



EXHIBIT 6 – REVENUE REQUIREMENT

2022 Cost of Service

Ottawa River Power Corp.
EB-2021-0052

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6.1 CALCULATION OF REVENUE REQUIREMENT

6.1.1 DETERMINATION OF NET UTILITY INCOME

Ottawa River Power Corp.'s (ORPC) current rates were approved by the Board with an effective date of May 1, 2021 through an Incentive Rate Mechanism (IRM) application (EB-2020-0049). Existing revenues are based on existing Board approved rates, which are used in calculating utility's income, and are comprised of distribution revenue and exclude pass-through charges such as LV Charges and Transmission Charges and well as balances in deferral and variance accounts.

Details on existing and projected distribution revenue at existing rates are presented in both Exhibit 3 and Exhibit 8 and are also replicated below. Other revenues are shown in Exhibit 3 Section 3.4.

The tables below illustrate distribution revenues at both current rates effective May 1st, 2021, and proposed rates using forecasted 2022 kWh consumption and demand kW volumes.

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Table 1 - Distribution Revenues at Current Rates – 2022 Volumes

2021 Rates at 2022 Load

Customer Class Name	Test Year Projected Revenue from Existing Variable Charges							
	Variable Distribution Rate	per	Test Year Volume	Gross Variable Revenue	Transform. Allowance Rate	Transform. Allowance kW's	Transform. Allowance \$'s	Net Variable Revenue
<i>Residential</i>	\$0.0000	kWh	80,356,209	\$0.00			\$0.00	\$0.00
<i>GS<50 kW</i>	\$0.0135	kWh	29,645,117	\$400,209.08			\$0.00	\$400,209.08
<i>GS 50 to 4999 kW</i>	\$3.7003	kW	219,807	\$813,350.63	-0.60	30565	-\$18,339.00	\$795,011.63
<i>Sentinel Lighting</i>	\$9.6026	kW	495	\$4,752.20			\$0.00	\$4,752.20
<i>Street Lighting</i>	\$13.7739	kW	3,027	\$41,694.36			\$0.00	\$41,694.36
<i>Unmetered Scattered Load</i>	\$0.0037	kWh	606,879	\$2,245.45			\$0.00	\$2,245.45
<i>Other Class</i>		kW	0	\$0.00			\$0.00	\$0.00
Total Variable Revenue			110,831,533	\$1,262,251.73		30565	-\$18,339.00	\$1,243,912.73
<u>2021 Rates at 2022 Load</u>								

Customer Class Name	Test Year Projected Revenue from Existing Fixed Charges							
	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Revenue	TOTAL	% Fixed Revenue	% Variable Revenue	% Total Revenue
<i>Residential</i>	\$24.63	10,191	\$3,012,117.35	\$0.00	\$3,012,116.98	100.00%		61.78%
<i>GS<50 kW</i>	\$23.74	1,264	\$360,092.64	\$400,209.08	\$760,301.72	47.36%	52.64%	15.59%
<i>GS 50 to 4999 kW</i>	\$89.34	151	\$161,848.39	\$795,011.63	\$956,860.01	16.91%	83.09%	19.63%
<i>Sentinel Lighting</i>	\$3.11	166	\$6,195.12	\$4,752.20	\$10,947.32	56.66%	43.34%	0.22%
<i>Street Lighting</i>	\$2.51	2,949	\$88,823.88	\$41,694.36	\$130,518.24	68.06%	31.94%	2.68%
<i>Unmetered Scattered Load</i>	\$10.91	19	\$2,487.48	\$2,245.45	\$4,732.93	52.56%	47.44%	0.10%
<i>Other Class</i>		0	\$0.00	\$0.00	\$0.00			
Total Fixed Revenue		14,741	\$3,631,592.50	\$1,243,912.73	\$4,875,477.59			

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3 Current Rates were OEB approved for May 1st, 2021, as per OEB Final Rate Order for EB-2020-0049 (March
4 25,2020

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Table 2 - Distribution Revenues at Proposed Rates – 2022 Volumes

Test Year Projected Revenue from Proposed Variable Charges								
<i>Customer Class Name</i>	Variable Distribution Rate	per	Test Year Volume	Gross Variable Revenue	Transform. Allowance Rate	Transform. Allowance kW's	Transform. Allowance \$'s	Net Variable Revenue
<i>Residential</i>	\$0.0000	kWh	80,356,209	\$0.00			\$0.00	\$0.00
<i>GS<50 kW</i>	\$0.0139	kWh	29,645,117	\$412,621.62			\$0.00	\$412,621.62
<i>GS 50 to 4999 kW</i>	\$3.0997	kW	219,807	\$681,343.71	-0.6	30565	-\$18,339.00	\$663,004.71
<i>Sentinel Lighting</i>	\$9.8896	kWh	495	\$4,894.25			\$0.00	\$4,894.25
<i>Street Lighting</i>	\$12.8171	kW	3,027	\$38,798.13			\$0.00	\$38,798.13
<i>Unmetered Scattered Load</i>	\$0.0060	kW	606,879	\$3,662.95			\$0.00	\$3,662.95
<i>Other Class</i>								
Total Variable Revenue			110,831,533	\$1,141,320.65		30565	-\$18,339.00	\$1,122,981.65
2021 Rates at 2021 Load								
Test Year Projected Revenue from Proposed Fixed Charges								
<i>Customer Class Name</i>	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Revenue	TOTAL	% Fixed Revenue	% Variable Revenue	% Total Revenue
<i>Residential</i>	\$26.32	10,191	\$3,218,568.21	\$0.00	\$3,218,568.21	93.59%		61.78%
<i>GS<50 kW</i>	\$23.74	1,264	\$360,092.64	\$412,621.62	\$772,714.26	46.60%	52.64%	15.59%
<i>GS 50 to 4999 kW</i>	\$89.34	151	\$161,848.39	\$663,004.71	\$824,853.09	19.62%	83.09%	19.63%
<i>Sentinel Lighting</i>	\$3.20	166	\$6,399.25	\$4,894.25	\$11,293.37	55.02%	43.34%	0.22%
<i>Street Lighting</i>	\$2.34	2,949	\$82,658.41	\$38,798.13	\$121,456.47	73.14%	31.94%	2.68%
<i>Unmetered Scattered Load</i>	\$13.02	19	\$2,968.72	\$3,662.95	\$6,631.67	37.51%	47.44%	0.10%
<i>Other Class</i>								
Total Fixed Revenue		14,741	\$3,832,540.52	\$1,122,981.65	\$4,955,517.48			

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6.1.2 PROPOSED REVENUE REQUIREMENT

The 2022 Base Revenue Requirement, which represents the amount of money a utility must receive from its customers to cover its day-to-day operating costs, taxes, interest paid on debts owed to investors and a deemed return (profit) is calculated to be \$4,955,522.

The table below presents ORPC's proposed 2022 Revenue Requirement as calculated in the OEB's Revenue Requirement Work Form which is being filed with this application and is also presented at Appendix 1 of this Exhibit.

Table 3 - Test Year Revenue Requirement

<i>Particular</i>	2022	Reference
<i>OM&A Expenses</i>	\$3,708,394	6.1.2 / Exhibit 4
<i>Depreciation Expense</i>	\$957,283	6.1.3 / Exhibit 2
<i>Property Taxes</i>		
Total Distribution Expenses	\$4,665,677	
<i>Regulated Return On Capital</i>	\$655,460	6.1.6 / Exhibit 5
<i>Grossed up PILs</i>	\$0	6.1.5
Service Revenue Requirement	\$5,321,137	
<i>Less: Revenue Offsets</i>	-\$365,681	6.1.7
Base Revenue Requirement	\$4,955,456	

ORPC confirms that the OEB's 2022 Revenue Requirement Workform (RRWF) accurately reflects its proposed rates for the 2022 Test Year and therefore there is no requirement for the Applicant to file its' rate generator model.

6.1.3 OM&A

ORPC's 2022 Test Year operating costs are projected to be \$3,708,394 which represents an increase of \$643,431 from its 2016 Cost of Service or 21%. A summary is presented in Table 1 - Total OM&A below. Details on OM&A are presented in Exhibit 4.

Table 4 – Test Year Operating Costs

	2016 Board Approved	2022	Diff
<i>Operations</i>	\$529,246	\$901,091	\$371,844
<i>Maintenance</i>	\$673,343	\$576,747	-\$96,596
<i>Billing and Collecting</i>	\$733,000	\$962,860	\$229,860
<i>Community Relations</i>	\$67,000	\$42,318	-\$24,682
<i>Administrative and General</i>	\$1,062,375	\$1,225,378	\$163,003
Total	\$3,064,964	\$3,708,394	\$643,431

6.1.4 DEPRECIATION EXPENSE

Depreciation Expenses for the Test Year are determined to be \$957,283 and are presented at Exhibit 2.

6.1.5 PROPOSED PILS

ORPC is required to make payments in lieu of income taxes ("taxes") based on its taxable income. ORPC files Federal/Provincial tax returns annually.

There have been no special circumstances that would require specific tax planning measures to minimize taxes payable.

ORPC has been selected for an audit of its 2017 and 2018 tax returns. ORPC expects no or immaterial adjustments once the audit is complete. There are no outstanding reassessments or disputes relating the tax returns filed by ORPC.

There are non-utility activities included in ORPC's financial results. Therefore the amount of PILs payable is calculated accordingly in the proposed allowance to be included in the revenue requirement.

ORPC has used the OEB PILs Tax Work Form model to calculate the amount of taxes for inclusion in its 2021 rates. PILs have been calculated under MIFRS accounting policies. The PILS model was completed by ORPC's external auditor Baker Tilly to ensure that the current and proposed tax rates have been applied, that the amount of PILS calculated appears reasonable and that the integrity checks established in the Boards Minimum Filing Requirements have been adhered to.

ORPC's taxes for the 2022 Test Year, under the new accounting policies, ORPC's PILs amount to \$0.

The income tax sheet from the Revenue Requirement Work form is presented on the next page, and the PILs model is being filed in conjunction with this application. Actual most recent federal and provincial tax returns are presented in Attachment 1 of this Exhibit.

ORPC pays the following property taxes which are set by the Towns and for which ORPC has no control over. These taxes are included in OM&A accounts and are not separated in revenue requirement tables:

Table 5 – Property Taxes

Property Taxes	
2016	\$61,815
2017	\$52,262
2018	\$47,427
2019	\$50,206
2020	\$51,549
2021	\$52,126
2022	\$53,168

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Table 6 – Tax provision for the test year

Particulars	Application
<u>Determination of Taxable Income</u>	
Utility net income before taxes	\$443,101
Adjustments required to arrive at taxable utility income	-\$454,628
Taxable income	-\$11,540
<u>Calculation of Utility income Taxes</u>	
Income taxes	-\$2,488
Capital taxes	\$ -
Total taxes	\$ -
Gross-up of Income Taxes	\$ -
Grossed-up Income Taxes	\$ -
PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$ -
Other tax Credits	\$ -
<u>Tax Rates</u>	
Federal tax (%)	15.00%
Provincial tax (%)	11.50%
Total tax rate (%)	26.50%

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3 The utility's latest tax return is presented at the Attachment 1 of this Exhibit.

4 ORPC confirms that it has use of the stand-alone principle when determining PILs amounts.

5 ORPC has verified the following information.

- ✓ it has exercised sound tax planning and that for rate setting purposes, it maximized tax credits and take the maximum deductions allowed if it made sense for the utility to do so.
- ✓ It has excluded from PILs calculations both when they were created, and when they were collected, regardless of the actual tax treatment accorded those amounts.
- ✓ A copy of the most recent Federal and Provincial tax is presented in Attachment 2 of this Exhibit.
- ✓ Detailed calculations of Income Tax or PILs are shown in the OEB PILs model filed along with this application.
- ✓ Adjustments to PILs were required for the purpose of calculating accelerated CCA. Supporting tables and explanations are provided below. There no other adjustments (e.g., Tax credits, CCA adjustments) for the Historical, Bridge and Test Years and as such, no other supporting schedules and calculations and explanations for "other additions" and "other deductions" were required.

6.1.5.1 NON- RECOVERABLE AND DISALLOWED EXPENSES

ORPC confirms that expenses that are deemed non-recoverable in the revenue requirement (e.g. individual charitable donations) or disallowed for regulatory purposes have been excluded from the regulatory tax calculation.

6.1.5.2 PILS INTEGRITY CHECK

ORPC confirms to the best of its knowledge that the following integrity checks have been completed in its application. In completing the PILs model, ORPC confirms that;

- ✓ the depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application;

- 1 ✓ the capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate
- 2 base section for historical, bridge and test years;
- 3 ✓ Schedule 8 of the most recent federal T2 tax return filed with the application has a
- 4 closing December 31st historic year UCC that agrees with the opening bridge year UCC
- 5 at January 1st;
- 6 ✓ The CCA deductions in the application's PILs tax model for historical, bridge and test
- 7 years agree with the numbers in the UCC schedules for the same years filed in the
- 8 application;
- 9 ✓ Loss carry-forwards, if any, from the tax returns (Schedule 4) agree with those disclosed
- 10 in the application;
- 11 ✓ CCA is maximized even if there are tax loss carryforwards; and
- 12 ✓ A statement is included in the application as to when the losses, if any, will be fully
- 13 utilized.

