



CANADIAN NIAGARA POWER INC.

A **FORTIS** ONTARIO  
*Company*

## EXHIBIT 6: REVENUE REQUIREMENT

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## 6.1 OVERVIEW

This Exhibit provides the calculation of CNPI's proposed revenue requirement for the 2022 Test Year, and the revenue deficiency that would result from continuing to apply CNPI's 2021 approved distribution rates.

In accordance with the Filing Requirements, information presented in this Exhibit excludes energy costs and associated revenues, as well as costs and revenues associated with low voltage charges or deferral and variance accounts.

The OEB's Revenue Requirement Work Form ("RRWF") is included as Appendix 6-A to this Exhibit and has also been filed in Excel format in conjunction with this Application.

## 6.2 CALCULATION OF REVENUE REQUIREMENT

### 6.2.1 PROPOSED REVENUE REQUIREMENT

CNPI's 2022 Service Revenue Requirement of \$22,944,904 represents the total revenue required by CNPI in order to continue distributing electricity safely and reliably. The Service Revenue Requirement consists of OM&A expenses, costs related to capital investments (depreciation and return on capital), as well as payment of both property taxes and income taxes.

The 2022 Base Revenue Requirement of \$21,603,653 is the basis for determining CNPI's 2022 distribution rates, using the cost allocation study presented in Exhibit 7 and the rate design process presented in Exhibit 8. This amount is calculated as the Service Revenue Requirement, less other revenue offsets of \$1,341,251, being the net revenue received from sources other than rates (e.g. service charges, joint-use attachments, billable work, etc.).

Table 6 - 1 below summarizes CNPI's proposed 2022 Revenue Requirement, consistent with Sheet 9 of the RRWF.

**Table 6 - 1: 2022 Test Year Revenue Requirement**

Revenue Requirement Component	2022 Test Year
OM&A Expenses (Incl LEAP)	\$9,958,029
Amortization/Depreciation	\$5,625,717
Property Taxes	\$105,100
Income Taxes (Grossed Up)	\$430,483
Regulated Return on Rate Base:	
Deemed Interest	\$2,951,625
Return on Deemed Equity	\$4,388,005
<b>Service Revenue Requirement</b>	<b>\$23,458,959</b>
Revenue Offsets	(\$1,341,251)
<b>Base Revenue Requirement (Excl Transformer Ownership Allowance)</b>	<b>\$22,117,708</b>

## 6.2.2 DETERMINATION OF NET UTILITY INCOME

Table 6 - 2 provides the calculation of CNPI's 2022 net income, consistent with Sheet 5 of the RRWF.

**Table 6 - 2: 2022 Test Year Net Income**

<b>Net Income Component</b>	<b>Test Year</b>
<u>Operating Revenues</u>	
Distribution Revenue (Proposed Rates)	\$22,117,708
Other Revenue	<u>\$1,341,251</u>
Total Operating Revenue	<u>\$23,458,959</u>
<u>Operating Expenses</u>	
OM&A Expenses	\$9,958,029
Depreciation/Amortization	\$5,625,717
Property Taxes	<u>\$105,100</u>
Total Operating Expenses	\$15,688,846
Deemed Interest Expense	<u>\$2,951,625</u>
Total Expenses	<u>\$18,640,471</u>
Utility Income Before Income Taxes	<u><u>\$4,818,488</u></u>
Income Taxes (Grossed-Up)	<u>\$430,483</u>
<b>Utility Net Income</b>	<u><u><b>\$4,388,005</b></u></u>

### 6.2.3 STATEMENT OF RATE BASE

Table 6 - 3 summarizes the calculation of CNPI's rate base for the 2022 Test Year, consistent with the more detailed rate base calculations and analysis contained in Exhibit 2 of this Application.

**Table 6 - 3: 2022 Test Year Rate Base Summary**

Gross Fixed Assets (average)	\$207,306,091
Accumulated Depreciation (average)	<u>(\$80,406,898)</u>
Net Fixed Assets (average)	\$126,899,193
Allowance for Working Capital	<u>\$4,635,743</u>
<b>Total Rate Base</b>	<b><u><u>\$131,534,936</u></u></b>

### 6.2.4 RETURN ON RATE BASE

Table 6 - 4 summarizes the calculation of CNPI's 2022 return on rate base, consistent with the cost of capital parameters and capital structure presented in Exhibit 5. The return on equity component of \$4,335,697 is equal to the net income as calculated in Section 6.2.2.

**Table 6 - 4: Calculation of 2022 Test Year Return on Rate Base**

	Capitalization Ratio		Cost Rate	Return
	(%)	(\$)	(%)	(\$)
<b>Debt</b>				
Long-term Debt	56.00%	\$73,659,564	3.88%	\$2,859,551
Short-term Debt	<u>4.00%</u>	<u>\$5,261,397</u>	<u>1.75%</u>	<u>\$92,074</u>
<b>Total Debt</b>	<u>60.00%</u>	<u>\$78,920,962</u>	<u>3.74%</u>	<u>\$2,951,625</u>
<b>Equity</b>				
Common Equity	40.00%	\$52,613,974	8.34%	\$4,388,005
Preferred Shares	<u>0.00%</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ -</u>
<b>Total Equity</b>	<u>40.00%</u>	<u>\$52,613,974</u>	<u>8.34%</u>	<u>\$4,388,005</u>
<b>Total</b>	<u>100.00%</u>	<u>\$131,534,936</u>	<u>5.58%</u>	<u>\$7,339,631</u>



## 6.2.5 REQUESTED AND INDICATED RATE OF RETURN

Table 6 - 5 compares CNPI's 2022 return on rate base, at both current approved rates, and proposed rates. The resulting rates of return are consistent with Sheet 8 of the RRWF and the difference of \$2,044,181 is equal to the revenue deficiency identified in Section 6.3.1 below.

