short-term Debt	0.00%	\$ -	1.75%	\$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
11	Common Equity	0.00%	\$ -	8.34%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$89,997,024	0.00%	\$ -

Notes



Revenue Requirement Workform (RRWF) for 2021 Filers

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision		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		\$4,397,115		(\$398,232)		\$24,612,220
2	Distribution Revenue	\$18,382,682	\$18,382,682	\$18,382,682	\$23,178,028	\$ -	(\$24,612,220)
3	Other Operating Revenue Offsets - net	\$1,067,032	\$1,067,032	\$ -	\$ -	\$ -	\$ -
4	Total Revenue	<u>\$19,449,714</u>	<u>\$23,846,829</u>	<u>\$18,382,682</u>	<u>\$22,779,797</u>	<u>\$ -</u>	<u>\$ -</u>
5	Operating Expenses	\$18,089,982	\$18,089,982	\$18,089,982	\$18,089,982	\$18,089,982	\$18,089,982
6	Deemed Interest Expense	\$1,873,131	\$1,873,131	\$ -	\$ -	\$ -	\$ -
8	Total Cost and Expenses	<u>\$19,963,113</u>	<u>\$19,963,113</u>	<u>\$18,089,982</u>	<u>\$18,089,982</u>	<u>\$18,089,982</u>	<u>\$18,089,982</u>
9	Utility Income Before Income Taxes	(\$513,398)	\$3,883,716	\$292,700	\$4,689,815	(\$18,089,982)	(\$18,089,982)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$1,587,539)	(\$1,587,539)	(\$1,587,539)	(\$1,587,539)	\$ -	\$ -
11	Taxable Income	(\$2,100,937)	\$2,296,177	(\$1,294,839)	\$3,102,276	(\$18,089,982)	(\$18,089,982)
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13	Income Tax on Taxable Income	(\$556,748)	\$608,487	\$ -	\$822,103	\$ -	\$ -
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	<u>\$43,350</u>	<u>\$3,275,229</u>	<u>\$292,700</u>	<u>(\$18,698,469)</u>	<u>(\$18,089,982)</u>	<u>(\$18,698,469)</u>
16	Utility Rate Base	\$98,178,340	\$98,178,340	\$89,997,024	\$89,997,024	\$89,997,024	\$89,997,024
17	Deemed Equity Portion of Rate Base	\$39,271,336	\$39,271,336	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	0.11%	8.34%	0.00%	0.00%	0.00%	0.00%
19	Target Return - Equity on Rate Base	8.34%	8.34%	0.00%	0.00%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-8.23%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	1.95%	5.24%	0.33%	0.00%	-20.10%	0.00%
22	Requested Rate of Return on Rate Base	5.24%	5.24%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-3.29%	0.00%	0.33%	0.00%	-20.10%	0.00%
24	Target Return on Equity	\$3,275,229	\$3,275,229	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$3,231,879	\$ -	(\$292,700)	\$ -	\$18,089,982	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$4,397,115 ⁽¹⁾		(\$398,232) ⁽¹⁾		\$24,612,220 ⁽¹⁾	

Notes:

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



Revenue Requirement Workform (RRWF) for 2021 Filers

Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$13,780,640		\$13,780,640	
2	Amortization/Depreciation	\$4,019,354		\$4,019,354	
3	Property Taxes	\$261,988		\$261,988	
5	Income Taxes (Grossed up)	\$608,487		\$608,487	
6	Other Expenses	\$28,000		\$28,000	
7	Return				
	Deemed Interest Expense	\$1,873,131		\$ -	
	Return on Deemed Equity	\$3,275,229		\$ -	
8	Service Revenue Requirement (before Revenues)	<u>\$23,846,829</u>		<u>\$18,698,469</u>	
9	Revenue Offsets	\$1,067,032		\$ -	
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$22,779,797</u>		<u>\$18,698,469</u>	
11	Distribution revenue	\$22,779,797		\$ -	
12	Other revenue	\$1,067,032		\$ -	
13	Total revenue	<u>\$23,846,829</u>		<u>\$ -</u>	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ -</u>	⁽¹⁾	<u>(\$18,698,469)</u>	⁽¹⁾

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application		Δ% ⁽²⁾	Per Board Decision	Δ% ⁽²⁾
Service Revenue Requirement	\$23,846,829	\$18,698,469	(\$0)	\$18,698,469	(\$1)
Grossed-Up Revenue Deficiency/(Sufficiency)	\$4,397,115	(\$398,232)	(\$1)	\$24,612,220	(\$1)
Base Revenue Requirement (to be recovered from Distribution Rates)	\$22,779,797	\$18,698,469	(\$0)	\$18,698,469	(\$1)
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	\$4,397,115	\$ -	(\$1)	\$ -	(\$1)

Notes

⁽¹⁾ Line 11 - Line 8

⁽²⁾ Percentage Change Relative to Initial Application



Revenue Requirement Workform (RRWF) for 2021 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.