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6.1.6 STATEMENT OF RATE BASE AND RETURN ON RATE BASE

The table below shows the Statement of Rate Base:

Table 7 - Statement of Rate Base

	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$7,438,142	2.73%	\$203,061
Short-term Debt	4.00%	\$531,296	1.75%	\$9,298
Total Debt	60.00%	\$7,969,438	2.66%	\$212,359
Equity				
Common Equity	40.00%	\$5,312,959	8.34%	\$443,101
Preferred Shares	0.00%	\$ -	0.00%	\$ -
Total Equity	40.00%	\$5,312,959	8.34%	\$443,101
Total	100.00%	\$13,282,397	4.93%	\$655,460

In preparing its' 2022 Cost of Service application, ORPC has used the most recent published allowed return on equity (ROE) rate of 8.34% as per the OEB's prescribed Cost of Capital Parameters published for 2021 Cost of Service applications¹.

ORPC acknowledges the OEB will most likely update the ROE for 2022 at a later date, and therefore the utility commits to updating its' Application to reflect the OEB's updated Cost of Capital Parameters for 2022 applications and as new information is issued.

¹ OEB "2020 Cost of Capital Parameters Updates" letter (October 31, 2019), Value for Applications for rate changes in 2020 ROE 8.52%

6.1.7 OVERVIEW OF OTHER REVENUE

Other Distribution Revenues are revenues that are distribution related but are sourced from means other than distribution rates. For this reason, other revenues are deducted from ORPC's proposed revenue requirement. Further details on the derivation of the Revenue Requirement is presented in Exhibit 6.

Other Distribution Revenues includes items such as:

- Specific Service Charges
- Late Payment Charges
- Other Distribution Revenues
- Other Income and Expenses

A detailed breakdown by USoA account is shown in the OEB Appendix 2-H presented on the next page. Year-over-year variance analysis follow at Section 3.4.2 - Other Revenue Variance Analysis.

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Table 8 – OEB Appendix 2-H

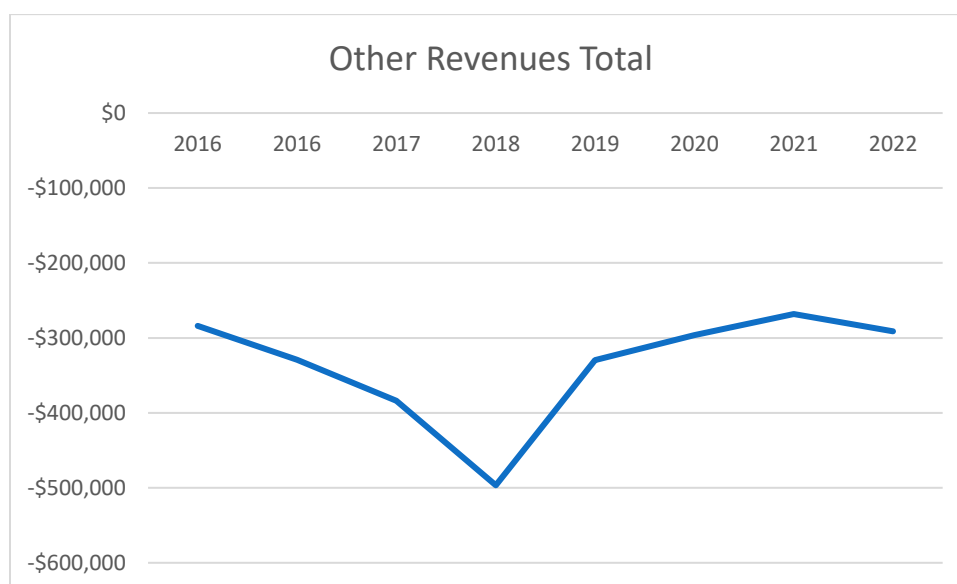
		2016	2016	2017	2018	2019	2020	2021	2022
	USoA Description	Board Approved							
4235	4235-Miscellaneous Service Revenues	-\$67,000	-\$74,073	-\$64,248	-\$61,508	-\$51,647	-\$49,102	-\$49,000	-\$49,000
4225	4225-Late Payment Charges	-\$55,000	-\$57,076	-\$55,611	-\$86,748	-\$47,920	-\$29,688	-\$66,987	-\$66,987
4082	4082-Retail Services Revenues	-\$6,000	-\$8,024	-\$8,139	-\$5,934	-\$11,640	-\$12,251	-\$14,635	-\$14,635
4084	4084-Service Transaction Requests (STR) Revenues	-\$10	-\$18	-\$15	-\$7	-\$30	-\$25	-\$19	-\$19
4086	4086-SSS Administration Revenue	-\$33,000	-\$31,504	-\$31,843	-\$32,853	-\$32,916	-\$33,164	-\$33,469	-\$33,777
4210	4210-Rent from Electric Property	-\$58,000	-\$57,775	-\$57,775	-\$36,428	-\$44,436	-\$83,947	-\$63,295	-\$124,364
4325	4325-Revenues from Merchandise Jobbing, Etc.	-\$30,000	-\$53,948	-\$75,818	-\$405,067	\$0	\$0	\$0	\$0
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	\$0	\$0	\$0	\$325,882	\$0	\$0	\$0	\$0
4355	4355-Gain on Disposition of Utility and Other Property	\$0	\$0	-\$25,000	-\$3,405	-\$43,872	\$0	\$0	\$0
4375	4375-Revenues from Non-Utility Operations	\$0	-\$1,191	-\$1,372	-\$147,119	-\$769,422	-\$481,913	-\$400,000	-\$400,000
4380	4380-Expenses of Non-Utility Operations	\$0	\$0	\$0	\$38,142	\$682,198	\$436,182	\$340,000	\$340,000
4390	4390-Miscellaneous Non-Operating Income	-\$15,000	-\$4,647	-\$19,821	-\$5,663	-\$1,284	-\$20,729	-\$1,900	-\$1,900
4405	4405-Interest and Dividend Income	-\$20,000	-\$40,862	-\$44,341	-\$75,878	-\$53,014	-\$21,612	-\$7,000	-\$15,000
	Total	-\$284,010	-\$329,118	-\$383,983	-\$496,586	-\$373,986	-\$296,247	-\$296,305	-\$365,681

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Table 9 – Graph of OEB Appendix 2-H

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6.1.7.1 OTHER REVENUE VARIANCE ANALYSIS

The tables below present year-over-year variances of other operating revenues:

Table 10 – Variance Analysis of Other Operating Revenues

2016 Board Approved – 2016 Actuals

		2016	2016	\$	%
	USoA Description	Board Approved			
4235	4235-Miscellaneous Service Revenues	-\$67,000	-\$74,073	-\$7,073	10.56%
4225	4225-Late Payment Charges	-\$55,000	-\$57,076	-\$2,076	3.77%
4082	4082-Retail Services Revenues	-\$6,000	-\$8,024	-\$2,024	33.74%
4084	4084-Service Transaction Requests (STR) Revenues	-\$10	-\$18	-\$8	77.50%
4086	4086-SSS Administration Revenue	-\$33,000	-\$31,504	\$1,496	4.53%
4205	4205-Interdepartmental Rents	\$0	\$0	\$0	
4210	4210-Rent from Electric Property	-\$58,000	-\$57,775	\$225	0.39%
4215	4215-Other Utility Operating Income	\$0	\$0	\$0	
4220	4220-Other Electric Revenues	\$0	\$0	\$0	
4240	4240-Provision for Rate Refunds	\$0	\$0	\$0	
4245	4245-Government Assistance Directly Credited to Income	\$0	\$0	\$0	
4305	4305-Regulatory Debits	\$0	\$0	\$0	
4310	4310-Regulatory Credits	\$0	\$0	\$0	
4315	4315-Revenues from Electric Plant Leased to Others	\$0	\$0	\$0	
4320	4320-Expenses of Electric Plant Leased to Others	\$0	\$0	\$0	
4324	4324-Special Purpose Charge Recovery	\$0	\$0	\$0	
4325	4325-Revenues from Merchandise Jobbing, Etc.	-\$30,000	-\$53,948	-\$23,948	79.83%
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	\$0	\$0	\$0	
4335	4335-Profits and Losses from Financial Instrument Hedges	\$0	\$0	\$0	
4340	4340-Profits and Losses from Financial Instrument Investments	\$0	\$0	\$0	
4345	4345-Gains from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4350	4350-Losses from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4355	4355-Gain on Disposition of Utility and Other Property	\$0	\$0	\$0	
4360	4360-Loss on Disposition of Utility and Other Property	\$0	\$0	\$0	
4362	4362-Loss Retirement of Utility and Other Property	\$0	\$0	\$0	
4365	4365-Gains from Disposition of Allowances for Emission	\$0	\$0	\$0	
4370	4370-Losses from Disposition of Allowances for Emission	\$0	\$0	\$0	
4375	4375-Revenues from Non-Utility Operations	\$0	-\$1,191	-\$1,191	
4375	4375-Sub-account Generation Facility Revenues	\$0	\$0	\$0	
4380	4380-Expenses of Non-Utility Operations	\$0	\$0	\$0	
4380	4380-Sub-account Generation Facility Expenses	\$0	\$0	\$0	
4385	4385-Non-Utility Rental Income	\$0	\$0	\$0	
4390	4390-Miscellaneous Non-Operating Income	-\$15,000	-\$4,647	\$10,353	69.02%
4395	4395-Rate-Payer Benefit Including Interest	\$0	\$0	\$0	
4398	4398-Foreign Exchange Gains and Losses, Including Amortization	\$0	\$0	\$0	
4405	4405-Interest and Dividend Income	-\$20,000	-\$40,862	-\$20,862	104.31%
4415	4415-Equity in Earnings of Subsidiary Companies	\$0	\$0	\$0	
other	other	\$0	\$0	\$0	
other	other	\$0	\$0	\$0	

	Total	-\$284,010	-\$329,118	-\$45,108	16%
Specific Service Charges		-\$67,000	-\$74,073	-\$7,073	10.56%
Late Payment Charges		-\$55,000	-\$57,076	-\$2,076	3.77%
Other Distribution/Operating Revenues		-\$97,010	-\$97,321	-\$311	0.32%
Other Income or Deductions		-\$65,000	-\$100,649	-\$35,649	54.84%
Total		-\$284,010	-\$329,118	-\$45,108	15.88%

2016 Board Approved compared to 2016 Actual

The Other Revenues variance reflects an increase of \$45,108 due to higher than anticipated revenues from non-utility operations and due to additional revenues included in interest income. Revenues from non-utility operations are revenues for activity with ORPC's affiliate. This amount varies year to year depending on the projects each year at the affiliate level. The increase in Interest Income was caused by the auditors reclassifying \$19,904.69 of depreciation on capital contributions into other income for financial statement presentation purposes.