CNPI's requested rate of return on rate base is 5.58%. Exhibit 5 provides detail on the determination of this rate, in consideration of CNPI's cost of debt and the OEB prescribed cost of capital parameters. CNPI's indicated rate of return (i.e. its rate of return on rate base at existing approved rates) is only 4.01%.

**Table 6 - 5: 2022 Return on Rate Base – Current vs. Proposed Rates**

	Current Rates	Proposed Rates	Difference
Deemed Interest Expense	\$2,951,625	\$2,951,625	\$0
Return on Deemed Equity	\$2,259,890	\$4,388,005	\$2,128,115
<b>Total Return on Rate Base</b>	<b>\$5,211,515</b>	<b>\$7,339,631</b>	<b>\$2,128,115</b>
Rate Base (from Table 6-4)	\$131,534,936	\$131,534,936	\$0
<b>Rate of Return on Rate Base</b>	<b>3.96%</b>	<b>5.58%</b>	<b>1.62%</b>
<b>Rate of Return on Equity</b>	<b>4.30%</b>	<b>8.34%</b>	<b>4.04%</b>

## 6.3 REVENUE DEFICIENCY OR SUFFICIENCY

### 6.3.1 CALCULATION OF REVENUE DEFICIENCY

CNPI's revenue deficiency at current approved rates is \$2,558,598. This deficiency is calculated as the difference between the 2022 Test Year Revenue Requirement and the forecast Test Year revenue at CNPI's 2021 approved distribution rates.

The detailed calculation of the 2022 revenue deficiency is provided in Table 6 - 6, which is consistent with Sheet 8 of the RRWF.

**Table 6 - 6: Calculation of 2022 Revenue Deficiency**

	Current Rates	Proposed Rates
Revenue Deficiency from Below		\$2,558,598
Distribution Revenue	\$19,559,110	\$19,559,110
Other Operating Revenue Offsets	\$1,341,251	\$1,341,251
<b>Total Revenue</b>	<b>\$20,900,361</b>	<b>\$23,458,959</b>
Operating Expenses	\$15,688,846	\$15,688,846
Deemed Interest Expense	\$2,951,625	\$2,951,625
<b>Total Cost and Expenses</b>	<b>\$18,640,471</b>	<b>\$18,640,471</b>
<b>Utility Income Before Income Taxes</b>	<b>\$2,259,890</b>	<b>\$4,818,488</b>
Tax Adjustments to Accounting Income	(\$3,194,024)	(\$3,194,024)
<b>Taxable Income</b>	<b>(\$934,134)</b>	<b>\$1,624,464</b>
Income Tax Rate	26.50%	26.50%
Income Tax on Taxable Income	(\$247,546)	\$430,483
Income Tax Credits	\$0	\$0
<b>Utility Net Income</b>	<b>\$2,507,436</b>	<b>\$4,388,005</b>
<b>Utility Rate Base</b>	<b>\$131,534,936</b>	<b>\$131,534,936</b>
Deemed Equity Portion of Rate Base	\$52,613,974	\$52,613,974
Income/(Equity Portion of Rate Base)	4.77%	8.34%
Target Return - Equity on Rate Base	8.34%	8.34%
Deficiency/Sufficiency in Return on Equity	-3.57%	0.00%
Indicated Rate of Return	4.15%	5.58%
Requested Rate of Return on Rate Base	5.58%	5.58%
Deficiency/Sufficiency in Rate of Return	-1.43%	0.00%
Target Return on Equity	\$4,338,005	\$4,338,005
Revenue Deficiency/(Sufficiency)	\$1,880,570	\$0
<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$2,558,598</b>	<b>\$0</b>

### 6.3.2 CAUSES OF REVENUE DEFICIENCY

Table 6 - 7 presents CNPI's Revenue Requirement trend from 2017 Board Approved to the 2022 Test Year.

**Table 6 - 7: Revenue Requirement Trend**

Revenue Requirement Component	2017 Board Appr	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
OM&A Expenses (Incl LEAP)	9,914,002	9,183,850	10,565,452	10,145,838	9,515,149	9,658,884	9,958,029
Amortization/Depreciation	4,767,507	4,529,681	4,467,502	4,669,110	4,861,991	5,309,907	5,625,717
Property Taxes	103,000	85,786	97,531	98,976	99,336	103,000	105,100
Income Taxes (Grossed Up)	521,069	1,011,261	659,734	78,340	28,558	28,289	430,483
Regulated Return on Rate Base:							
Deemed Interest	2,978,570	2,904,141	3,081,842	3,363,802	3,644,018	3,991,020	2,951,625
Return on Deemed Equity	3,147,033	3,068,395	3,256,146	3,554,053	3,850,117	4,216,746	4,388,005
<b>Service Revenue Requirement</b>	<b>21,431,182</b>	<b>20,783,115</b>	<b>22,128,206</b>	<b>21,910,119</b>	<b>21,999,169</b>	<b>23,307,846</b>	<b>23,458,959</b>
Revenue Offsets	(2,548,193)	(2,551,248)	(2,644,570)	(1,591,137)	(560,470)	(618,075)	(1,341,251)
<b>Base Revenue Requirement (Excl Transformer Ownership Allowance)</b>	<b>18,882,989</b>	<b>18,231,867</b>	<b>19,483,636</b>	<b>20,318,982</b>	<b>21,438,699</b>	<b>22,689,772</b>	<b>22,117,708</b>

