



Grimsby Power Inc.
Filed: July 30, 2021
EB-2021-0027
Exhibit 6

EXHIBIT 6

REVENUE DEFICIENCY OR SUFFICIENCY



EXHIBIT 6 - TABLE OF CONTENTS

<u>Exh</u>	<u>Tab</u>	<u>Sect</u>	<u>Att</u>	<u>Title</u>
6				REVENUE DEFICIENCY OR SUFFICIENCY
6	1			Revenue Requirement
6	1	1		Overview
6	1	2		Revenue Requirement
6	1	3		Cost Drivers on Revenue Deficiency
6	1		1	Attachment 6-1-1 Revenue Requirement Work Form



1

REVENUE DEFICIENCY OR SUFFICIENCY

2 6.1 OVERVIEW

3 Grimsby Power's net revenue deficiency is \$222,378. When grossed up for PILs,
4 Grimsby Power's revenue deficiency is \$302,556. This deficiency is calculated as the
5 difference between the 2022 Test Year Revenue Requirement of \$6,541,606 and the
6 Forecast 2022 Test Year Revenue, based on the 2021 approved rates, at \$6,239,050.
7 Table 6-1 on the following page provides the revenue deficiency calculations. The
8 table also includes the determination of net utility income, statement of rate base, the
9 utility return on rate base at existing rates and the requested rate of return on rate
10 base in this application. Further details on these items are provided in the PDF version
11 of the Revenue Requirement Work Form ("RRWF") – filed as Exhibit 6, Tab 1,
12 Attachment 1. A live Microsoft Excel version of the RRWF has also been filed with this
13 Application.

14 6.2 REVENUE REQUIREMENT

15 Grimsby Power's revenue requirement consists of the following:

- 16 - Administrative & General, Billing & Collecting Expense
- 17 - Operation & Maintenance Expense
- 18 - Depreciation Expense
- 19 - Property Taxes
- 20 - PILs
- 21 - Deemed Interest & Return on Equity

22 Grimsby Power's revenue requirement is primarily received through electricity
23 distribution rates with supplemental revenue from Board-approved specific service
24 charges such as late payment charges and other miscellaneous charges.

25



1
2

Table 6-1
Revenue Deficiency Calculation

Particulars	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below		\$302,556
Distribution Revenue	\$6,239,050	\$6,239,050
Other Operating Revenue Offsets - net	\$527,925	\$527,925
Total Revenue	\$6,766,976	\$7,069,531
Operating Expenses	\$5,371,181	\$5,371,181
Deemed Interest Expense	\$463,786	\$463,786
Total Cost and Expenses	\$5,834,967	\$5,834,967
Utility Income Before Income Taxes	\$932,009	\$1,234,564
Tax Adjustments to Accounting Income per 2013 PILs model	(\$222,471)	(\$222,471)
Taxable Income	\$709,538	\$1,012,093
Income Tax Rate	26.50%	26.50%
Income Tax on Taxable Income	\$188,027	\$268,205
Income Tax Credits	\$-	\$-
Utility Net Income	\$743,981	\$966,360
Utility Rate Base	\$28,967,612	\$28,967,612
Deemed Equity Portion of Rate Base	\$11,587,045	\$11,587,045
Income/(Equity Portion of Rate Base)	6.42%	8.34%
Target Return - Equity on Rate Base	8.34%	8.34%
Deficiency/Sufficiency in Return on Equity	-1.92%	0.00%
Indicated Rate of Return	4.17%	4.94%
Requested Rate of Return on Rate Base	4.94%	4.94%
Deficiency/Sufficiency in Rate of Return	-0.77%	0.00%
Target Return on Equity	\$966,360	\$966,360
Revenue Deficiency/(Sufficiency)	\$222,378	\$0
Gross Revenue Deficiency/(Sufficiency)	\$302,556	

3
4

1 **6.3 COST DRIVERS ON REVENUE DEFICIENCY**

2 Table 6-2 below outlines the contributors to the Revenue Deficiency by revenue
3 requirement component. Column A lists the 2016 approved amounts. Column B lists
4 the 2022 revenue at existing rates shown in Table 6-1 allocated to the revenue
5 requirement component based on the proportions in Column A. Column B estimates
6 the revenue requirement components for revenue at existing rates based on the
7 components assumed in existing rates. Column C lists the 2022 proposed
8 components. Finally, Column D represents the difference between Column C and
9 Column B which provides an estimate of the revenue requirement components for the
10 revenue deficiency of \$302,556.