Table 11 - Variance Analysis of Other Operating Revenues

2016 Actuals – 2017 Actuals

		2016	2017	\$	%
	USoA Description				
4235	4235-Miscellaneous Service Revenues	-\$74,073	-\$64,248	\$9,825	13.26%
4225	4225-Late Payment Charges	-\$57,076	-\$55,611	\$1,465	2.57%
4082	4082-Retail Services Revenues	-\$8,024	-\$8,139	-\$114	1.42%
4084	4084-Service Transaction Requests (STR) Revenues	-\$18	-\$15	\$3	16.90%
4086	4086-SSS Administration Revenue	-\$31,504	-\$31,843	-\$339	1.08%
4205	4205-Interdepartmental Rents	\$0	\$0	\$0	
4210	4210-Rent from Electric Property	-\$57,775	-\$57,775	\$0	0.00%
4215	4215-Other Utility Operating Income	\$0	\$0	\$0	
4220	4220-Other Electric Revenues	\$0	\$0	\$0	
4240	4240-Provision for Rate Refunds	\$0	\$0	\$0	
4245	4245-Government Assistance Directly Credited to Income	\$0	\$0	\$0	
4305	4305-Regulatory Debits	\$0	\$0	\$0	
4310	4310-Regulatory Credits	\$0	\$0	\$0	
4315	4315-Revenues from Electric Plant Leased to Others	\$0	\$0	\$0	

4320	4320-Expenses of Electric Plant Leased to Others	\$0	\$0	\$0	
4324	4324-Special Purpose Charge Recovery	\$0	\$0	\$0	
4325	4325-Revenues from Merchandise Jobbing, Etc.	-\$53,948	-\$75,818	-\$21,870	40.54%
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	\$0	\$0	\$0	
4335	4335-Profits and Losses from Financial Instrument Hedges	\$0	\$0	\$0	
4340	4340-Profits and Losses from Financial Instrument Investments	\$0	\$0	\$0	
4345	4345-Gains from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4350	4350-Losses from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4355	4355-Gain on Disposition of Utility and Other Property	\$0	-\$25,000	-\$25,000	
4360	4360-Loss on Disposition of Utility and Other Property	\$0	\$0	\$0	
4362	4362-Loss Retirement of Utility and Other Property	\$0	\$0	\$0	
4365	4365-Gains from Disposition of Allowances for Emission	\$0	\$0	\$0	
4370	4370-Losses from Disposition of Allowances for Emission	\$0	\$0	\$0	
4375	4375-Revenues from Non-Utility Operations	-\$1,191	-\$1,372	-\$181	15.20%
4375	4375-Sub-account Generation Facility Revenues	\$0	\$0	\$0	
4380	4380-Expenses of Non-Utility Operations	\$0	\$0	\$0	
4380	4380-Sub-account Generation Facility Expenses	\$0	\$0	\$0	
4385	4385-Non-Utility Rental Income	\$0	\$0	\$0	
4390	4390-Miscellaneous Non-Operating Income	-\$4,647	-\$19,821	-\$15,174	326.55%
4395	4395-Rate-Payer Benefit Including Interest	\$0	\$0	\$0	
4398	4398-Foreign Exchange Gains and Losses, Including Amortization	\$0	\$0	\$0	
4405	4405-Interest and Dividend Income	-\$40,862	-\$44,341	-\$3,479	8.51%
4415	4415-Equity in Earnings of Subsidiary Companies	\$0	\$0	\$0	
	Total	-\$329,118	-\$383,983	-\$54,865	17%
	Specific Service Charges	-\$74,073	-\$64,248	\$9,825	13.26%
	Late Payment Charges	-\$57,076	-\$55,611	\$1,465	2.57%
	Other Distribution/Operating Revenues	-\$97,321	-\$97,771	-\$450	0.46%
	Other Income or Deductions	-\$100,649	-\$166,353	-\$65,705	65.28%
	Total	-\$329,118	-\$383,983	-\$54,865	16.67%

- 1
- 2 **2016 Actual compared to 2017 Actual**
- 3 The Other Revenues variance reflects an increase of \$54,865 in 2017 compared to 2016 mainly
- 4 due to a gain on disposition of property and higher revenues from non-utility operations.
- 5 Revenues from merchandising jobbing are transactions for activity with ORPC's affiliate. This
- 6 income will vary year to year depending on projects at the affiliate level.
- 7 ORPC sold a 1996 Double-Bucket truck for \$25,000 in 2017 which resulted in the increase in the
- 8 gain on disposition of utility property.

Table 12 - Variance Analysis of Other Operating Revenues

2017-2018

		2017	2018	\$	%
	USoA Description				
4235	4235-Miscellaneous Service Revenues	-\$64,248	-\$61,508	\$2,740	4.27%
4225	4225-Late Payment Charges	-\$55,611	-\$86,748	-\$31,137	55.99%
4082	4082-Retail Services Revenues	-\$8,139	-\$5,934	\$2,205	27.09%
4084	4084-Service Transaction Requests (STR) Revenues	-\$15	-\$7	\$8	52.54%
4086	4086-SSS Administration Revenue	-\$31,843	-\$32,853	-\$1,010	3.17%
4205	4205-Interdepartmental Rents	\$0	\$0	\$0	
4210	4210-Rent from Electric Property	-\$57,775	-\$36,428	\$21,347	36.95%
4215	4215-Other Utility Operating Income	\$0	\$0	\$0	
4220	4220-Other Electric Revenues	\$0	\$0	\$0	
4240	4240-Provision for Rate Refunds	\$0	\$0	\$0	
4245	4245-Government Assistance Directly Credited to Income	\$0	\$0	\$0	
4305	4305-Regulatory Debits	\$0	\$0	\$0	
4310	4310-Regulatory Credits	\$0	\$0	\$0	
4315	4315-Revenues from Electric Plant Leased to Others	\$0	\$0	\$0	
4320	4320-Expenses of Electric Plant Leased to Others	\$0	\$0	\$0	
4324	4324-Special Purpose Charge Recovery	\$0	\$0	\$0	
4325	4325-Revenues from Merchandise Jobbing, Etc.	-\$75,818	-\$405,067	-\$329,249	434.26%
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	\$0	\$325,882	\$325,882	
4335	4335-Profits and Losses from Financial Instrument Hedges	\$0	\$0	\$0	
4340	4340-Profits and Losses from Financial Instrument Investments	\$0	\$0	\$0	
4345	4345-Gains from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4350	4350-Losses from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4355	4355-Gain on Disposition of Utility and Other Property	-\$25,000	-\$3,405	\$21,595	86.38%
4360	4360-Loss on Disposition of Utility and Other Property	\$0	\$0	\$0	
4362	4362-Loss Retirement of Utility and Other Property	\$0	\$0	\$0	
4365	4365-Gains from Disposition of Allowances for Emission	\$0	\$0	\$0	
4370	4370-Losses from Disposition of Allowances for Emission	\$0	\$0	\$0	
4375	4375-Revenues from Non-Utility Operations	-\$1,372	-\$147,119	-\$145,747	10620.07%
4375	4375-Sub-account Generation Facility Revenues	\$0	\$0	\$0	
4380	4380-Expenses of Non-Utility Operations	\$0	\$38,142	\$38,142	
4380	4380-Sub-account Generation Facility Expenses	\$0	\$0	\$0	
4385	4385-Non-Utility Rental Income	\$0	\$0	\$0	
4390	4390-Miscellaneous Non-Operating Income	-\$19,821	-\$5,663	\$14,158	71.43%
4395	4395-Rate-Payer Benefit Including Interest	\$0	\$0	\$0	
4398	4398-Foreign Exchange Gains and Losses, Including Amortization	\$0	\$0	\$0	
4405	4405-Interest and Dividend Income	-\$44,341	-\$75,878	-\$31,537	71.12%
4415	4415-Equity in Earnings of Subsidiary Companies	\$0	\$0	\$0	

	Total	-\$383,983	-\$496,586	-\$112,603	29%
	Specific Service Charges	-\$64,248	-\$61,508	\$2,740	4.27%
	Late Payment Charges	-\$55,611	-\$86,748	-\$31,137	55.99%
	Other Distribution/Operating Revenues	-\$97,771	-\$75,221	\$22,550	23.06%
	Other Income or Deductions	-\$166,353	-\$273,109	-\$106,755	64.17%
	Total	-\$383,983	-\$496,586	-\$112,603	29.32%

2017 Actual compared to 2018 Actual

The Other Revenues variance reflects an increase of \$112,603 which was driven by higher revenues from non-utility operations.

Late payment charges saw an increase due to an adjustment made to receivables from retailers. This adjust of \$34,009.01 was made to adjust accounts receivable with retailers to bring balances into agreement with the retailers.

Rent from Electric Poles decreased by \$21,347 as a result of timing differences in invoicing. Part of 2018 pole rental charges were included in the 2019 year end as invoicing was not settlement until after the year-end audit was complete.

Groupings 4325 and 4330 saw large variances as ORPC separated the expenses from the revenues which were both previously grouped in 4325. Revenues net of expenses for merchandising jobbing in 2018 was \$79,185 which is very comparable to \$75,818 in 2017. These categories represent revenues and expenses on transactions with ORPC's affiliate which can vary year to year depending on projects at the affiliate level.

The gain of disposition of utility property was reduced to normal levels after the sale of a 1996 Double-Bucket truck in 2017.

Revenues and expenses from non-utility operations saw increases with the CDM bonus of \$107,271.78 from the IESO and revenues and expenses of \$38,500 and \$38,142.11 respectively pertaining to the Affordability Fund Trust introduced in 2018.

- 1 The interest income saw an increase due to more interest or carrying charges earned on DVA
- 2 balances that were in a receivable position. In 2018, DVA accounts were accumulating large
- 3 receivable balances which were ultimately disposed and partially recovered in 2019.

Table 13 - Variance Analysis of Other Operating Revenues

2018 – 2019

		2018	2019	\$	%
	USoA Description				
4235	4235-Miscellaneous Service Revenues	-\$61,508	-\$51,647	\$9,861	16.03%
4225	4225-Late Payment Charges	-\$86,748	-\$47,920	\$38,827	44.76%
4082	4082-Retail Services Revenues	-\$5,934	-\$11,640	-\$5,707	96.18%
4084	4084-Service Transaction Requests (STR) Revenues	-\$7	-\$30	-\$23	332.14%
4086	4086-SSS Administration Revenue	-\$32,853	-\$32,916	-\$64	0.19%
4205	4205-Interdepartmental Rents	\$0	\$0	\$0	
4210	4210-Rent from Electric Property	-\$36,428	-\$44,436	-\$8,008	21.98%
4215	4215-Other Utility Operating Income	\$0	\$0	\$0	
4220	4220-Other Electric Revenues	\$0	\$0	\$0	
4240	4240-Provision for Rate Refunds	\$0	\$0	\$0	
4245	4245-Government Assistance Directly Credited to Income	\$0	\$0	\$0	
4305	4305-Regulatory Debits	\$0	\$0	\$0	
4310	4310-Regulatory Credits	\$0	\$0	\$0	
4315	4315-Revenues from Electric Plant Leased to Others	\$0	\$0	\$0	
4320	4320-Expenses of Electric Plant Leased to Others	\$0	\$0	\$0	
4324	4324-Special Purpose Charge Recovery	\$0	\$0	\$0	
4325	4325-Revenues from Merchandise Jobbing, Etc.	-\$405,067	\$0	\$405,067	100.00%
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	\$325,882	\$0	-\$325,882	100.00%
4335	4335-Profits and Losses from Financial Instrument Hedges	\$0	\$0	\$0	
4340	4340-Profits and Losses from Financial Instrument Investments	\$0	\$0	\$0	
4345	4345-Gains from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4350	4350-Losses from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4355	4355-Gain on Disposition of Utility and Other Property	-\$3,405	-\$43,872	-\$40,467	1188.61%
4360	4360-Loss on Disposition of Utility and Other Property	\$0	\$0	\$0	
4362	4362-Loss Retirement of Utility and Other Property	\$0	\$0	\$0	
4365	4365-Gains from Disposition of Allowances for Emission	\$0	\$0	\$0	
4370	4370-Losses from Disposition of Allowances for Emission	\$0	\$0	\$0	
4375	4375-Revenues from Non-Utility Operations	-\$147,119	-\$769,422	-\$622,303	422.99%
4375	4375-Sub-account Generation Facility Revenues	\$0	\$0	\$0	
4380	4380-Expenses of Non-Utility Operations	\$38,142	\$682,198	\$644,056	1688.57%
4380	4380-Sub-account Generation Facility Expenses	\$0	\$0	\$0	
4385	4385-Non-Utility Rental Income	\$0	\$0	\$0	
4390	4390-Miscellaneous Non-Operating Income	-\$5,663	-\$1,284	\$4,379	77.32%
4395	4395-Rate-Payer Benefit Including Interest	\$0	\$0	\$0	
4398	4398-Foreign Exchange Gains and Losses, Including Amortization	\$0	\$0	\$0	
4405	4405-Interest and Dividend Income	-\$75,878	-\$53,014	\$22,864	30.13%
4415	4415-Equity in Earnings of Subsidiary Companies	\$0	\$0	\$0	
	Total	-\$496,586	-\$373,986	\$122,600	25%
	Specific Service Charges	-\$61,508	-\$51,647	\$9,861	16.03%

Late Payment Charges	-\$86,748	-\$47,920	\$38,827	44.76%
Other Distribution/Operating Revenues	-\$75,221	-\$44,587	\$30,635	40.73%
Other Income or Deductions	-\$273,109	-\$229,831	\$43,278	15.85%
Total	-\$496,586	-\$373,986	\$122,600	24.69%

- 1
- 2 **2018 Actual compared to 2019 Actual**
- 3 The Other Revenues variance reflects a decrease of \$122,600 which was caused by decreased
- 4 net revenues from non-utility operations and decreases in late payment charges and interest
- 5 income.
- 6 Late payment charges normalized in 2019 after the adjustment required in 2018 whereas the
- 7 external auditors ceased reclassifying depreciation on capital contributions into other income for
- 8 financial statement presentation purposes. In 2018, the auditors had included \$18,076.55 of this
- 9 depreciation in interest income.
- 10 In 2019, ORPC reclassified revenues and expenses from transactions with the affiliate from
- 11 categories 4325 and 4330 to 4375 and 4380. Overall, the non-utility operations revenues net of
- 12 expenses in 2018 were \$188,162 compared to \$87,224 in 2019. This decrease was entirely due to
- 13 the CDM bonus of \$107,271.78 from the IESO included in 2018 that was not applicable to 2019.
- 14 The Gain on Disposition includes the sale of a 2010 International 4400 with Altec RBD truck for
- 15 \$46,000 on October 23rd, 2019.
- 16 The interest income saw a decrease due to less interest or carrying charges earned on DVA
- 17 balances that were in a receivable position. In 2019, ORPC disposed of DVA balances and
- 18 recovered some of the amounts owing which resulted in a decrease in interest earned on
- 19 carrying charges.