Table 6 - 8, at the end of this section, provides a more detailed breakdown of CNPI 2017 Board Approved and 2022 Test Year revenue requirements. This table shows that CNPI is seeking approval for an increase to its base revenue requirement of \$3,275,455 (17% total or 3.5% average annual increase) as compared to the 2017 Board Approved amount, and provides references to where detailed evidence in other Exhibits can be found in support of each factor contributing to the change in revenue requirement.

The primary drivers of the change in revenue requirement are an increased return on rate base, and an increase in OM&A<sup>1</sup>. An increase in depreciation expense and a decrease in income taxes contribute to a lesser degree. Each of these contributing factors is summarized below.

<sup>1</sup> The increase in OM&A expenses appears primarily as a decrease in other revenue offsets in Table 6 - 8, due to the reclassification of Shared IT revenues and costs, as described in Section 1.2.8 of Exhibit 1. Table 6 - 9 includes adjustments to 2017 OM&A expenses and revenue offsets to provide a more consistent comparison between the 2017 Board Approved and 2022 Test Year amounts.

1 INCREASED RETURN ON RATE BASE (PARTIALLY OFFSET BY DECREASED COST OF CAPITAL)

2 CNPI's 2022 return on rate base is forecasted to increase by \$1,214,018 (20% total or 4% average annual  
3 increase) compared to 2017 Board Approved. This is primarily the result of an increase in rate base,  
4 partially offset by a lower rate of regulated return on rate base, and lower working capital allowance, as  
5 illustrated in Table 6 - 8. Between 2017 and 2022, CNPI's average net fixed assets have increased by  
6 \$41,307,409, as a result of implementing the majority of projects and programs identified in its previous  
7 DSP, responding to increases in customer connection requests, and completion of additional capital  
8 projects. Explanations of variances between the 2017-2021 DSP and actual/forecast 2017-2021 capital  
9 expenditures are provided in the 2022-2026 DSP submitted with this Application.

10 INCREASE IN DEPRECIATION EXPENSE

11 2022 depreciation expense is forecasted to increase by \$900,721 (19% total or 3.8% average annual  
12 increase) compared to 2017 Board Approved. The increased depreciation expense is a result of increase  
13 in fixed assets described above.

14 INCREASE IN OM&A

15 After adjusting 2017 Board Approved values to reflect the change in accounting methodology for shared  
16 IT assets (see Table 6 - 9), 2022 OM&A expenses are \$1,175,225 (13%) higher compared to 2017 Board  
17 Approved. OEB Appendix 2-JB, included in Section 4.2.2 of Exhibit 4, identifies 14 distinct cost drivers  
18 between 2017 approved and 2022 forecasted OM&A expenses. Drivers for OM&A cost increases were  
19 inflation, Appendix 2-K impact of change in FTEs, cybersecurity measures, it based third party solutions,  
20 metering service provider, and incremental costs from the pandemic. Drivers for OM&A cost decreases  
21 were the reclassification of shared assets recovery and administrative service recoveries from affiliates.  
22 Section 4.2.2 of Exhibit 4 provides explanations for each of these cost drivers.

23 DECREASE IN INCOME TAX

24 2022 income taxes are forecasted to decrease by \$90,586 (17%) compared to 2017 Board Approved.  
25 The decrease in income taxes is primarily the result of increased available deductions related to capital

- 1 cost allowance. Section 4.9.2 of Exhibit 4 provides additional detail on enhanced capital cost allowance
- 2 deductions.