11 **Table 6-2**
12 **Revenue Deficiency by Revenue Requirement Component**

Service Revenue Requirement	2016 Approved (A)	2022 Revenue at Existing Rates Allocated in Proportion to 2016 Approved (B)	2022 Proposed (C)	Revenue Deficiency (D)=(C)-(B)
OM&A	3,142,074	3,529,350	4,006,752	477,402
Property Tax	27,594	30,995	43,800	12,805
Depreciation	998,481	1,121,549	1,320,629	199,080
Return on Rate Base	1,349,979	1,516,370	1,430,146	-86,224
PILs	36,311	40,787	268,205	227,418
TOTAL	5,554,439	6,239,050	6,541,606	302,556
				Difference (D)=(C)-(A)
Rate Base	24,576,523		28,967,612	4,391,089

13
14 There are three main contributors to the Revenue Deficiency of \$302,556 for the
15 2022 Test Year:

- 16 • The first contributor is the cost increases in OM&A as detailed in Exhibit 4.
17 The increase in OM&A from the 2016 Board approved amount to the 2022
18 proposed amount is \$864,678 as explained in Exhibit 4, Table 4-2. (Please see



1 Appendices 2-JA, 2-JB and 2-JC and the supporting explanation for the increase
2 in OM&A since 2016). Based on the information shown in Table 6 - 2 ,
3 \$387,276 (\$3,529,350 minus \$3,142,074) of the increase is included in
4 revenue at existing rates and the remaining \$477,402 contributes to the
5 revenue deficiency.

6 • The second relates to the increase in Depreciation Expenses as detailed in
7 Exhibit 4. The increase in depreciation from the 2016 Board-approved amount
8 to the 2022 proposed amount is \$322,148, from which \$123,068 is included in
9 the revenue at existing rates and the remaining \$199,080 contributes to the
10 Revenue Deficiency. Grimsby Power Inc. evidence shows that the increase in
11 the Test Year Depreciation Expense is largely due to the added Depreciation
12 Expense from the change in Net Fixed Assets between 2016 and 2022.

13 • The third relates to the increase in PILs as detailed in Exhibit 4, Tab 9. Grimsby's
14 PILs expense has increased materially from 2016 to 2022 because taxable
15 income increased from \$100,713 to \$1,012,093. Taxable income increased
16 primarily due to a \$580,249 decrease to "Adjustments required to arrive at
17 taxable income" (\$802,720 to \$222,471).

18 • These increases are partially offset by a decline to the Return on Rate Base
19 caused by lower cost of capital parameters (see Exhibit 5, Tab 1).

20 • As shown in Table 6-2, Property Tax does not have a material impact on the
21 Revenue Deficiency.



Grimsby Power Inc.
Filed: July 30, 2021
EB-2021-0027
Exhibit 6
Tab 1
Attachment 1

ATTACHMENT 1

REVENUE REQUIREMENT WORKFORM



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2021 Filers



Version 1.00

Utility Name	Grimsby Power Incorporated
Service Territory	Town of Grimsby
Assigned EB Number	EB-2021-0027
Name and Title	Regulatory & Customer Accounts Representative
Phone Number	905-945-5437 ext 258
Email Address	amyl@grimsbypower.com
Test Year	2022
Bridge Year	2021
Last Rebasing Year	2016

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. Attachment 1 Page 2

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 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 Reqt](#)

[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)	\$38,903,355		\$	38,903,355	\$38,903,355
Accumulated Depreciation (average)	(\$12,471,272) ⁽⁵⁾			(\$12,471,272)	(\$12,471,272)
Allowance for Working Capital:					
Controllable Expenses	\$4,050,552		\$	4,050,552	\$4,050,552
Cost of Power	\$29,756,512		\$	29,756,512	\$29,756,512
Working Capital Rate (%)	7.50% ⁽⁹⁾				
2 Utility Income					
Operating Revenues:					
Distribution Revenue at Current Rates	\$6,239,050				
Distribution Revenue at Proposed Rates	\$6,541,606				
Other Revenue:					
Specific Service Charges	\$78,460				
Late Payment Charges	\$30,000				
Other Distribution Revenue					
Other Income and Deductions	\$419,465				
Total Revenue Offsets	\$527,925 ⁽⁷⁾				
Operating Expenses:					
OM+A Expenses	\$4,006,752		\$	4,006,752	\$4,006,752
Depreciation/Amortization	\$1,320,629		\$	1,320,629	\$1,320,629
Property taxes	\$43,800		\$	43,800	\$43,800
Other expenses					
3 Taxes/PLTs					
Taxable Income:					
Adjustments required to arrive at taxable income	(\$222,471) ⁽³⁾				
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$197,130				
Income taxes (grossed up)	\$268,205				
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 (%)	2.73%				
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.