Table 14 - Variance Analysis of Other Operating Revenues

2019 – 2020

		2019	2020	\$	%
	USoA Description				
4235	4235-Miscellaneous Service Revenues	-\$51,647	-\$49,102	\$2,546	4.93%
4225	4225-Late Payment Charges	-\$47,920	-\$29,688	\$18,233	38.05%
4082	4082-Retail Services Revenues	-\$11,640	-\$12,251	-\$611	5.25%
4084	4084-Service Transaction Requests (STR) Revenues	-\$30	-\$25	\$5	17.72%
4086	4086-SSS Administration Revenue	-\$32,916	-\$33,164	-\$247	0.75%
4205	4205-Interdepartmental Rents	\$0	\$0	\$0	
4210	4210-Rent from Electric Property	-\$44,436	-\$83,947	-\$39,511	88.92%
4215	4215-Other Utility Operating Income	\$0	\$0	\$0	
4220	4220-Other Electric Revenues	\$0	\$0	\$0	
4240	4240-Provision for Rate Refunds	\$0	\$0	\$0	
4245	4245-Government Assistance Directly Credited to Income	\$0	\$0	\$0	
4305	4305-Regulatory Debits	\$0	\$0	\$0	
4310	4310-Regulatory Credits	\$0	\$0	\$0	
4315	4315-Revenues from Electric Plant Leased to Others	\$0	\$0	\$0	
4320	4320-Expenses of Electric Plant Leased to Others	\$0	\$0	\$0	
4324	4324-Special Purpose Charge Recovery	\$0	\$0	\$0	
4325	4325-Revenues from Merchandise Jobbing, Etc.	\$0	\$0	\$0	
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	\$0	\$0	\$0	
4335	4335-Profits and Losses from Financial Instrument Hedges	\$0	\$0	\$0	
4340	4340-Profits and Losses from Financial Instrument Investments	\$0	\$0	\$0	
4345	4345-Gains from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4350	4350-Losses from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4355	4355-Gain on Disposition of Utility and Other Property	-\$43,872	\$0	\$43,872	100.00%
4360	4360-Loss on Disposition of Utility and Other Property	\$0	\$0	\$0	
4362	4362-Loss Retirement of Utility and Other Property	\$0	\$0	\$0	
4365	4365-Gains from Disposition of Allowances for Emission	\$0	\$0	\$0	
4370	4370-Losses from Disposition of Allowances for Emission	\$0	\$0	\$0	
4375	4375-Revenues from Non-Utility Operations	-\$769,422	-\$481,913	\$287,510	37.37%
4375	4375-Sub-account Generation Facility Revenues	\$0	\$0	\$0	
4380	4380-Expenses of Non-Utility Operations	\$682,198	\$436,182	-\$246,016	36.06%
4380	4380-Sub-account Generation Facility Expenses	\$0	\$0	\$0	
4385	4385-Non-Utility Rental Income	\$0	\$0	\$0	
4390	4390-Miscellaneous Non-Operating Income	-\$1,284	-\$20,729	-\$19,444	1513.79%
4395	4395-Rate-Payer Benefit Including Interest	\$0	\$0	\$0	
4398	4398-Foreign Exchange Gains and Losses, Including Amortization	\$0	\$0	\$0	
4405	4405-Interest and Dividend Income	-\$53,014	-\$21,612	\$31,403	59.23%
4415	4415-Equity in Earnings of Subsidiary Companies	\$0	\$0	\$0	
	Total	-\$373,986	-\$296,247	\$77,739	21%
	Specific Service Charges	-\$51,647	-\$49,102	\$2,546	4.93%

Late Payment Charges	-\$47,920	-\$29,688	\$18,233	38.05%
Other Distribution/Operating Revenues	-\$44,587	-\$129,386	-\$84,799	190.19%
Other Income or Deductions	-\$229,831	-\$88,071	\$141,760	61.68%
Total	-\$373,986	-\$296,247	\$77,739	20.79%

1

2 **2019 Actual compared to 2020 Actual**

3 The Other Revenues variance reflects a decrease of \$77,739 mainly due to a decrease in gains on
4 disposition of utility property and a decrease in interest income.

5 The Rent from Electric Property saw a large increase due to a timing difference in invoicing.
6 ORPC typically settles pole rental charges with Bell within 6 months after the end of the year
7 which is after the end of the audit. The revenues for 2020 pole rental charges would typically get
8 included in 2021, however the settlement was performed before the audit and was therefore
9 accrued in the appropriate year for additional income of \$41,118. Pole rental charge income will
10 be normalized by 2022.

11 Elsewhere, the gain and loss on disposition of assets saw an average year in 2020 where no
12 gains or losses were realized after the sale of the 2010 International in 2019. Revenues and
13 expenses from non-utility operations are transactions for activity with ORPC's affiliate. This
14 amount varies year to year depending on the projects each year at the affiliate level. It saw a
15 decrease with less activity through the beginning of the pandemic.

16 The interest income saw a large decrease due to less interest or carrying charges earned on DVA
17 balances that were in a receivable position. In 2019, ORPC disposed of DVA balances and
18 recovered some of the amounts owing which resulted in a decrease of \$23,648.88 in interest
19 earned on carrying charges.

Table 15 - Variance Analysis of Other Operating Revenues

2020 – 2021

		2020	2021	\$	%
	USoA Description				
4235	4235-Miscellaneous Service Revenues	-\$49,102	-\$49,000	\$102	0.21%
4225	4225-Late Payment Charges	-\$29,688	-\$66,987	-\$37,299	125.64%
4082	4082-Retail Services Revenues	-\$12,251	-\$14,635	-\$2,384	19.46%
4084	4084-Service Transaction Requests (STR) Revenues	-\$25	-\$19	\$6	24.00%
4086	4086-SSS Administration Revenue	-\$33,164	-\$33,469	-\$305	0.92%
4205	4205-Interdepartmental Rents	\$0	\$0	\$0	
4210	4210-Rent from Electric Property	-\$83,947	-\$63,295	\$20,652	24.60%
4215	4215-Other Utility Operating Income	\$0	\$0	\$0	
4220	4220-Other Electric Revenues	\$0	\$0	\$0	
4240	4240-Provision for Rate Refunds	\$0	\$0	\$0	
4245	4245-Government Assistance Directly Credited to Income	\$0	\$0	\$0	
4305	4305-Regulatory Debits	\$0	\$0	\$0	
4310	4310-Regulatory Credits	\$0	\$0	\$0	
4315	4315-Revenues from Electric Plant Leased to Others	\$0	\$0	\$0	
4320	4320-Expenses of Electric Plant Leased to Others	\$0	\$0	\$0	
4324	4324-Special Purpose Charge Recovery	\$0	\$0	\$0	
4325	4325-Revenues from Merchandise Jobbing, Etc.	\$0	\$0	\$0	
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	\$0	\$0	\$0	
4335	4335-Profits and Losses from Financial Instrument Hedges	\$0	\$0	\$0	
4340	4340-Profits and Losses from Financial Instrument Investments	\$0	\$0	\$0	
4345	4345-Gains from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4350	4350-Losses from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4355	4355-Gain on Disposition of Utility and Other Property	\$0	\$0	\$0	
4360	4360-Loss on Disposition of Utility and Other Property	\$0	\$0	\$0	
4362	4362-Loss Retirement of Utility and Other Property	\$0	\$0	\$0	
4365	4365-Gains from Disposition of Allowances for Emission	\$0	\$0	\$0	
4370	4370-Losses from Disposition of Allowances for Emission	\$0	\$0	\$0	
4375	4375-Revenues from Non-Utility Operations	-\$481,913	-\$400,000	\$81,913	17.00%
4375	4375-Sub-account Generation Facility Revenues	\$0	\$0	\$0	
4380	4380-Expenses of Non-Utility Operations	\$436,182	\$340,000	-\$96,182	22.05%
4380	4380-Sub-account Generation Facility Expenses	\$0	\$0	\$0	
4385	4385-Non-Utility Rental Income	\$0	\$0	\$0	
4390	4390-Miscellaneous Non-Operating Income	-\$20,729	-\$1,900	\$18,829	90.83%
4395	4395-Rate-Payer Benefit Including Interest	\$0	\$0	\$0	
4398	4398-Foreign Exchange Gains and Losses, Including Amortization	\$0	\$0	\$0	
4405	4405-Interest and Dividend Income	-\$21,612	-\$7,000	\$14,612	67.61%
4415	4415-Equity in Earnings of Subsidiary Companies	\$0	\$0	\$0	
	Total	-\$296,247	-\$296,305	-\$58	0%
	Specific Service Charges	-\$49,102	-\$49,000	\$102	0.21%

Late Payment Charges	-\$29,688	-\$66,987	-\$37,299	125.64%
Other Distribution/Operating Revenues	-\$129,386	-\$111,418	\$17,968	13.89%
Other Income or Deductions	-\$88,071	-\$68,900	\$19,171	21.77%
Total	-\$296,247	-\$296,305	-\$58	0.01%

2020 Actual compared to 2021 Bridge

The Other Revenues variance reflects an increase of \$58 which is consistent year over year. Late payment charges are forecasted to increase \$37,299 since ORPC waived \$40,399.90 in late payment charges in 2020 due to the pandemic and is not requesting recovery of this amount. Revenues and expenses from non-utility operations represent transactions with the affiliate. This income will vary significantly year to year depending on projects occurring at the affiliate level. Miscellaneous non-operating income is expected to normalize to only scrap-metal sales in 2021.

Table 16 - Variance Analysis of Other Operating Revenues

2021 – 2022

		2021	2022	\$	%
	USoA Description				
4235	4235-Miscellaneous Service Revenues	-\$49,000	-\$49,000	\$0	0.00%
4225	4225-Late Payment Charges	-\$66,987	-\$66,987	\$0	0.00%
4082	4082-Retail Services Revenues	-\$14,635	-\$14,635	\$0	0.00%
4084	4084-Service Transaction Requests (STR) Revenues	-\$19	-\$19	\$0	0.00%
4086	4086-SSS Administration Revenue	-\$33,469	-\$33,777	-\$308	0.92%
4205	4205-Interdepartmental Rents	\$0	\$0	\$0	
4210	4210-Rent from Electric Property	-\$63,295	-\$124,364	-\$61,069	96.48%
4215	4215-Other Utility Operating Income	\$0	\$0	\$0	
4220	4220-Other Electric Revenues	\$0	\$0	\$0	
4240	4240-Provision for Rate Refunds	\$0	\$0	\$0	
4245	4245-Government Assistance Directly Credited to Income	\$0	\$0	\$0	
4305	4305-Regulatory Debits	\$0	\$0	\$0	
4310	4310-Regulatory Credits	\$0	\$0	\$0	
4315	4315-Revenues from Electric Plant Leased to Others	\$0	\$0	\$0	
4320	4320-Expenses of Electric Plant Leased to Others	\$0	\$0	\$0	

4324	4324-Special Purpose Charge Recovery	\$0	\$0	\$0	
4325	4325-Revenues from Merchandise Jobbing, Etc.	\$0	\$0	\$0	
4330	4330-Costs and Expenses of Merchandising Jobbing, Etc.	\$0	\$0	\$0	
4335	4335-Profits and Losses from Financial Instrument Hedges	\$0	\$0	\$0	
4340	4340-Profits and Losses from Financial Instrument Investments	\$0	\$0	\$0	
4345	4345-Gains from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4350	4350-Losses from Disposition of Future Use Utility Plant	\$0	\$0	\$0	
4355	4355-Gain on Disposition of Utility and Other Property	\$0	\$0	\$0	
4360	4360-Loss on Disposition of Utility and Other Property	\$0	\$0	\$0	
4362	4362-Loss Retirement of Utility and Other Property	\$0	\$0	\$0	
4365	4365-Gains from Disposition of Allowances for Emission	\$0	\$0	\$0	
4370	4370-Losses from Disposition of Allowances for Emission	\$0	\$0	\$0	
4375	4375-Revenues from Non-Utility Operations	-\$400,000	-\$400,000	\$0	0.00%
4375	4375-Sub-account Generation Facility Revenues	\$0	\$0	\$0	
4380	4380-Expenses of Non-Utility Operations	\$340,000	\$340,000	\$0	0.00%
4380	4380-Sub-account Generation Facility Expenses	\$0	\$0	\$0	
4385	4385-Non-Utility Rental Income	\$0	\$0	\$0	
4390	4390-Miscellaneous Non-Operating Income	-\$1,900	-\$1,900	\$0	0.00%
4395	4395-Rate-Payer Benefit Including Interest	\$0	\$0	\$0	
4398	4398-Foreign Exchange Gains and Losses, Including Amortization	\$0	\$0	\$0	
4405	4405-Interest and Dividend Income	-\$7,000	-\$15,000	-\$8,000	114.29%
4415	4415-Equity in Earnings of Subsidiary Companies	\$0	\$0	\$0	
	Total	-\$296,305	-\$365,681	-\$69,376	23%
	Specific Service Charges	-\$49,000	-\$49,000	\$0	0.00%
	Late Payment Charges	-\$66,987	-\$66,987	\$0	0.00%
	Other Distribution/Operating Revenues	-\$111,418	-\$172,794	-\$61,376	55.09%
	Other Income or Deductions	-\$68,900	-\$76,900	-\$8,000	11.61%
	Total	-\$296,305	-\$365,681	-\$69,376	23.41%

- 1
- 2 **2021 Bridge compared to 2022 Test Year**
- 3 The Other Revenues variance reflects an increase of \$69,376. There will be a large increase in
- 4 4210 with the pole attachment charges not being allocated to the Deferral Variance Account per
- 5 the OEB order on pole attachment charges which allows the utility to include in revenues the full
- 6 amount of pole attachment charges once included in a Cost of Service application. It is also
- 7 projected that interest rates will rise in 2022 which will increase interest income.