1

**Table 6 - 8: 2017 to 2022 Revenue Requirement Comparison**

Driver	2017 Board Appr	2022 Test Year	Difference		Reference
			Absolute	%	
Long Term Debt Rate	5.81%	3.88%	-1.93%	-33%	5.1.2.3
Short Term Debt Rate	1.76%	1.75%	-0.01%	-1%	5.1.2.3
Weighted Average Debt Rate	5.54%	3.74%	-1.80%	-32%	5.1.2.3
Rate of Return on Equity	8.78%	8.34%	-0.44%	-5%	5.1.2.2
<b>Regulated Rate of Return on Rate Base</b>	<b>6.84%</b>	<b>5.58%</b>	<b>-1.26%</b>	<b>-18%</b>	<b>5.1.2</b>
Controllable Expenses	\$9,849,766	\$10,063,129	\$213,362	2%	4.2
Power Supply Expense	\$64,608,405	\$51,746,773	-\$12,861,632	-20%	2.3.2
<b>Working Capital Base</b>	<b>\$74,458,171</b>	<b>\$61,809,902</b>	<b>-\$12,648,269</b>	<b>-17%</b>	<b>2.3.1</b>
Working Capital Allowance Rate	7.50%	7.50%	0.00%	0%	2.3.1
<b>Working Capital Allowance ("WCA")</b>	<b>\$5,584,363</b>	<b>\$4,635,743</b>	<b>-\$948,620</b>	<b>-17%</b>	<b>2.3</b>
Net Fixed Assets Opening Test Year	\$81,690,697	\$123,226,409	\$41,535,712	51%	2.1.2
Net Fixed Assets Closing Test Year	\$86,356,871	\$130,571,977	\$44,215,106	51%	2.1.2
Average Net Fixed Assets	\$84,023,784	\$126,899,193	\$42,875,409	51%	2.1.2
Working Capital Allowance	\$5,584,363	\$4,635,743	-\$948,620	-17%	2.3
<b>Rate Base</b>	<b>\$89,608,147</b>	<b>\$131,534,936</b>	<b>\$41,926,789</b>	<b>47%</b>	<b>2.1.2</b>
Deemed Interest Expense	\$2,978,575	\$2,951,625	-\$26,950	-1%	5.1.2
Target Return on Deemed Equity	\$3,147,038	\$4,388,005	\$1,240,967	39%	5.1.2
<b>Regulated Return on Rate Base</b>	<b>\$6,125,613</b>	<b>\$7,339,631</b>	<b>\$1,214,018</b>	<b>20%</b>	<b>5.1.2</b>
Regulated Return on Rate Base	\$6,125,613	\$7,339,631	\$1,214,018	20%	5.1.2
OM&A	\$9,915,768	\$9,958,029	\$42,260	0%	4.2
Property Taxes	\$103,000	\$105,100	\$2,100	2%	4.10.2
Depreciation Expense	\$4,724,996	\$5,625,717	\$900,721	19%	4.9
Income Taxes	\$521,069	\$430,483	-\$90,586	-17%	4.10.1
Revenue Offset	-\$2,548,193	-\$1,341,251	\$1,206,942	-47%	3.4
<b>Base Revenue Requirement</b>	<b>\$18,842,253</b>	<b>\$22,117,708</b>	<b>\$3,275,455</b>	<b>17%</b>	<b>6.3.2</b>

2

1 **Table 6 - 9: 2017 to 2022 Revenue Requirement Comparison (2017 Shared IT Cost Adjustment)**

Driver	2017 Board Appr	2022 Test Year	Difference		Reference
			Absolute	%	
Long Term Debt Rate	5.81%	3.88%	-1.93%	-33%	5.1.2.3
Short Term Debt Rate	1.76%	1.75%	-0.01%	-1%	5.1.2.3
Weighted Average Debt Rate	5.54%	3.74%	-1.80%	-32%	5.1.2.3
Rate of Return on Equity	8.78%	8.34%	-0.44%	-5%	5.1.2.2
<b>Regulated Rate of Return on Rate Base</b>	<b>6.84%</b>	<b>5.58%</b>	<b>-1.26%</b>	<b>-18%</b>	<b>5.1.2</b>
Controllable Expenses	\$9,849,766	\$10,063,129	\$213,362	2%	4.2
Power Supply Expense	\$64,608,405	\$51,746,773	-\$12,861,632	-20%	2.3.2
<b>Working Capital Base</b>	<b>\$74,458,171</b>	<b>\$61,809,902</b>	<b>-\$12,648,269</b>	<b>-17%</b>	<b>2.3.1</b>
Working Capital Allowance Rate	7.50%	7.50%	0.00%	0%	2.3.1
<b>Working Capital Allowance ("WCA")</b>	<b>\$5,584,363</b>	<b>\$4,635,743</b>	<b>-\$948,620</b>	<b>-17%</b>	<b>2.3</b>
Net Fixed Assets Opening Test Year	\$81,690,697	\$123,226,409	\$41,535,712	51%	2.1.2
Net Fixed Assets Closing Test Year	\$86,356,871	\$130,571,977	\$44,215,106	51%	2.1.2
Average Net Fixed Assets	\$84,023,784	\$126,899,193	\$42,875,409	51%	2.1.2
Working Capital Allowance	\$5,584,363	\$4,635,743	-\$948,620	-17%	2.3
<b>Rate Base</b>	<b>\$89,608,147</b>	<b>\$131,534,936</b>	<b>\$41,926,789</b>	<b>47%</b>	<b>2.1.2</b>
Deemed Interest Expense	\$2,978,575	\$2,951,625	-\$26,950	-1%	5.1.2
Target Return on Deemed Equity	\$3,147,038	\$4,388,005	\$1,240,967	39%	5.1.2
<b>Regulated Return on Rate Base</b>	<b>\$6,125,613</b>	<b>\$7,339,631</b>	<b>\$1,214,018</b>	<b>20%</b>	<b>5.1.2</b>
Regulated Return on Rate Base	\$6,125,613	\$7,339,631	\$1,214,018	20%	5.1.2
<b>OM&amp;A</b>	<b>\$8,782,803</b>	<b>\$9,958,029</b>	<b>\$1,175,225</b>	<b>13%</b>	<b>4.2</b>
Property Taxes	\$103,000	\$105,100	\$2,100	2%	4.10.2
Depreciation Expense	\$4,724,996	\$5,625,717	\$900,721	19%	4.9
Income Taxes	\$521,069	\$430,483	-\$90,586	-17%	4.10.1
<b>Revenue Offset</b>	<b>-\$1,415,228</b>	<b>-\$1,341,251</b>	<b>\$73,977</b>	<b>-5%</b>	<b>3.4</b>
<b>Base Revenue Requirement</b>	<b>\$18,842,253</b>	<b>\$22,117,708</b>	<b>\$3,275,455</b>	<b>17%</b>	<b>6.3.2</b>