Ontario Energy Board

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⁾	\$38,903,355	\$ -	\$38,903,355	\$ -	\$38,903,355	
2	Accumulated Depreciation (average) ⁽²⁾	(\$12,471,272)	\$ -	(\$12,471,272)	\$ -	(\$12,471,272)	
3	Net Fixed Assets (average) ⁽²⁾	\$26,432,082	\$ -	\$26,432,082	\$ -	\$26,432,082	
4	Allowance for Working Capital ⁽¹⁾	\$2,535,530	(\$2,535,530)	\$ -	\$ -	\$ -	
5	Total Rate Base	\$28,967,612	(\$2,535,530)	\$26,432,082	\$ -	\$26,432,082	

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$4,050,552	\$ -	\$4,050,552	\$ -	\$4,050,552
7	Cost of Power	\$29,756,512	\$ -	\$29,756,512	\$ -	\$29,756,512
8	Working Capital Base	\$33,807,064	\$ -	\$33,807,064	\$ -	\$33,807,064
9	Working Capital Rate % ⁽¹⁾	7.50%	-7.50%	0.00%	0.00%	0.00%
10	Working Capital Allowance	\$2,535,530	(\$2,535,530)	\$ -	\$ -	\$ -

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)	\$6,541,606	(\$6,541,606)	\$ -	\$ -	\$ -
2	Other Revenue ⁽¹⁾	\$527,925	(\$527,925)	\$ -	\$ -	\$ -
3	Total Operating Revenues	\$7,069,531	(\$7,069,531)	\$ -	\$ -	\$ -
Operating Expenses:						
4	OM+A Expenses	\$4,006,752	\$ -	\$4,006,752	\$ -	\$4,006,752
5	Depreciation/Amortization	\$1,320,629	\$ -	\$1,320,629	\$ -	\$1,320,629
6	Property taxes	\$43,800	\$ -	\$43,800	\$ -	\$43,800
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$5,371,181	\$ -	\$5,371,181	\$ -	\$5,371,181
10	Deemed Interest Expense	\$463,786	(\$463,786)	\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$5,834,967	(\$463,786)	\$5,371,181	\$ -	\$5,371,181
12	Utility income before income taxes	\$1,234,564	(\$6,605,745)	(\$5,371,181)	\$ -	(\$5,371,181)
13	Income taxes (grossed-up)	\$268,205	\$ -	\$268,205	\$ -	\$268,205
14	Utility net income	\$966,360	(\$6,605,745)	(\$5,639,385)	\$ -	(\$5,639,385)

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$78,460	\$ -	\$ -	\$ -	\$ -
	Late Payment Charges	\$30,000	\$ -	\$ -	\$ -	\$ -
	Other Distribution Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
	Other Income and Deductions	\$419,465	\$ -	\$ -	\$ -	\$ -
	Total Revenue Offsets	\$527,925	\$ -	\$ -	\$ -	\$ -



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	\$966,360	\$ -	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$222,471)	\$ -	\$ -	\$ -
3	Taxable income	<u>\$743,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Calculation of Utility Income Taxes</u>					
4	Income taxes	\$197,130	\$197,130	\$197,130	\$197,130
6	Total taxes	<u>\$197,130</u>	<u>\$197,130</u>	<u>\$197,130</u>	<u>\$197,130</u>
7	Gross-up of Income Taxes	\$71,074	\$71,074	\$71,074	\$71,074
8	Grossed-up Income Taxes	<u>\$268,205</u>	<u>\$268,205</u>	<u>\$268,205</u>	<u>\$268,205</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$268,205</u>	<u>\$268,205</u>	<u>\$268,205</u>	<u>\$268,205</u>
10	Other tax Credits	\$ -	\$ -	\$ -	\$ -
<u>Tax Rates</u>					
11	Federal tax (%)	15.00%	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%	11.50%	11.50%
13	Total tax rate (%)	<u>26.50%</u>	<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%	\$16,221,863	2.73%	\$443,509
2	Short-term Debt	4.00%	\$1,158,704	1.75%	\$20,277
3	Total Debt	60.00%	\$17,380,567	2.67%	\$463,786
	Equity				
4	Common Equity	40.00%	\$11,587,045	8.34%	\$966,360
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$11,587,045	8.34%	\$966,360
7	Total	100.00%	\$28,967,612	4.94%	\$1,430,146
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%	\$26,432,082	0.00%	\$ -
	Debt				
8	Long-term Debt	0.00%	\$ -	2.73%	\$ -
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%	\$26,432,082	0.00%	\$ -