6.1.7.2 PROPOSED SPECIFIC SERVICE CHARGES

ORPC is not proposing any changes to the current Specific Service Charges that have been approved by the OEB in previous applications, with the exception of “specific charge for access to power poles - \$/pole/year”, known as wireline pole attachment charge.

Wireline Pole Attachment Charge

ORPC uses the provincial-wide wireline pole attachment charge as determined by the OEB and adjusted annually to account for inflation.

The LDC acknowledges that for the wireline pole attachment charge, the OEB will issue a Decision and Rate Order declaring the annual inflation adjusted rate to be effective from January 1, 2022. In its’ “Other Operating Revenue” projections for the Test Year 2022, ORPC has not applied any inflation rate above the Bridge Year (2021) in the absence of an OEB rate being available at the time of preparing this application.

MicroFIT Monthly Service Charge

ORPC is proposing no change to the MicroFIT Monthly Service Charge of \$4.55

There are no classes or discrete customer groups that may be materially impacted by changes to other rates and charges.

6.1.8 UTILITY INCOME AT PROPOSED REVENUE REQUIREMENT

Table 17 - Utility Income under proposed Revenue Requirement

<i>Particulars</i>	<i>Initial Application</i>
<i><u>Operating Revenues:</u></i>	
<i>Distribution Revenue (at Proposed Rates)</i>	\$4,955,456
<i>Other Revenue</i>	\$365,681
<i>Total Operating Revenues</i>	\$5,321,137
<i><u>Operating Expenses:</u></i>	
<i>OM+A Expenses</i>	\$3,708,394
<i>Depreciation/Amortization</i>	\$957,283
<i>Property taxes</i>	\$ -
<i>Capital taxes</i>	\$ -
<i>Other expense</i>	\$ -
<i>Subtotal (lines 4 to 8)</i>	\$4,665,677
<i>Deemed Interest Expense</i>	\$212,359
<i>Total Expenses (lines 9 to 10)</i>	\$4,878,036
<i>Utility income before income taxes</i>	\$443,101
<i>Income taxes (grossed-up)</i>	\$ -
<i>Utility net income</i>	\$443,101

6.1.9 REVENUE REQUIREMENT TREND

The table below presents ORPC's Revenue Requirement trend starting from the 2016 Board Approved year through to the 2022 proposed Revenue Requirement.

Table 18 - Trend in Revenue Requirement

<i>Particular</i>	Last Board Approved	2016	2017	2018	2019	2020	2021	2022
<i>OM&A Expenses</i>	\$3,064,964	\$2,933,810	\$3,263,088	\$2,801,430	\$3,207,076	\$3,358,492	\$3,529,137	\$3,708,394
<i>Depreciation Expense</i>	\$739,929	\$1,472,278	\$691,855	\$876,530	\$735,042	\$878,121	\$872,625	\$957,283
<i>Total Distribution Expenses</i>	\$3,804,893	\$4,406,088	\$3,954,943	\$3,677,960	\$3,942,118	\$4,236,612	\$4,401,762	\$4,665,677
<i>Regulated Return On Capital</i>	\$741,703	\$741,703	\$764,535	\$790,459	\$816,933	\$835,217	\$805,491	\$655,460
<i>Grossed up PILs</i>	\$84,883	\$185,875	\$111,454	\$338,795	\$199,672	\$28,438	\$18,389	\$0
Service Revenue Requirement	\$4,631,479	\$5,333,666	\$4,830,932	\$4,807,214	\$4,958,723	\$5,100,267	\$5,225,643	\$5,321,137
<i>Less: Revenue Offsets</i>	-\$284,010	-\$329,118	-\$383,983	-\$496,586	-\$373,986	-\$373,986	-\$296,247	-\$365,681
Base Revenue Requirement	\$4,347,469	\$5,004,548	\$4,446,949	\$4,310,629	\$4,584,737	\$4,726,282	\$4,929,396	\$4,955,456

- 1 The table below summarizes the year-over-year changes in ORPC's Revenue Requirement starting
2 from the 2016 Board Approved year through to the 2022 proposed Revenue Requirement.

3 **Table 19 - Variance Analysis of Revenue Requirement**

Particular	Last Board Approved	2016	2017	2018	2019	2020	2021	2022	Variance over last CoS
OM&A Expenses	3,064,964	2,933,810	3,263,088	2,801,430	3,207,076	3,358,492	3,529,137	3,708,394	
Year over year change (\$)		-131,154	329,278	-461,658	405,645	151,416	170,646	179,257	643,431
Year over year change (%)		-4.28%	11.22%	-14.15%	14.48%	4.72%	5.08%	5.08%	20.99%
Depreciation Expense	739,929.39	1,472,278.29	691,855.33	876,529.95	735,042.08	878,120.61	872,624.88	957,282.73	
Year over year change (\$)		732,348.90	-780,422.96	184,674.62	-141,487.87	143,078.53	-5,495.73	84,657.85	217,353
Year over year change (%)		98.98%	-53.01%	26.69%	-16.14%	19.47%	-0.63%	9.70%	29.37%
Property Taxes	84,883.00	185,875.00	111,454.00	338,795.00	199,672.00	28,438.00	18,391.05	0.00	
Year over year change (\$)		100,992.00	-74,421.00	227,341.00	-139,123.00	-171,234.00	-10,046.95	-18,391.05	
Year over year change (%)			-40.04%	203.98%	-41.06%	-85.76%	-35.33%	-100.00%	
Total Distribution Expenses	3,889,775.96	4,591,963.32	4,066,397.46	4,016,754.96	4,141,789.58	4,265,050.11	4,420,153.33	4,665,677.06	
Year over year change (\$)		702,187.36	-525,565.86	-49,642.50	125,034.62	123,260.53	155,103.22	245,523.73	775,901
Year over year change (%)		18.05%	-11.45%	-1.22%	3.11%	2.98%	3.64%	5.55%	19.95%
Regulated Return On Capital	741,703.00	741,702.77	764,534.51	790,459.40	816,933.20	835,217.22	805,491.27	655,459.70	
Year over year change (\$)		-0.23	22,831.74	25,924.89	26,473.80	18,284.02	-29,725.94	-150,031.57	-86,243
Year over year change (%)		0.00%	3.08%	3.39%	3.35%	2.24%	-3.56%	-18.63%	-11.63%
Grossed up PILs	84,883.00	185,875.00	111,454.00	338,795.00	199,672.00	28,438.00	18,391.05	0.00	
Year over year change (\$)		100,992.00	-74,421.00	227,341.00	-139,123.00	-171,234.00	-10,046.95	-18,391.05	
Year over year change (%)		0.00%	-40.04%	203.98%	-41.06%	-85.76%	-35.33%	-100.00%	
Service Revenue Requirement	4,716,361.96	5,519,541.09	4,942,385.97	5,146,009.36	5,158,394.78	5,128,705.33	5,244,035.65	5,321,136.77	
Year over year change (\$)		803,179.13	-577,155.12	203,623.39	12,385.42	-29,689.45	115,330.33	77,101.12	604,775
Year over year change (%)		17.03%	-10.46%	4.12%	0.24%	-0.58%	2.25%	1.47%	12.82%
Less: Revenue Offsets	-284,010.00	-329,118.06	-383,983.19	-496,585.82	-373,985.76	-373,985.76	-296,247.00	-365,680.87	
Year over year change (\$)		-45,108.06	-54,865.13	-112,602.63	122,600.06	0.00	77,738.76	-69,433.87	-81,671
Year over year change (%)		15.88%	16.67%	29.32%	-24.69%	0.00%	-20.79%	23.44%	28.76%
Base Revenue Requirement	4,432,351.96	5,190,423.03	4,558,402.78	4,649,423.54	4,784,409.02	4,754,719.57	4,947,788.65	4,955,455.90	
Year over year change (\$)		758,071.07	-632,020.25	91,020.76	134,985.48	-29,689.45	193,069.09	7,667.25	523,104
Year over year change (%)		17.10%	-12.18%	2.00%	2.90%	-0.62%	4.06%	0.15%	11.80%

- 4
5 As illustrated in the above tables, the proposed revenue requirement for the Test Year (2022) is
6 11.80% higher than the 2016 Cost of Service Approved Revenue Requirement. With the exception
7 of 2016, the revenue requirement has seen a steady and moderate increase since the last Cost of
8 Service in 2016.

- 9 The decrease in 2017 and 2018 can be attributed to a shift from O&M to capital activities including
10 the transformer voltage conversion. Additionally, bad debts decreased significantly in 2018 with

1 2017 introducing the first moratorium on disconnects which saw a large increase in bad debts.
2 The bad debts then decreased significantly in the second year of the moratorium.
3 Increases are especially large in 2022 when the 1508 ACM assets are added to the rate base
4 however, the effects on the overall revenue requirement is offset by the steep reduction in the
5 cost of capital parameters in comparison to the board approved 2016 parameters. Year over year
6 variances in OM&A are explained throughout Exhibit 4 and Revenue Offsets details are outlined
7 in Exhibit 3.

8

6.2 REVENUE DEFICIENCY OR SURPLUS

6.2.1 CALCULATION OF REVENUE DEFICIENCY OR SURPLUS

ORPC's net revenue deficiency under the proposed rates is \$65,049. This deficiency is calculated as the difference between the 2022 Test Year Revenue Requirement and the Forecast Test Year Revenue Requirement at the Applicant's 2022 approved distribution rates.

**Table 20 - Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency
(RRWF)**

<i>Service Revenue Requirement</i>	\$5,321,137
<i>Grossed-Up Revenue Deficiency/(Sufficiency)</i>	\$101,960
<i>Base Revenue Requirement (to be recovered from Distribution Rates)</i>	\$4,955,456
<i>Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement</i>	\$79,951

The Revenue Deficiency sheet presented at the next page is an excerpt from the Revenue Requirement Work Form.

1

Table 21 - Revenue Deficiency (RRWF)

<i>Particulars</i>	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below		\$101,960
Distribution Revenue	\$4,875,505	\$4,853,495
Other Operating Revenue Offsets - net	\$365,681	\$365,681
Total Revenue	\$5,241,186	\$5,321,137
Operating Expenses	\$4,665,677	\$4,665,677
Deemed Interest Expense	\$212,359	\$212,359
Total Cost and Expenses	\$4,878,036	\$4,878,036
Utility Income Before Income Taxes	\$363,150	\$443,101
Tax Adjustments to Accounting		
Income per 2013 PILs model	(\$454,628)	(\$454,628)
Taxable Income	(\$91,478)	(\$11,527)
Income Tax Rate	21.59%	21.59%
Income Tax on Taxable Income	\$ -	\$ -
Income Tax Credits	\$ -	\$ -
Utility Net Income	\$363,150	\$443,101
Utility Rate Base	\$13,282,397	\$13,282,397
Deemed Equity Portion of Rate Base	\$5,312,959	\$5,312,959
Income/(Equity Portion of Rate Base)	6.84%	8.34%
Target Return - Equity on Rate Base	8.34%	8.34%
Deficiency/Sufficiency in Return on Equity	-1.50%	0.00%
Indicated Rate of Return	4.33%	4.93%
Requested Rate of Return on Rate Base	4.93%	4.93%
Deficiency/Sufficiency in Rate of Return	-0.60%	0.00%
Target Return on Equity	\$443,101	\$443,101
Revenue Deficiency/(Sufficiency)	\$79,951	\$443,101
Gross Revenue Deficiency/(Sufficiency)	\$101,960	

2

3 The drivers for the revenue deficiency are discussed in the next section.

6.2.2 CAUSES OF REVENUE DEFICIENCY OR SURPLUS

ORPC's existing rates are based on the Board-approved rates in 2016 as an outcome of a cost-of-service rate application, and subsequent annual adjustments to its' base distribution rates in years 2017 to 2021 under the Board's third Generation Incentive Regulation Mechanism.