6.3.3 IMPACT OF CHANGE IN ACCOUNTING STANDARDS OR POLICIES

CNPI adopted Accounting Standards for Private Enterprises (“ASPE”) effective January 1, 2011. Prior to 2011, CNPI reported in accordance with the Canadian Generally Accepted Accounting Principles accounting standard. CNPI confirms that it made any required changes to its capitalization policies and depreciation rates related to IFRS in 2013. These changes were reflected and approved within CNPI’s last two cost of service proceedings, EB-2012-0112 and EB-2016-0061, and values presented within this Application have also been reported using this methodology. As such, there are no changes to accounting standards that impact the overall change in revenue requirement.

Variations between other revenue offsets and OM&A expenses caused by accounting methodology changes related to shared IT assets are addressed in Section 6.3.2 above.





**CANADIAN NIAGARA POWER INC.**

A **FORTIS** ONTARIO  
*Company*

## APPENDIX 6-A: REVENUE REQUIREMENT WORK FORM



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2021 Filers



Version 1.00

Utility Name	Canadian Niagara Power Inc.
Service Territory	All
Assigned EB Number	EB-2021-0011
Name and Title	Trevor Wilde - Manager, Regulatory Affairs
Phone Number	289-808-2236
Email Address	<a href="mailto:RegulatoryAffairs@fortisontario.com">RegulatoryAffairs@fortisontario.com</a>
Test Year	<a href="#">2022</a>
Bridge Year	<a href="#">2021</a>
Last Rebasing Year	<a href="#">2017</a>

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

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

	Initial Application <sup>(2)</sup>	Adjustments	Interrogatory Responses <sup>(6)</sup>	Adjustments	Per Board Decision
<b>1 Rate Base</b>					
Gross Fixed Assets (average)	\$207,306,091		\$ 207,306,091		\$207,306,091
Accumulated Depreciation (average)	(\$80,406,898) <sup>(5)</sup>		(\$80,406,898)		(\$80,406,898)
<b>Allowance for Working Capital:</b>					
Controllable Expenses	\$10,063,129		\$ 10,063,129		\$10,063,129
Cost of Power	\$51,746,773		\$ 51,746,773		\$51,746,773
Working Capital Rate (%)	7.50% <sup>(9)</sup>				
<b>2 Utility Income</b>					
Operating Revenues:					
Distribution Revenue at Current Rates	\$19,559,110				
Distribution Revenue at Proposed Rates	\$22,117,708				
<b>Other Revenue:</b>					
Specific Service Charges	\$130,700				
Late Payment Charges	\$129,500				
Other Distribution Revenue	\$741,651				
Other Income and Deductions	\$339,400				
Total Revenue Offsets	\$1,341,251 <sup>(7)</sup>				
<b>Operating Expenses:</b>					
OM+A Expenses	\$9,958,029		\$ 9,958,029		\$9,958,029
Depreciation/Amortization	\$5,625,717		\$ 5,625,717		\$5,625,717
Property taxes	\$105,100		\$ 105,100		\$105,100
Other expenses	\$ -		0		\$0
<b>3 Taxes/PILs</b>					
Taxable Income:					
Adjustments required to arrive at taxable income	(\$3,194,024) <sup>(3)</sup>				
<b>Utility Income Taxes and Rates:</b>					
Income taxes (not grossed up)	\$316,405				
Income taxes (grossed up)	\$430,483				
Federal tax (%)	15.00%				
Provincial tax (%)	11.50%				
Income Tax Credits	\$ -				
<b>4 Capitalization/Cost of Capital</b>					
<b>Capital Structure:</b>					
Long-term debt Capitalization Ratio (%)	56.0%				
Short-term debt Capitalization Ratio (%)	4.0% <sup>(8)</sup>				
Common Equity Capitalization Ratio (%)	40.0%				
Preferred Shares Capitalization Ratio (%)	0.0%				
	100.0%				
<b>Cost of Capital</b>					
Long-term debt Cost Rate (%)	3.88%				
Short-term debt Cost Rate (%)	1.75%				
Common Equity Cost Rate (%)	8.34%				
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 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.