Notes

[Redacted area]



Revenue Requirement Workform (RRWF) for 2021 Filers

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision			
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$302,556		(\$948,080)		\$7,307,729
2	Distribution Revenue	\$6,239,050	\$6,239,050	\$6,239,050	\$7,489,686	\$ -	(\$7,307,729)
3	Other Operating Revenue Offsets - net	\$527,925	\$527,925	\$ -	\$ -	\$ -	\$ -
4	Total Revenue	\$6,766,976	\$7,069,531	\$6,239,050	\$6,541,606	\$ -	\$ -
5	Operating Expenses	\$5,371,181	\$5,371,181	\$5,371,181	\$5,371,181	\$5,371,181	\$5,371,181
6	Deemed Interest Expense	\$463,786	\$463,786	\$ -	\$ -	\$ -	\$ -
8	Total Cost and Expenses	\$5,834,967	\$5,834,967	\$5,371,181	\$5,371,181	\$5,371,181	\$5,371,181
9	Utility Income Before Income Taxes	\$932,009	\$1,234,564	\$867,870	\$1,170,425	(\$5,371,181)	(\$5,371,181)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$222,471)	(\$222,471)	(\$222,471)	(\$222,471)	\$ -	\$ -
11	Taxable Income	\$709,538	\$1,012,093	\$645,399	\$947,954	(\$5,371,181)	(\$5,371,181)
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13	Income Tax on Taxable Income	\$188,027	\$268,205	\$171,031	\$251,208	\$ -	\$ -
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	\$743,981	\$966,360	\$696,839	(\$5,639,385)	(\$5,371,181)	(\$5,639,385)
16	Utility Rate Base	\$28,967,612	\$28,967,612	\$26,432,082	\$26,432,082	\$26,432,082	\$26,432,082
17	Deemed Equity Portion of Rate Base	\$11,587,045	\$11,587,045	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	6.42%	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	-1.92%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	4.17%	4.94%	2.64%	0.00%	-20.32%	0.00%
22	Requested Rate of Return on Rate Base	4.94%	4.94%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-0.77%	0.00%	2.64%	0.00%	-20.32%	0.00%
24	Target Return on Equity	\$966,360	\$966,360	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$222,378	\$0	(\$696,839)	\$ -	\$5,371,181	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$302,556 ⁽¹⁾		(\$948,080) ⁽¹⁾		\$7,307,729 ⁽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	\$4,006,752		\$4,006,752	
2	Amortization/Depreciation	\$1,320,629		\$1,320,629	
3	Property Taxes	\$43,800		\$43,800	
5	Income Taxes (Grossed up)	\$268,205		\$268,205	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$463,786		\$ -	
	Return on Deemed Equity	\$966,360		\$ -	
8	Service Revenue Requirement (before Revenues)	<u>\$7,069,531</u>		<u>\$5,639,385</u>	
9	Revenue Offsets	\$527,925		\$ -	
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$6,541,606</u>		<u>\$5,639,385</u>	
11	Distribution revenue	\$6,541,606		\$ -	
12	Other revenue	\$527,925		\$ -	
13	Total revenue	<u>\$7,069,531</u>		<u>\$ -</u>	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$0</u>	⁽¹⁾	<u>(\$5,639,385)</u>	⁽¹⁾ <u>(\$5,639,385)</u>

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application		Δ% ⁽²⁾	Per Board Decision	Δ% ⁽²⁾
Service Revenue Requirement	\$7,069,531	\$5,639,385	(\$0)	\$5,639,385	(\$1)
Grossed-Up Revenue Deficiency/(Sufficiency)	\$302,556	(\$948,080)	(\$4)	\$7,307,729	(\$1)
Base Revenue Requirement (to be recovered from Distribution Rates)	\$6,541,606	\$5,639,385	(\$0)	\$5,639,385	(\$1)
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	\$302,556	\$ -	(\$1)	\$ -	(\$1)

Notes

- ⁽¹⁾ Line 11 - Line 8
⁽²⁾ 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.