As illustrated in the previous section, the Revenue Deficiency is determined to be \$101,960. The deficiency is for the most part due to the increase in the Rate Base, Depreciation Expenses and OM&A. The major contributors of the deficiency from 2016 Board Approved to Test Year (2022) are presented in the table below with explanations following.

Table 22 – Differences in Revenue Requirement from 2016 Cost of Service

Particular	2016	2022	Diff
Long Term Debt	4.54%	2.73%	-1.81%
Short Term Debt	1.65%	1.75%	0.10%
Return on Equity	9.19%	8.34%	-0.85%
Weighted Debt Rate	4.35%	2.66%	-1.68%
Regulated Rate of Return	6.28%	4.93%	-1.35%
Controllable Expenses	\$3,064,965	\$3,708,394	\$643,429
Power Supply Expense	\$24,625,882	\$19,698,362	-\$4,927,520
Total Eligible Distribution Expenses	\$27,690,847	\$23,406,757	-\$4,284,091
Working Capital Allowance Rate	7.50%	7.50%	0.00%
Total Working Capital Allowance ("WCA")	\$2,076,814	\$1,755,507	-\$321,307
Fixed Asset Opening Bal Bridge Year	\$30,265,128	\$19,205,663	-\$11,059,465
Fixed Asset Opening Bal Test Year	-\$20,539,657	-\$7,678,773	\$12,860,884
Average Fixed Asset	\$4,862,736	\$5,763,445	\$900,709
Working Capital Allowance	\$2,076,814	\$1,755,507	-\$321,307
Rate Base	\$6,939,549	\$7,518,952	\$579,403
Regulated Rate of Return	6.28%	4.93%	-1.35%
Regulated Return on Capital	\$741,703	\$655,460	-\$86,243
Deemed Interest Expense	\$307,851	\$212,359	-\$95,492
Deemed Return on Equity	\$433,852	\$443,101	\$9,249
OM&A	\$3,064,964	\$3,708,394	\$643,431
Depreciation Expense	\$739,929	\$957,283	\$217,353
PILs	\$36,311	\$0	-\$36,311
Revenue Offset	-\$301,588	-\$365,681	-\$64,093
Revenue Requirement	\$4,884,495	\$5,686,818	\$802,323

The table above shows that the causes for the revenue deficiency stem from an increase in Rate Base of \$579,403 higher than the 2016 Board-approved amount. Based on a 4.93% overall cost of capital, the increase in the rate base drives an increase in the revenue requirement.

The factors contributing to the change in the rate base are discussed in detail at Exhibit 2 and can be summarized due to:

- a) Investments in the distribution system to follow the Distribution System Plan.
- b) Inclusion of the 2019 ICM in the Rate Base
- c) Addition of transportation equipment
- d) Addition of a substation in the 2022 Test Year.

Increased Operations, Maintenance, and Administration (OM&A) expenses are another driver of the revenue deficiency. Projected OM&A for the Test Year is \$643,431 higher than the 2016 Board-approved amount. The cost drivers underlying this increase are explained in Exhibit 4.

The Working Capital Allowance was reduced by -\$321,307 due to a lower cost of power and there was a -1.35% reduction in the Weighted Average Cost of Capital from the 2016 Board Approved amount of 6.28% to 4.93% for 2022.

6.2.3 IMPACT OF IMPLEMENTATION OF MIFRS ON REVENUE DEFICIENCY OR SURPLUS

In ORPC's 2016 Cost of Service Rate application (EB-2014-0105), the Applicant received approval from the Board for the change in accounting policy for an update in the LDC's useful lives. In its application, ORPC filed its Test Year Fixed Asset information using mid-life typical useful lives as derived from the Kinectrics Study commissioned by the Board and adopted these depreciation rates.

The Applicant confirms that no further changes have occurred that would result in a change to the projected revenue deficiency or sufficiency for the Test Year (2022).

ORPC adopted MIFRS (Modified - International Financial Reporting Standards) on January 1st 2015 with a transition date of January 1st 2014.

ORPC's OM&A has not been impacted by the policy which states that burdens which are no longer eligible for capitalization have been removed from rate base and included as an operating expense because the utility has never capitalized administrative burdens on capital projects.

APPENDICES

Appendix 6A	Revenue Requirement Work Form
Appendix 6B	PILs Work Form

1

Appendix 6A - Revenue Requirement Work Form

2



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 Filers



Version 1.00

Utility Name	Ottawa River Power Corporation
Service Territory	
Assigned EB Number	EB-2021-0052
Name and Title	Jeffrey Roy, Chief Financial Officer
Phone Number	(613) 732-3687x227
Email Address	jroy@orpowercorp.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.

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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 2022 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 2022 Filers

Data Input ⁽¹⁾

	Initial Application ⁽²⁾	Adjustments	Application Update ⁽⁶⁾	Adjustments	Per Board Decision
1 Rate Base					
Gross Fixed Assets (average)	\$19,205,663		\$ 19,205,663		\$19,205,663
Accumulated Depreciation (average)	(\$7,678,773) ⁽⁵⁾		(\$7,678,773)		(\$7,678,773)
Allowance for Working Capital:					
Controllable Expenses	\$3,708,394		\$ 3,708,394		\$3,708,394
Cost of Power	\$19,698,362		\$ 19,698,362		\$19,698,362
Working Capital Rate (%)	7.50% ⁽⁹⁾			⁽⁹⁾	⁽⁹⁾
2 Utility Income					
Operating Revenues:					
Distribution Revenue at Current Rates	\$4,875,505				
Distribution Revenue at Proposed Rates	\$4,955,456				
Other Revenue:					
Specific Service Charges	\$49,000				
Late Payment Charges	\$66,987				
Other Distribution Revenue	\$172,794				
Other Income and Deductions	\$76,900				
Total Revenue Offsets	\$365,681 ⁽⁷⁾				
Operating Expenses:					
OM+A Expenses	\$3,708,394		\$ 3,708,394		\$3,708,394
Depreciation/Amortization	\$957,283		\$ 957,283		\$957,283
Property taxes					
Other expenses					
3 Taxes/PILs					
Taxable Income:					
Adjustments required to arrive at taxable income	(\$454,628) ⁽³⁾				
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$ -				
Income taxes (grossed up)	\$ -				
Federal tax (%)	12.94%				
Provincial tax (%)	8.65%				
Income Tax Credits					
4 Capitalization/Cost of Capital					
Capital Structure:					
Long-term debt Capitalization Ratio (%)	56.0% ⁽⁸⁾			⁽⁸⁾	⁽⁸⁾
Short-term debt Capitalization Ratio (%)	4.0%				
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 2022 Filers

Rate Base and Working Capital

Line No.	Rate Base Particulars	Initial Application	Adjustments	Application Update	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) ⁽²⁾	\$19,205,663	\$ -	\$19,205,663	\$ -	\$19,205,663
2	Accumulated Depreciation (average) ⁽²⁾	(\$7,678,773)	\$ -	(\$7,678,773)	\$ -	(\$7,678,773)
3	Net Fixed Assets (average) ⁽²⁾	\$11,526,890	\$ -	\$11,526,890	\$ -	\$11,526,890
4	Allowance for Working Capital ⁽¹⁾	\$1,755,507	(\$1,755,507)	\$ -	\$ -	\$ -
5	Total Rate Base	\$13,282,397	(\$1,755,507)	\$11,526,890	\$ -	\$11,526,890

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$3,708,394	\$ -	\$3,708,394	\$ -	\$3,708,394
7	Cost of Power	\$19,698,362	\$ -	\$19,698,362	\$ -	\$19,698,362
8	Working Capital Base	\$23,406,757	\$ -	\$23,406,757	\$ -	\$23,406,757
9	Working Capital Rate % ⁽¹⁾	7.50%	-7.50%	0.00%	0.00%	0.00%
10	Working Capital Allowance	\$1,755,507	(\$1,755,507)	\$ -	\$ -	\$ -

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 2022 Filers

Utility Income

Line No.	Particulars	Initial Application	Adjustments	Application Update	Adjustments	Per Board Decision
Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)	\$4,955,456	(\$4,955,456)	\$ -	\$ -	\$ -
2	Other Revenue ⁽¹⁾	\$365,681	(\$365,681)	\$ -	\$ -	\$ -
3	Total Operating Revenues	\$5,321,137	(\$5,321,137)	\$ -	\$ -	\$ -
Operating Expenses:						
4	OM+A Expenses	\$3,708,394	\$ -	\$3,708,394	\$ -	\$3,708,394
5	Depreciation/Amortization	\$957,283	\$ -	\$957,283	\$ -	\$957,283
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$4,665,677	\$ -	\$4,665,677	\$ -	\$4,665,677
10	Deemed Interest Expense	\$212,359	(\$212,359)	\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$4,878,036	(\$212,359)	\$4,665,677	\$ -	\$4,665,677
12	Utility income before income taxes	\$443,101	(\$5,108,778)	(\$4,665,677)	\$ -	(\$4,665,677)
13	Income taxes (grossed-up)	\$ -	\$ -	\$ -	\$ -	\$ -
14	Utility net income	\$443,101	(\$5,108,778)	(\$4,665,677)	\$ -	(\$4,665,677)

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$49,000		\$ -		\$ -
	Late Payment Charges	\$66,987		\$ -		\$ -
	Other Distribution Revenue	\$172,794		\$ -		\$ -
	Other Income and Deductions	\$76,900		\$ -		\$ -
	Total Revenue Offsets	\$365,681	\$ -	\$ -	\$ -	\$ -



Revenue Requirement Workform (RRWF) for 2022 Filers

Taxes/PILs

Line No.	Particulars	Application	Application Update	Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$443,101	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$454,628)	\$ -	\$ -
3	Taxable income	(\$11,527)	\$ -	\$ -
<u>Calculation of Utility Income Taxes</u>				
4	Income taxes	\$ -	\$ -	\$ -
6	Total taxes	\$ -	\$ -	\$ -
7	Gross-up of Income Taxes	\$ -	\$ -	\$ -
8	Grossed-up Income Taxes	\$ -	\$ -	\$ -
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$ -	\$ -	\$ -
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	12.94%	12.94%	12.94%
12	Provincial tax (%)	8.65%	8.65%	8.65%
13	Total tax rate (%)	21.59%	21.59%	21.59%

Notes



Revenue Requirement Workform (RRWF) for 2022 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return
		Initial Application				
		(%)		(\$)		(\$)
	Debt					
1	Long-term Debt	56.00%		\$7,438,142	2.73%	\$203,061
2	Short-term Debt	4.00%		\$531,296	1.75%	\$9,298
3	Total Debt	60.00%		\$7,969,438	2.66%	\$212,359
	Equity					
4	Common Equity	40.00%		\$5,312,959	8.34%	\$443,101
5	Preferred Shares	0.00%		\$ -	0.00%	\$ -
6	Total Equity	40.00%		\$5,312,959	8.34%	\$443,101
7	Total	100.00%		\$13,282,397	4.93%	\$655,460
		Application Update				
		(%)		(\$)		(\$)
	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%		\$11,526,890	0.00%	\$ -
		Per Board Decision				
		(%)		(\$)		(\$)
	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%		\$11,526,890	0.00%	\$ -

Notes



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 Filers

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Application Update		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		\$101,962		(\$267,596)		\$5,950,182
2	Distribution Revenue	\$4,875,505	\$4,853,494	\$4,875,505	\$5,223,052	\$ -	(\$5,950,182)
3	Other Operating Revenue	\$365,681	\$365,681	\$ -	\$ -	\$ -	\$ -
	Offsets - net						
4	Total Revenue	\$5,241,186	\$5,321,137	\$4,875,505	\$4,955,456	\$ -	\$ -
5	Operating Expenses	\$4,665,677	\$4,665,677	\$4,665,677	\$4,665,677	\$4,665,677	\$4,665,677
6	Deemed Interest Expense	\$212,359	\$212,359	\$ -	\$ -	\$ -	\$ -
8	Total Cost and Expenses	\$4,878,036	\$4,878,036	\$4,665,677	\$4,665,677	\$4,665,677	\$4,665,677
9	Utility Income Before Income Taxes	\$363,150	\$443,101	\$209,828	\$289,779	(\$4,665,677)	(\$4,665,677)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$454,628)	(\$454,628)	(\$454,628)	(\$454,628)	\$ -	\$ -
11	Taxable Income	(\$91,478)	(\$11,527)	(\$244,800)	(\$164,849)	(\$4,665,677)	(\$4,665,677)
12	Income Tax Rate	21.59%	21.59%	21.59%	21.59%	21.59%	21.59%
13	Income Tax on Taxable Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	\$363,150	\$443,101	\$209,828	(\$4,665,677)	(\$4,665,677)	(\$4,665,677)
16	Utility Rate Base	\$13,282,397	\$13,282,397	\$11,526,890	\$11,526,890	\$11,526,890	\$11,526,890
17	Deemed Equity Portion of Rate Base	\$5,312,959	\$5,312,959	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	6.84%	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	-1.50%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	4.33%	4.93%	1.82%	0.00%	-40.48%	0.00%
22	Requested Rate of Return on Rate Base	4.93%	4.93%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-0.60%	0.00%	1.82%	0.00%	-40.48%	0.00%
24	Target Return on Equity	\$443,101	\$443,101	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$79,951	\$ -	(\$209,828)	\$ -	\$4,665,677	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$101,962 ⁽¹⁾		(\$267,596) ⁽¹⁾		\$5,950,182 ⁽¹⁾	