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2021 Filers

## Rate Base and Working Capital

Line No.	Rate Base					
	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) <sup>(2)</sup>	\$207,306,091	\$ -	\$207,306,091	\$ -	\$207,306,091
2	Accumulated Depreciation (average) <sup>(2)</sup>	(\$80,406,898)	\$ -	(\$80,406,898)	\$ -	(\$80,406,898)
3	Net Fixed Assets (average) <sup>(2)</sup>	\$126,899,193	\$ -	\$126,899,193	\$ -	\$126,899,193
4	Allowance for Working Capital <sup>(1)</sup>	\$4,635,743	(\$4,635,743)	\$ -	\$ -	\$ -
5	<b>Total Rate Base</b>	<b>\$131,534,936</b>	<b>(\$4,635,743)</b>	<b>\$126,899,193</b>	<b>\$ -</b>	<b>\$126,899,193</b>

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

6	Controllable Expenses	\$10,063,129	\$ -	\$10,063,129	\$ -	\$10,063,129
7	Cost of Power	\$51,746,773	\$ -	\$51,746,773	\$ -	\$51,746,773
8	Working Capital Base	\$61,809,902	\$ -	\$61,809,902	\$ -	\$61,809,902
9	Working Capital Rate % <sup>(1)</sup>	7.50%	-7.50%	0.00%	0.00%	0.00%
10	Working Capital Allowance	\$4,635,743	(\$4,635,743)	\$ -	\$ -	\$ -

#### 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.



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2021 Filers

## Utility Income

Line No.	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Board Decision
<b>Operating Revenues:</b>						
1	Distribution Revenue (at Proposed Rates)	\$22,117,708	(\$22,117,708)	\$ -	\$ -	\$ -
2	Other Revenue <sup>(1)</sup>	\$1,341,251	(\$1,341,251)	\$ -	\$ -	\$ -
3	Total Operating Revenues	\$23,458,959	(\$23,458,959)	\$ -	\$ -	\$ -
<b>Operating Expenses:</b>						
4	OM+A Expenses	\$9,958,029	\$ -	\$9,958,029	\$ -	\$9,958,029
5	Depreciation/Amortization	\$5,625,717	\$ -	\$5,625,717	\$ -	\$5,625,717
6	Property taxes	\$105,100	\$ -	\$105,100	\$ -	\$105,100
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$15,688,846	\$ -	\$15,688,846	\$ -	\$15,688,846
10	Deemed Interest Expense	\$2,951,625	(\$2,951,625)	\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$18,640,471	(\$2,951,625)	\$15,688,846	\$ -	\$15,688,846
12	Utility income before income taxes	\$4,818,488	(\$20,507,334)	(\$15,688,846)	\$ -	(\$15,688,846)
13	Income taxes (grossed-up)	\$430,483	\$ -	\$430,483	\$ -	\$430,483
14	Utility net income	\$4,388,005	(\$20,507,334)	(\$16,119,329)	\$ -	(\$16,119,329)

## Notes

### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$130,700		\$ -		\$ -
	Late Payment Charges	\$129,500		\$ -		\$ -
	Other Distribution Revenue	\$741,651		\$ -		\$ -
	Other Income and Deductions	\$339,400		\$ -		\$ -
	Total Revenue Offsets	\$1,341,251	\$ -	\$ -	\$ -	\$ -



# Revenue Requirement Workform (RRWF) for 2021 Filers

## Taxes/PILs

Line No.	Particulars	Application	Interrogatory Responses	Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$4,388,005	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$3,194,024)	\$ -	\$ -
3	Taxable income	<u>\$1,193,981</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	\$316,405	\$316,405	\$316,405
6	Total taxes	<u>\$316,405</u>	<u>\$316,405</u>	<u>\$316,405</u>
7	Gross-up of Income Taxes	<u>\$114,078</u>	<u>\$114,078</u>	<u>\$114,078</u>
8	Grossed-up Income Taxes	<u>\$430,483</u>	<u>\$430,483</u>	<u>\$430,483</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$430,483</u>	<u>\$430,483</u>	<u>\$430,483</u>
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 (%)	<u>26.50%</u>	<u>26.50%</u>	<u>26.50%</u>

## 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%	\$73,659,564	3.88%	\$2,859,551
2	Short-term Debt	4.00%	\$5,261,397	1.75%	\$92,074
3	Total Debt	60.00%	\$78,920,962	3.74%	\$2,951,625
	Equity				
4	Common Equity	40.00%	\$52,613,974	8.34%	\$4,388,005
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$52,613,974	8.34%	\$4,388,005
7	Total	100.00%	\$131,534,936	5.58%	\$7,339,631
		Interrogatory Responses			
		(%)	(\$)	(%)	(\$)
	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%	\$126,899,193	0.00%	\$ -
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	3.88%	\$ -
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%	\$126,899,193	0.00%	\$ -