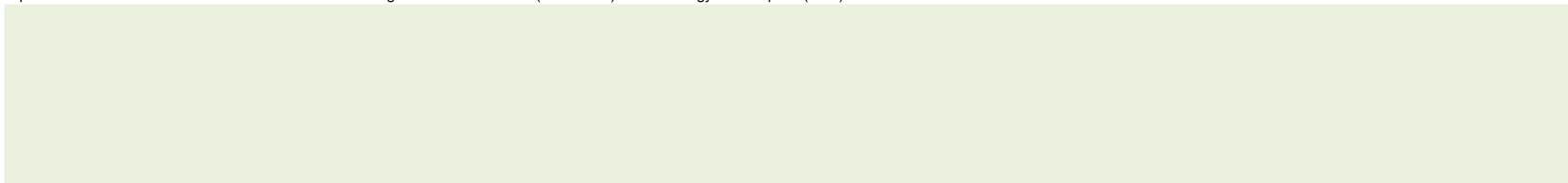
The information to be input is inclusive of any adjustments to kWh and kW to reflect the impacts of CDM programs up to and including CDM programs planned to be executed in the test year. i.e., the load forecast adjustments determined in **Appendix 2-I** should be incorporated into the entries. The inputs 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			Per Board Decision		
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	37,668	293,509,087				
2	GS<50	2,981	77,363,528				
3	GS > 50 kW (incl. WMP)	509	503,997,167	1,348,962			
4	Street Lighting	5,771	7,775,272	22,948			
5	Sentinel Lighting	476	154,391	462			
6	Unmetered Scattered Load (USL)	402	1,502,728				
7	Embedded distributor class	2	43,894,456	102,609			
8							
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17							
18							
19							
20							
Total			928,196,629	1,474,981			

Notes:

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





Revenue Requirement Workform (RRWF) for 2021 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⁾	%
<i>From Sheet 10. Load Forecast</i>				
<i>(7A)</i>				
1 Residential	\$ 11,684,876	63.46%	\$ 16,181,041	67.85%
2 GS<50	\$ 2,099,765	11.40%	\$ 2,141,292	8.98%
3 GS > 50 kW (incl. WMP)	\$ 4,014,970	21.80%	\$ 4,881,933	20.47%
4 Street Lighting	\$ 273,784	1.49%	\$ 273,981	1.15%
5 Sentinel Lighting	\$ 56,917	0.31%	\$ 49,968	0.21%
6 Unmetered Scattered Load (USL)	\$ 75,997	0.41%	\$ 84,008	0.35%
7 Embedded distributor class	\$ 207,647	1.13%	\$ 234,606	0.98%
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20				
Total	\$ 18,413,956	100.00%	\$ 23,846,829	100.00%
Service Revenue Requirement (from Sheet 9)			\$ 23,846,829.00	

- (1) Class Allocated Revenue Requirement, from Sheet O-1, Revenue to Cost || RR, row 40, from the Cost Allocation Study in this application. This excludes costs in deferral and variance accounts. For Embedded Distributors, Account 4750 - Low Voltage (LV) Costs are also excluded.
- (2) Host Distributors - Provide information on any embedded distributor(s) as a separate class, if applicable. If embedded distributors are billed in a General Service class, include the allocated costs and revenues of the embedded distributor(s) in the applicable class, and also complete Appendix 2-Q.
- (3) Customer Classes - If these differ from those in place in the previous cost allocation study, modify the customer classes to match the proposal in the current application as closely as possible.

B) Calculated Class Revenues

	Name of Customer Class	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	\$ 11,006,554	\$ 13,639,307.66	\$ 14,232,489	\$ 741,392
2	GS<50	\$ 1,790,407	\$ 2,218,669.68	\$ 2,218,670	\$ 85,526
3	GS > 50 kW (incl. WMP)	\$ 5,061,249	\$ 6,271,893.03	\$ 5,659,355	\$ 198,965
4	Street Lighting	\$ 248,442	\$ 307,868.75	\$ 305,942	\$ 22,835
5	Sentinel Lighting	\$ 34,790	\$ 43,112.15	\$ 43,196	\$ 3,044
6	Unmetered Scattered Load (USL)	\$ 79,829	\$ 98,923.97	\$ 96,182	\$ 4,628
7	Embedded distributor class	\$ 161,412	\$ 200,021.53	\$ 223,963	\$ 10,643
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20					
	Total	\$ 18,382,682	\$ 22,779,797	\$ 22,779,797	\$ 1,067,032

- (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: 2017	(7C + 7E) / (7A)	(7D + 7E) / (7A)	
	%	%	%	%
1 Residential	94.23%	88.87%	92.54%	85 - 115
2 GS<50	94.23%	107.61%	107.61%	80 - 120
3 GS > 50 kW (incl. WMP)	120.00%	132.55%	120.00%	80 - 120
4 Street Lighting	94.23%	120.70%	120.00%	80 - 120
5 Sentinel Lighting	98.85%	92.37%	92.54%	85 - 115
6 Unmetered Scattered Load (USL)	111.24%	123.26%	120.00%	80 - 120
7 Embedded distributor class	100.00%	89.80%	100.00%	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		
	2022	2023	2024	
1 Residential	92.54%	92.54%	92.54%	85 - 115
2 GS<50	107.61%	107.61%	107.61%	80 - 120
3 GS > 50 kW (incl. WMP)	120.00%	120.00%	120.00%	80 - 120
4 Street Lighting	120.00%	120.00%	120.00%	80 - 120
5 Sentinel Lighting	92.54%	92.54%	92.54%	85 - 115
6 Unmetered Scattered Load (USL)	120.00%	120.00%	120.00%	80 - 120
7 Embedded distributor class	100.00%	100.00%	100.00%	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 2021 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 2022 and 2023 Price Cap IR models, as necessary. For 2022 and 2023, enter the planned revenue-to-cost ratios that will be "Change" or "No Change" in 2019 (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'.

Revenue Requirement Workform (RRWF) for 2021 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	\$ 5,148,360	5.24%	\$ 98,178,340	\$ 109,084,215	\$ 8,181,316	\$ 4,019,354	\$ 608,487	13,780,640	\$ 23,846,829	\$ 1,067,032	\$ 22,779,797	\$ 4,397,115