Notes:

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



Revenue Requirement Workform (RRWF) for 2022 Filers

Revenue Requirement

Line No.	Particulars	Application	Application Update	Per Board Decision
1	OM&A Expenses	\$3,708,394	\$3,708,394	\$3,708,394
2	Amortization/Depreciation	\$957,283	\$957,283	\$957,283
3	Property Taxes	\$ -		
5	Income Taxes (Grossed up)	\$ -	\$ -	\$ -
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$212,359	\$ -	\$ -
	Return on Deemed Equity	\$443,101	\$ -	\$ -
8	Service Revenue Requirement (before Revenues)	<u>\$5,321,137</u>	<u>\$4,665,677</u>	<u>\$4,665,677</u>
9	Revenue Offsets	\$365,681	\$ -	\$ -
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$4,955,456</u>	<u>\$4,665,677</u>	<u>\$4,665,677</u>
11	Distribution revenue	\$4,955,456	\$ -	\$ -
12	Other revenue	\$365,681	\$ -	\$ -
13	Total revenue	<u>\$5,321,137</u>	<u>\$ -</u>	<u>\$ -</u>
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ -</u>	⁽¹⁾ <u>(\$4,665,677)</u>	⁽¹⁾ <u>(\$4,665,677)</u> ⁽¹⁾

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application	Application Update	Δ% ⁽²⁾	Per Board Decision	Δ% ⁽²⁾
Service Revenue Requirement Grossed-Up Revenue Deficiency/(Sufficiency)	\$5,321,137 \$101,962	\$4,665,677 (\$267,596)	(12.32%) (362.45%)	\$4,665,677 \$5,950,182	(100.00%) (100.00%)
Base Revenue Requirement (to be recovered from Distribution Rates) Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	\$4,955,456 \$79,951	\$4,665,677 \$ -	(5.85%) (100.00%)	\$4,665,677 \$ -	(100.00%) (100.00%)

Notes

- ⁽¹⁾ Line 11 - Line 8
⁽²⁾ Percentage Change Relative to Initial Application



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 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			Application Update			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	10,191	80,356,209	-						
2	GS<50 kW	1,264	29,645,117	-						
3	GS 50 to 4999 kW	151	70,993,966	219,807						
4	Sentinel Lighting	166	194,767	495						
5	Street Lighting	2,949	1,080,789	3,027						
6	Unmetered Scattered Load	19	606,879	-						
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
Total			182,877,727	223,329		-	-		-	-

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 2022 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⁾	%
From Sheet 10. Load Forecast				
(7A)				
1 Residential			\$ 3,729,159	70.08%
2 GS<50 kW			\$ 886,320	16.66%
3 GS 50 to 4999 kW			\$ 574,553	10.80%
4 Sentinel Lighting			\$ 15,391	0.29%
5 Street Lighting			\$ 106,928	2.01%
6 Unmetered Scattered Load			\$ 8,786	0.17%
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
Total	\$ -	0.00%	\$ 5,321,137	100.00%
Service Revenue Requirement (from Sheet 9)			\$ 5,321,136.77	

- (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	\$ 3,012,117	\$ 3,061,481	\$ 3,218,569	\$ 262,976
2 GS<50 kW	\$ 760,302	\$ 772,556	\$ 772,714	\$ 57,764
3 GS 50 to 4999 kW	\$ 956,860	\$ 972,756	\$ 824,853	\$ 36,705
4 Sentinel Lighting	\$ 4,733	\$ 10,902	\$ 11,293	\$ 1,016
5 Street Lighting	\$ 10,947	\$ 132,806	\$ 121,456	\$ 6,681
6 Unmetered Scattered Load	\$ 130,518	\$ 4,955	\$ 6,632	\$ 539
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
Total	\$ 4,875,478	\$ 4,955,456	\$ 4,955,517	\$ 365,681

- (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)	
		2016	%	%	%
1	Residential		89.15%	93.36%	85 - 115
2	GS<50 kW		93.68%	93.70%	
3	GS 50 to 4999 kW		175.69%	149.95%	
4	Sentinel Lighting		77.44%	79.98%	
5	Street Lighting		130.45%	119.84%	
6	Unmetered Scattered Load		62.54%	81.61%	
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	Price Cap IR Period			
		1	2		
1	Residential	93.36%	97.33%	97.33%	85 - 115
2	GS<50 kW	93.70%	96.00%	96.00%	
3	GS 50 to 4999 kW	149.95%	119.96%	119.96%	
4	Sentinel Lighting	79.98%	95.97%	95.97%	
5	Street Lighting	119.84%	119.84%	119.84%	
6	Unmetered Scattered Load	81.61%	97.94%	97.94%	
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'.

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/P.L.s, etc.

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: $[\text{MSC} \times (\text{average number of customers or connections}) \times 12 \text{ months}] / (\text{Class Allocated Revenue Requirement})$.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 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	\$ 655,460	4.93%	\$ 13,282,397	\$ 23,406,757	\$ 1,755,507	\$ 957,283	\$ -	\$ 3,708,394	\$ 5,321,137	\$ 365,681	\$ 4,955,456	\$ 101,962

1

Appendix 6B – PILs Work Form

2



Ontario Energy Board

Income Tax/PILs Workform for 2022 Filers

Version 1.00

Utility Name	Ottawa River Power Corporation
Assigned EB Number	EB-2021-0052
Name and Title	Jeffrey Roy, Chief Financial Officer
Phone Number	(613)732-3687x227
Email Address	jroy@orpowercorp.com
Date	30-Sep-21
Last COS Re-based Year	2016

Note: Drop-down lists are shaded blue; Input cells are shaded green.

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your rate 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.



Income Tax/PILs Workform for 2022 Filers

[1. Info](#)

[S. Summary](#)

[A. Data Input Sheet](#)

[B. Tax Rates & Exemptions](#)

Historical Year

[H0 - PILs, Tax Provision Historical Year](#)

[H1 - Adj. Taxable Income Historical Year](#)

[H4 - Schedule 4 Loss Carry Forward Historical Year](#)

[H8 - Schedule 8 Historical](#)

[H13 - Schedule 13 Tax Reserves Historical](#)

Bridge Year

[B0 - PILs, Tax Provision Bridge Year](#)

[B1 - Adj. Taxable Income Bridge Year](#)

[B4 - Schedule 4 Loss Carry Forward Bridge Year](#)

[B8 - Schedule 8 CCA Bridge Year](#)

[B13 - Schedule 13 Tax Reserves Bridge Year](#)

Test Year

[T0 PILs, Tax Provision Test Year](#)

[T1 Taxable Income Test Year](#)

[T4 Schedule 4 Loss Carry Forward Test Year](#)

[T8 Schedule 8 CCA Test Year](#)

[T13 Schedule 13 Reserve Test Year](#)

Income Tax/PILs Workform for 2022 Filers

No inputs required on this worksheet.

Inputs on Service Revenue Requirement Worksheet

The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

Item	Working Paper Reference	
Adjustments required to arrive at taxable income	as below	-454,628
Test Year - Payments in Lieu of Taxes (PILs)	<u>T0</u>	-
Test Year - Grossed-up PILs	<u>T0</u>	-
Effective Federal Tax Rate	<u>T0</u>	12.9%
Effective Ontario Tax Rate	<u>T0</u>	8.6%
 <u>Calculation of Adjustments required to arrive at Taxable Income</u>		
Regulatory Income (before income taxes)	<u>T1</u>	443,101
Taxable Income	<u>T1</u>	-11,527
Difference	calculated	-454,628 as above

Income Tax/PILs Workform for 2022 Filers

Integrity Checks

The applicant must ensure the following integrity checks have been completed and confirm this is the case in the table below, or provide an explanation if this is not the case:

Item	Utility Confirmation (Y/N)	Notes
1 The depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application	Y	
2 The capital additions and deductions in the CCA Schedule 8 agree with the rate base section for historical, bridge and test years	Y	
3 Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31 historical year UCC that agrees with the opening (January 1) bridge year UCC. If the amounts do not agree, then the applicant must provide a reconciliation with explanations. Distributors must segregate non-distribution tax amounts on Schedule 8.	Y	
4 The CCA deductions in the application's PILs tax model for historical, bridge and test years (as applicable) agree with the numbers in the CCA Schedule 8 for the same years filed in the application	Y	
5 Loss carry-forwards, if any, from prior year tax returns' Schedule 4 agree with those disclosed in the application	Y	
6 A discussion is included in the application as to when the loss carry-forwards, if any, will be fully utilized	Y	
7 CCA is maximized even if there are tax loss carry-forwards	Y	
8 Other post-employment benefits and pension expenses that are added back on Schedule 1 to reconcile accounting income to net income for tax purposes agree with the OM&A analysis for compensation. The amounts deducted are reasonable when compared with the notes to the audited financial statements, Financial Services Commission of Ontario reports, and actuarial valuations.	Y	
9 The income tax rate used to calculate the tax expense is consistent with the utility's actual tax facts and evidence filed in the application	Y	

Income Tax/PILs Workform for 2022 Filers

Rate Base

Return on Ratebase

Deemed ShortTerm Debt %
Deemed Long Term Debt %
Deemed Equity %

Short Term Interest Rate

Long Term Interest

Return on Equity (Regulatory Income)

Return on Rate Base

	Test Year	Bridge Year
S	\$ 13,282,397	\$ 12,817,314
T	\$ 531,296	$W = S * T$
U	\$ 7,438,142	$X = S * U$
V	\$ 5,312,959	$Y = S * V$
Z	\$ 9,298	$AC = W * Z$
AA	\$ 203,061	$AD = X * AA$
AB	\$ 443,101	$AE = Y * AB$ T1
	\$ 655,460	$AF = AC + AD + AE$

Questions that must be answered

- Does the applicant have any Investment Tax Credits (ITC)?
- Does the applicant have any SRED Expenditures?
- Does the applicant have any Capital Gains or Losses for tax purposes?
- Does the applicant have any Capital Leases?
- Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?
- Since 1999, has the applicant acquired another regulated applicant's assets?
- Did the applicant pay dividends?
If Yes, please describe the tax treatment in the manager's summary.
- Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?

Historical Year	Bridge Year	Test Year
No	No	No
No	No	No
No	No	No
Yes	Yes	Yes
No	No	No
No	No	No
No	Yes	Yes
No	No	No



Ontario Energy Board

Income Tax/PILs Workform for 2022 Filers

Tax Rates

Federal & Provincial
As of MMM XX, 2019

Federal income tax

General Corporate Rate
Federal Tax Abatement
Adjusted Federal Rate

Rate Reduction

Federal Income Tax

Ontario Income Tax

Combined Federal and Ontario

Federal & Ontario Small Business

Federal Small Business Limit
Ontario Small Business Limit

Federal Small Business Rate

Ontario Small Business Rate

	Effective January 1, 2016	Effective January 1, 2017	Effective January 1, 2018	Effective January 1, 2019	Effective January 1, 2020	Effective January 1, 2021	Effective January 1, 2022
General Corporate Rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal Tax Abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted Federal Rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate Reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario Income Tax	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Combined Federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Federal Small Business Limit	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Limit	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Federal Small Business Rate	11.00%	10.50%	10.50%	10.00%	9.00%	9.00%	9.00%
Ontario Small Business Rate	4.50%	4.50%	3.50%	3.50%	3.20%	3.20%	3.20%

Notes

- The Ontario Energy Board's proxy for taxable capital is rate base.
- Regarding the small business deduction, if applicable,
 - If taxable capital exceeds \$15 million, the small business rate will not be applicable.
 - If taxable capital is below \$10 million, the small business rate would be applicable.
 - If taxable capital is between \$10 million and \$15 million, the appropriate small business rate will be calculated.



Income Tax/PILs Workform for 2022 Filers

PILs Tax Provision - Historical Year

Note: Input the actual information from the tax returns for the historical year.