### Notes



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2021 Filers

## Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Interrogatory Responses		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		\$2,558,598		(\$5,021,852)		\$21,345,368
2	Distribution Revenue	\$19,559,110	\$19,559,110	\$19,559,110	\$27,139,560	\$ -	(\$21,345,368)
3	Other Operating Revenue	\$1,341,251	\$1,341,251	\$ -	\$ -	\$ -	\$ -
	Offsets - net						
4	<b>Total Revenue</b>	<b>\$20,900,361</b>	<b>\$23,458,959</b>	<b>\$19,559,110</b>	<b>\$22,117,708</b>	<b>\$ -</b>	<b>\$ -</b>
5	Operating Expenses	\$15,688,846	\$15,688,846	\$15,688,846	\$15,688,846	\$15,688,846	\$15,688,846
6	Deemed Interest Expense	\$2,951,625	\$2,951,625	\$ -	\$ -	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<b>\$18,640,471</b>	<b>\$18,640,471</b>	<b>\$15,688,846</b>	<b>\$15,688,846</b>	<b>\$15,688,846</b>	<b>\$15,688,846</b>
9	<b>Utility Income Before Income Taxes</b>	<b>\$2,259,890</b>	<b>\$4,818,488</b>	<b>\$3,870,265</b>	<b>\$6,428,863</b>	<b>(\$15,688,846)</b>	<b>(\$15,688,846)</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$3,194,024)	(\$3,194,024)	(\$3,194,024)	(\$3,194,024)	\$ -	\$ -
11	<b>Taxable Income</b>	<b>(\$934,134)</b>	<b>\$1,624,464</b>	<b>\$676,240</b>	<b>\$3,234,839</b>	<b>(\$15,688,846)</b>	<b>(\$15,688,846)</b>
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13	<b>Income Tax on Taxable Income</b>	<b>(\$247,546)</b>	<b>\$430,483</b>	<b>\$179,204</b>	<b>\$857,232</b>	<b>\$ -</b>	<b>\$ -</b>
14	<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
15	<b>Utility Net Income</b>	<b>\$2,507,436</b>	<b>\$4,388,005</b>	<b>\$3,691,061</b>	<b>(\$16,119,329)</b>	<b>(\$15,688,846)</b>	<b>(\$16,119,329)</b>
16	<b>Utility Rate Base</b>	<b>\$131,534,936</b>	<b>\$131,534,936</b>	<b>\$126,899,193</b>	<b>\$126,899,193</b>	<b>\$126,899,193</b>	<b>\$126,899,193</b>
17	Deemed Equity Portion of Rate Base	\$52,613,974	\$52,613,974	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	4.77%	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	-3.57%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	4.15%	5.58%	2.91%	0.00%	-12.36%	0.00%
22	Requested Rate of Return on Rate Base	5.58%	5.58%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-1.43%	0.00%	2.91%	0.00%	-12.36%	0.00%
24	Target Return on Equity	\$4,388,005	\$4,388,005	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$1,880,570	\$ -	(\$3,691,061)	\$ -	\$15,688,846	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$2,558,598 <sup>(1)</sup></b>		<b>(\$5,021,852) <sup>(1)</sup></b>		<b>\$21,345,368 <sup>(1)</sup></b>	

### Notes:

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



# Revenue Requirement Workform (RRWF) for 2021 Filers

## Revenue Requirement

Line No.	Particulars	Application	Interrogatory Responses	Per Board Decision
1	OM&A Expenses	\$9,958,029	\$9,958,029	\$9,958,029
2	Amortization/Depreciation	\$5,625,717	\$5,625,717	\$5,625,717
3	Property Taxes	\$105,100	\$105,100	\$105,100
5	Income Taxes (Grossed up)	\$430,483	\$430,483	\$430,483
6	Other Expenses	\$ -	\$ -	\$ -
7	Return			
	Deemed Interest Expense	\$2,951,625	\$ -	\$ -
	Return on Deemed Equity	\$4,388,005	\$ -	\$ -
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$23,458,959</u>	<u>\$16,119,329</u>	<u>\$16,119,329</u>
9	Revenue Offsets	\$1,341,251	\$ -	\$ -
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$22,117,708</u>	<u>\$16,119,329</u>	<u>\$16,119,329</u>
11	Distribution revenue	\$22,117,708	\$ -	\$ -
12	Other revenue	\$1,341,251	\$ -	\$ -
13	<b>Total revenue</b>	<u>\$23,458,959</u>	<u>\$ -</u>	<u>\$ -</u>
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$ -</u> <sup>(1)</sup>	<u>(\$16,119,329)</u> <sup>(1)</sup>	<u>(\$16,119,329)</u> <sup>(1)</sup>

## Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application	Interrogatory Responses	Δ% <sup>(2)</sup>	Per Board Decision	Δ% <sup>(2)</sup>
<b>Service Revenue Requirement</b>	\$23,458,959	\$16,119,329	(\$0)	\$16,119,329	(\$1)
<b>Grossed-Up Revenue</b>					
<b>Deficiency/(Sufficiency)</b>	\$2,558,598	(\$5,021,852)	(\$3)	\$21,345,368	(\$1)
<b>Base Revenue Requirement (to be recovered from Distribution Rates)</b>	\$22,117,708	\$16,119,329	(\$0)	\$16,119,329	(\$1)
<b>Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement</b>	\$2,558,598	\$ -	(\$1)	\$ -	(\$1)

### Notes

<sup>(1)</sup> Line 11 - Line 8

<sup>(2)</sup> Percentage Change Relative to Initial Application



Ontario Energy Board

# 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			Interrogatory Responses			Per Board Decision		
Customer Class		Initial Application			Interrogatory Responses			Per Board Decision		
Input the name of each customer class.		Customer / Connections	kWh	kW/kVA <sup>(1)</sup>	Customer / Connections	kWh	kW/kVA <sup>(1)</sup>	Customer / Connections	kWh	kW/kVA <sup>(1)</sup>
		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	27,227	207,937,091	-						
2	GS < 50	2,515	66,588,571	-						
3	GS 50 to 4,999 kW	187	176,291,005	522,202						
4	Embedded Distributor	1	5,185,553	13,863						
5	Street Light	6,064	1,449,102	4,403						
6	Sentinel Light	610	514,043	1,615						
7	USL	48	1,340,169	-						
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
Total			459,305,534	542,083		-	-		-	-