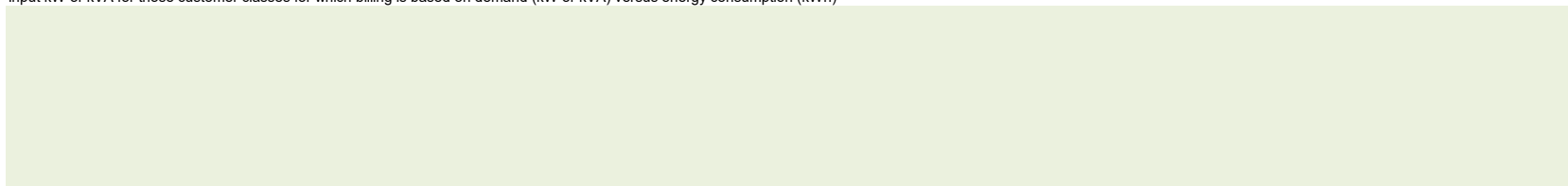
Stage in Process:

Initial Application

Customer Class		Initial Application			Customer / Connections			Per Board Decision		
Input the name of each customer class.		Customer / Connections	kWh	kW/kVA ⁽¹⁾	Customer / Connections	kWh	kW/kVA ⁽¹⁾	Customer / Connections	kWh	kW/kVA ⁽¹⁾
		Test Year average or mid-year	Annual	Annual	Test Year average or mid-year	Annual	Annual	Test Year average or mid-year	Annual	Annual
1	Residential	11,213	98,116,964							
2	GS<50	845	22,618,334							
3	GS>50 to 4,999	96	78,461,633	223,982						
4	Street Lights	2,730	751,790	2,087						
5	Unmetered Scattered Load	60	311,198							
6	Embedded Distributor	1	58,660,344	190,745						
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
Total			258,920,264	416,815		-	-		-	-

Notes:

⁽¹⁾ 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 ⁽³⁾	Costs Allocated from Previous Study ⁽¹⁾	%	Allocated Class Revenue Requirement ⁽¹⁾	%
<i>From Sheet 10. Load Forecast</i>				
(7A)				
1 Residential	\$ 3,382,488	60.90%	\$ 4,443,220	62.85%
2 GS<50	\$ 605,824	10.91%	\$ 777,814	11.00%
3 GS>50 to 4,999	\$ 1,025,537	18.46%	\$ 1,265,965	17.91%
4 Street Lights	\$ 86,660	1.56%	\$ 119,862	1.70%
5 Unmetered Scattered Load	\$ 56,312	1.01%	\$ 12,678	0.18%
6 Embedded Distributor	\$ 397,618	7.16%	\$ 449,992	6.37%
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
Total	\$ 5,554,439	100.00%	\$ 7,069,531	100.00%
Service Revenue Requirement (from Sheet 9)			\$ 7,069,531.13	

- (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	\$ 3,953,255	\$ 4,144,963.86	\$ 4,144,964	\$ 360,764
2 GS<50	\$ 726,747	\$ 761,989.54	\$ 761,990	\$ 56,001
3 GS>50 to 4,999	\$ 937,999	\$ 983,486.47	\$ 1,006,741	\$ 90,887
4 Street Lights	\$ 92,669	\$ 97,162.78	\$ 97,163	\$ 12,732
5 Unmetered Scattered Load	\$ 35,534	\$ 37,257.31	\$ 14,003	\$ 1,211
6 Embedded Distributor	\$ 492,846	\$ 516,745.73	\$ 516,746	\$ 6,331
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
Total	\$ 6,239,050	\$ 6,541,606	\$ 6,541,606	\$ 527,926

- (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

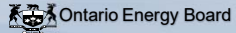
Name of Customer Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios	Policy Range
	Most Recent Year: 2016 %	(7C + 7E) / (7A) %	(7D + 7E) / (7A) %	
1 Residential	105.93%	101.41%	101.41%	85 - 115
2 GS<50	101.73%	105.17%	105.17%	80 - 120
3 GS>50 to 4,999	80.97%	84.87%	86.70%	80 - 120
4 Street Lights	105.93%	91.68%	91.68%	80 - 120
5 Unmetered Scattered Load	62.28%	303.42%	120.00%	80 - 120
6 Embedded Distributor	100.00%	116.24%	116.24%	
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
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 ⁽¹¹⁾