### Notes:

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



Ontario Energy Board

# 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 <sup>(3)</sup>	Costs Allocated from Previous Study <sup>(1)</sup>	%	Allocated Class Revenue Requirement <sup>(1)</sup>	%
From Sheet 10. Load Forecast				
			(7A)	
1 Residential	\$ 13,474,424	63.00%	\$ 15,195,555	64.78%
2 GS < 50	\$ 2,652,019	12.40%	\$ 2,832,293	12.07%
3 GS 50 to 4,999 kW	\$ 4,684,181	21.90%	\$ 4,842,632	20.64%
4 Embedded Distributor	\$ 132,000	0.62%	\$ 153,933	0.66%
5 Street Light	\$ 316,701	1.48%	\$ 297,981	1.27%
6 Sentinel Light	\$ 61,500	0.29%	\$ 59,412	0.25%
7 USL	\$ 67,846	0.32%	\$ 77,155	0.33%
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
<b>Total</b>	<b>\$ 21,388,671</b>	<b>100.00%</b>	<b>\$ 23,458,959</b>	<b>100.00%</b>
<b>Service Revenue Requirement (from Sheet 9)</b>			<b>\$ 23,458,959.17</b>	

- (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	\$ 12,219,333	\$ 13,817,788	\$ 13,859,017	\$ 928,059
2	GS < 50	\$ 2,664,429	\$ 3,012,973	\$ 3,012,973	\$ 142,905
3	GS 50 to 4,999 kW	\$ 4,094,805	\$ 4,630,462	\$ 4,630,462	\$ 235,421
4	Embedded Distributor	\$ 126,194	\$ 142,702	\$ 142,702	\$ 8,690
5	Street Light	\$ 336,789	\$ 380,846	\$ 339,617	\$ 17,960
6	Sentinel Light	\$ 52,357	\$ 59,206	\$ 59,206	\$ 3,841
7	USL	\$ 65,202	\$ 73,732	\$ 73,732	\$ 4,375
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
<b>Total</b>		\$ 19,559,110	\$ 22,117,708	\$ 22,117,708	\$ 1,341,251

- (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)	
		2017			
		%	%	%	%
1	Residential	95.06%	97.04%	97.31%	85 - 115
2	GS < 50	109.35%	111.42%	111.42%	80 - 120
3	GS 50 to 4,999 kW	107.60%	100.48%	100.48%	80 - 120
4	Embedded Distributor	100.00%	98.35%	98.35%	80 - 120
5	Street Light	120.00%	133.84%	120.00%	80 - 120
6	Sentinel Light	103.78%	106.12%	106.12%	80 - 120
7	USL	95.05%	101.23%	101.23%	80 - 120
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18					
19					
20					

- (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** <sup>(11)</sup>

	Name of Customer Class	Proposed Revenue-to-Cost Ratio			Policy Range
		Test Year	Price Cap IR Period		
			1	2	
1	Residential	97.31%	97.31%	97.31%	85 - 115
2	GS < 50	111.42%	111.42%	111.42%	80 - 120
3	GS 50 to 4,999 kW	100.48%	100.48%	100.48%	80 - 120
4	Embedded Distributor	98.35%	98.35%	98.35%	80 - 120
5	Street Light	120.00%	120.00%	120.00%	80 - 120
6	Sentinel Light	106.12%	106.12%	106.12%	80 - 120
7	USL	101.23%	101.23%	101.23%	80 - 120
8					
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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'.



This sheet replaces Appendix 2-V, and provides a simplified model for calculating the standard monthly and volumetric rates based on the allocated class revenues and fixed/variable split resulting from the cost allocation study and rate design and as proposed by the applicant. However, the RRFW does not replace the rate generator model that an applicant distributor may use in support of its application. The RRFW provides a demonstrative check on the derivation of the revenue requirement and on the proposed base distribution rates to recover the revenue requirement, based on summary information from a more detailed rate generator model and other models that applicants use for cost allocation, load forecasting, taxes/PILs, etc.

[illegible]

<sup>1</sup> Transformer Ownership Allowance is entered as a positive amount, and only for those classes to which it applies.

<sup>2</sup> The Fixed/Variable split, for each customer class, drives the "rate generator" portion of this sheet of the RRWF. Only the "fixed" fraction is entered, as the sum of the "fixed" and "variable" portions must sum to 100%. For a distributor that may set the Monthly Service Charge, the "fixed" ratio is calculated as:  $[MSC \times (\text{average number of customers or connections}) \times 12 \text{ months}] / (\text{Class Allocated Revenue Requirement})$ .



Ontario Energy Board

# 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.

<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.

## 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
	Original Application	\$ 7,339,631	5.58%	\$ 131,534,936	\$ 61,809,902	\$ 4,635,743	\$ 5,625,717	\$ 430,483	\$ 9,958,029	\$ 23,458,959	\$ 1,341,251	\$ 22,117,708	\$ 2,558,598