Name of Customer Class	Proposed Revenue-to-Cost Ratio			Policy Range
	Test Year 2022	2023	Price Cap IR Period 2024	
1 Residential	101.41%	101.41%	101.41%	85 - 115
2 GS<50	105.17%	105.17%	105.17%	80 - 120
3 GS>50 to 4,999	86.70%	86.70%	86.70%	80 - 120
4 Street Lights	91.68%	91.68%	91.68%	80 - 120
5 Unmetered Scattered Load	120.00%	120.00%	120.00%	80 - 120
6 Embedded Distributor	116.24%	116.24%	116.24%	
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

(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

Rate Design and Revenue Reconciliation

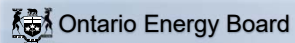
This sheet replaces Appendix 2-V, and provides a simplified model for calculating the standard monthly and volumetric rates based on the allocated class revenues and fixed/variable split resulting from the cost allocation study and rate design and as proposed by the applicant. However, the RRWF does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

Stage in Process:		Initial Application		Class Allocated Revenues			Fixed / Variable Splits ²			Distribution Rates		Revenue Reconciliation					
Customer and Load Forecast				From Sheet 11, Cost Allocation and Sheet 12, Residential Rate Design			Percentage to be entered as a fraction between 0 and 1										
Customer Class	Volumetric Charge Determinant	Customers / Connections	kWh	kw or kVA	Total Class Revenue Requirement	Monthly Service Charge	Volumetric	Fixed	Variable	Transformer Ownership Allowance ¹ (\$)	Monthly Service Charge Rate	No. of decimals	Volumetric Rate	No. of decimals	MSC Revenues	Volumetric revenues	Revenues less Transformer Ownership Allowance
From sheet 10, Load Forecast																	
1 Residential	kWh	11,213	98,116,964	-	\$ 4,144,964	\$ 4,144,964	\$ 0	100.00%	0.00%		\$30.80	2	\$0.0000 /kWh	4	\$ 4,144,324.80	\$ -	\$ 4,144,324.80
2 GS<50	kWh	845	22,619,334	-	\$ 761,990	\$ 277,228	\$ 484,762	36.38%	63.62%		\$27.34		\$0.0214 /kWh		\$ 277,227.60	\$ 484,032.3539	\$ 761,259.95
3 GS>50 to 4,999	kW	95	78,451,633	223,982	\$ 1,006,741	\$ 282,670	\$ 724,071	28.38%	71.62%	\$ 32,100	\$245.37		\$3.3760 /kW		\$ 262,665.24	\$ 756,164,7380	\$ 1,068,730.98
4 Street Lights	kW	2,730	751,790	2,087	\$ 97,163	\$ 83,811	\$ 13,352	86.26%	13.74%		\$2.56		\$6.3976 /kW		\$ 83,865.60	\$ 13,352,0658	\$ 97,217.67
5 Unmetered Scattered Load	kWh	60	311,198	-	\$ 14,003	\$ 11,023	\$ 2,980	78.72%	21.28%		\$15.31		\$0.0096 /kWh		\$ 11,023.20	\$ 2,987,5049	\$ 14,010.70
6 Embedded Distributor	kW	1	58,660,344	190,745	\$ 516,746	\$ 258,373	\$ 258,373	50.00%	50.00%		\$21,531.07		\$1.3545 /kW		\$ 258,372.84	\$ 258,364,3475	\$ 516,737.19
7															\$ -	\$ -	\$ -
8															\$ -	\$ -	\$ -
9															\$ -	\$ -	\$ -
10															\$ -	\$ -	\$ -
11															\$ -	\$ -	\$ -
12															\$ -	\$ -	\$ -
13															\$ -	\$ -	\$ -
14															\$ -	\$ -	\$ -
15															\$ -	\$ -	\$ -
16															\$ -	\$ -	\$ -
17															\$ -	\$ -	\$ -
18															\$ -	\$ -	\$ -
19															\$ -	\$ -	\$ -
20															\$ -	\$ -	\$ -
Total Transformer Ownership Allowance										\$ 32,100							
										Rates recover revenue requirement							
															Total Distribution Revenues		\$ 6,540,281.29
															Base Revenue Requirement		\$ 6,541,605.68
															Difference		\$ - 1,324.39
															% Difference		-0.020%

Notes:

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

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



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	\$ 1,430,146	4.94%	\$ 28,967,612	\$ 33,807,064	\$ 2,535,530	\$ 1,320,629	\$ 268,205	\$ 4,006,752	\$ 7,069,531	\$ 527,925	\$ 6,541,606	\$ 302,556

1