Regulatory Taxable Income
Combined Tax Rate and PILs

Ontario Tax Rate (Maximum 11.5%)
Federal tax rate (Maximum 15%)
Combined tax rate (Maximum 26.5%)

[H1](#)

B
C

Wires Only

\$ 107,318 A

0.00% D = B+C

Total Income Taxes

\$ - E = A * D

Investment Tax Credits

F

Miscellaneous Tax Credits

G

Total Tax Credits

\$ - H = F + G

Corporate PILs/Income Tax Provision for Historical Year

\$ - I = E - H



Income Tax/PILs Workform for 2022 Filers

Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	(A + 101 + 102)	706,090		706,090
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	903,915		903,915
Amortization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Income inclusion under subparagraph 13(38)(d)(iii) from Schedule 10	108			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111			0
Charitable donations and gifts from Schedule 2	112			0
Taxable capital gains from Schedule 6	113			0
Political contributions	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	347		347
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125	99,382		99,382
Reserves from financial statements – balance at the end of the year	126	604,617		604,617
Soft costs on construction and renovation of buildings	127			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other additions				
Interest Expensed on Capital Leases	295			0
Realized Income from Deferred Credit Accounts	295			0
Pensions	295			0
Non-deductible penalties	295			0
	295			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))		101,293		101,293
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
				0

				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		1,709,554	0	1,709,554
Deductions:				
Gain on disposal of assets per financial statements	401			0
Non-taxable dividends under section 83	402			0
Capital cost allowance from Schedule 8	403	1,370,200		1,370,200
Terminal loss from Schedule 8	404			0
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413	179,775		179,775
Reserves from financial statements - balance at beginning of year	414	477,082		477,082
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions				
Interest capitalized for accounting deducted for tax	395			0
Capital Lease Payments	395			0
Non-taxable imputed interest income on deferral and variance accounts	395			0
Amortization of Contributions in Aid of Construction	395	28,856		28,856
Deferred Tax Recognized in Regulatory Deferral Credits	395	151,120		151,120
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received		101,293		101,293
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
Closing Regulatory Accounts				0
Capital Assets Additions Included in Regulatory Balance				0
18(9.1) deduction (1/9)				0
Amortization Deferred Revenue				0
				0
				0
Total Deductions		2,308,326	0	2,308,326
Net Income for Tax Purposes		107,318	0	107,318
Charitable donations from Schedule 2	311			0
Taxable dividends received under section 112 or 113	320			0
Non-capital losses of previous tax years from Schedule 4	331			0
Net capital losses of previous tax years from Schedule 4	332			0
Limited partnership losses of previous tax years from Schedule 4	335			0
TAXABLE INCOME		107,318	0	107,318



Ontario Energy Board

Income Tax/PILs Workform for 2022 Filers

Schedule 4 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction			
Actual Historical			0

[B4](#)

	Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction			
Actual Historical			0

[B4](#)

Income Tax/PILs Workform for 2022 Filers

Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non-Distribution Portion	UCC Regulated Historical Year
1	Buildings, Distribution System (acq'd post 1987)	\$ 399,922		\$ 399,922
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]			\$ -
2	Distribution System (acq'd pre 1988)	\$ 2,887,962		\$ 2,887,962
3	Buildings (acq'd pre 1988)			\$ -
6	Certain Buildings; Fences			\$ -
8	General Office Equipment, Furniture, Fixtures	\$ 348,065		\$ 348,065
10	Motor Vehicles, Fleet	\$ 181,210		\$ 181,210
10.1	Certain Automobiles			\$ -
12	Computer Application Software (Non-Systems)			\$ -
13 ₁	Lease # 1			\$ -
13 ₂	Lease # 2			\$ -
13 ₃	Lease # 3			\$ -
13 ₄	Lease # 4			\$ -
14	Limited Period Patents, Franchises, Concessions or Licences			\$ -
14.1	Eligible Capital Property (acq'd pre 2017)	\$ 1,151,450		\$ 1,151,450
14.1	Eligible Capital Property (acq'd post 2016)			\$ -
17	Elec. Generation Equip. (Non-Bldg, acq'd post Feb 27/00); Roads, Lots, Storage			\$ -
42	Fibre Optic Cable			\$ -
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment			\$ -
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment			\$ -
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	\$ 14,328		\$ 14,328
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			\$ -
47	Distribution System (acq'd post Feb 22/05)	\$ 8,772,785		\$ 8,772,785
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	\$ 1,383		\$ 1,383
95	CWIP			\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
	SUB-TOTAL - UCC	13,757,105	0	13,757,105



Income Tax/PILs Workform for 2

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital gains reserves ss.40(1)			0
Tax reserves not deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)	179,775		179,775
Reserve for undelivered goods and services not rendered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & share issue expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
Total	179,775	0	179,775
Financial Statement Reserves (not deductible for Tax Purposes)			
General reserve for inventory obsolescence (non-specific)			0
General reserve for bad debts	179,775		179,775
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
- Short & Long-term Disability			0
- Accumulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits	424,842		424,842
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	604,617	0	604,617



Income Tax/PILs Workform for 2022 Filers

PILS Tax Provision - Bridge Year

Regulatory Taxable Income

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	7.9%	\$ 7,151	7.9%	B
Federal (Max 15%)	15.0%	12.4%	\$ 11,240	12.4%	C
Combined effective tax rate (Max 26.5%)					

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Bridge Year

Wires Only

Reference

[B1](#)\$ 90,786 **A**20.26% **D = B + C**\$ 18,391 **E = A * D****F****G**\$ - **H = F + G**\$ 18,391 **I = E - H**

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



Income Tax/PILs Workform for 2022 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	(A + 101 + 102)		700,000
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		924,213
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107	B8	0
Income inclusion under subparagraph 13(38)(d)(iii)	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations and gifts from Schedule 2	112		
Taxable capital gains	113		
Political contributions	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		250
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	179,775
Reserves from financial statements- balance at end of year	126	B13	604,617
Soft costs on construction and renovation of buildings	127		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		

Income Tax/PILs Workform for 2022 Filers

Adjusted Taxable Income - Bridge Year

Other Additions			
Interest Expensed on Capital Leases	295		
Realized Income from Deferred Credit Accounts	295		
Pensions	295		
Non-deductible penalties	295		
	295		
	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			194,750
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Total Additions			1,903,605
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	B8	1,501,121
Terminal loss from Schedule 8	404	B8	0
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	B13	179,775
Reserves from financial statements - balance at beginning of year	414	B13	604,617
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions			



Income Tax/PILs Workform for 2022 Filers

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	395		
Capital Lease Payments	395		
Non-taxable imputed interest income on deferral and variance accounts	395		
Amortization of Contributions in Aid of Construction	395		32,556
	395		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			194,750
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	2,512,819
Net Income for Tax Purposes		calculated	90,786
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of previous tax years from Schedule 4	331	B4	0
Net capital losses of previous tax years from Schedule 4	332	B4	0
Limited partnership losses of previous tax years from Schedule 4	335		
TAXABLE INCOME		calculated	90,786



Ontario Energy Board

Income Tax/PILs Workform for 2022 Filers

Corporation Loss Continuity and Application

Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	H4	0
Amount to be used in Bridge Year	B1	0
Loss Carry Forward Generated in Bridge Year (if any)	B1	0
Other Adjustments		
Balance available for use post Bridge Year	calculated	0

[T4](#)

Net Capital Loss Carry Forward Deduction		Total
Actual Historical	H4	0
Amount to be used in Bridge Year		
Loss Carry Forward Generated in Bridge Year (if any)	B1	
Other Adjustments		
Balance available for use post Bridge Year	calculated	0

[T4](#)

Income Tax/PILs Workform for 2022 Filers

Schedule 8 CCA - Bridge Year

(1) Class	Class Description	Working Paper Reference	(2) Undepreciated capital cost (UCC) at the beginning of the bridge year	(3) Cost of acquisitions during the year (new property must be available for use, except CWP)	(4) Cost of acquisitions from column 3 that are accelerated investment incentive property (AIP)	(5) Adjustments and transfers (enter amounts that will reduce the UCC as negatives)	(6) Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition	(7) Amount from column 5 that is repaid during the year for a property, subsequent to its disposition	(8) Proceeds of dispositions	(9) UCC (column 2 plus column 3 plus or minus column 8)	(10) Proceeds of disposition available to reduce the UCC of column 9 (column 3 plus or minus column 8) (if negative, enter "0")	(11) Net capital cost additions of AIP acquired during the year (column 4 minus column 6) (if negative, enter "0")	Relevant factor	(12) UCC adjustment for AIP acquired during the year (column 11 multiplied by the relevant factor)	(13) UCC adjustment for non-AIP acquired during the year (0.5 multiplied by the UCC of column 9 minus column 4 minus column 7 minus column 8) (if multiplied by the relevant factor)	(14) CCA Rate %	(15) Recapture of CCA	(16) Terminal Loss	(17) CCA (for declining balance method, the result of column 9 minus column 13, multiplied by column 14)	(18) UCC at the end of the bridge year (column 9 minus column 17)	Working Paper Reference		
1	Buildings, Distribution System (acq'd post 1987)	HR	\$	399,922	\$	10,343			\$	410,265	\$	-	0.50	\$	5,172	4%			\$	16,204	\$	394,061	TA
1b	Non-Residential Buildings (Reg. 11800 (Ya.1) election)	HR	\$	-					\$	-	\$	-	0.50	\$	-	4%			\$	-	\$	-	TA
2	Distribution System (acq'd pre 1988)	HR	\$	2,887,962					\$	2,887,962	\$	-	-	\$	-	6%			\$	173,278	\$	2,714,684	TA
3	Buildings (acq'd pre 1988)	HR	\$	-					\$	-	\$	-	-	\$	-	5%			\$	-	\$	-	TA
6	Certain Buildings, Fences	HR	\$	-					\$	-	\$	-	0.50	\$	-	10%			\$	-	\$	-	TA
8	General Office Equipment, Furniture, Fixtures	HR	\$	348,005	\$	35,561			\$	384,626	\$	-	0.50	\$	19,281	20%			\$	73,269	\$	311,357	TA
10	Motor Vehicles, Fleet	HR	\$	181,210	\$	13,602			\$	194,812	\$	-	0.50	\$	6,801	30%			\$	56,403	\$	138,409	TA
10.1	Certain Automobiles	HR	\$	-					\$	-	\$	-	0.50	\$	-	30%			\$	-	\$	-	TA
12	Computer Application Software (Non-Systems)	HR	\$	-					\$	-	\$	-	0.00	\$	-	100%			\$	-	\$	-	TA
13	Lease # 1	HR	\$	-					\$	-	\$	-	0.00	\$	-	NA			\$	-	\$	-	TA
13	Lease # 2	HR	\$	-					\$	-	\$	-	0.00	\$	-	NA			\$	-	\$	-	TA
13	Lease # 3	HR	\$	-					\$	-	\$	-	0.00	\$	-	NA			\$	-	\$	-	TA
13	Lease # 4	HR	\$	-					\$	-	\$	-	0.00	\$	-	NA			\$	-	\$	-	TA
14	Limited Period Patents, Franchises, Concessions or Licences	HR	\$	-					\$	-	\$	-	0.00	\$	-	NA			\$	-	\$	-	TA
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	HR	\$	1,151,450					\$	1,151,450	\$	-	-	\$	-	NA			\$	80,602	\$	1,070,848	TA
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	HR	\$	-					\$	-	\$	-	0.50	\$	-	5%			\$	-	\$	-	TA
17	Elec. Generation Equip. (Non-Bldg, acq'd post Feb 27/00), Roads, Lots, Storage	HR	\$	-					\$	-	\$	-	0.50	\$	-	4%			\$	-	\$	-	TA
42	Fibre Optic Cable	HR	\$	-					\$	-	\$	-	0.50	\$	-	12%			\$	-	\$	-	TA
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	HR	\$	-					\$	-	\$	-	0.50	\$	-	30%			\$	-	\$	-	TA
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	HR	\$	-					\$	-	\$	-	0.50	\$	-	40%			\$	-	\$	-	TA
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	HR	\$	14,328					\$	14,328	\$	-	1.00	\$	-	45%			\$	6,448	\$	7,880	TA
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	HR	\$	-					\$	-	\$	-	0.50	\$	-	30%			\$	-	\$	-	TA
47	Distribution System (acq'd post Feb 22/05)	HR	\$	8,772,785	\$	859,188			\$	9,631,973	\$	-	0.50	\$	429,594	8%			\$	738,190	\$	8,895,783	TA
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	HR	\$	1,353	\$	33			\$	337,656	\$	-	0.50	\$	168,137	45%			\$	60,236	\$	244,420	TA
95	CWP	HR	\$	-					\$	-	\$	-	-	\$	-	0%			\$	-	\$	-	TA
	CCA Adjustment for Accelerated CCA - Bridge Year	HR	\$	-					\$	-	\$	-	-	\$	-	-			\$	265,492	\$	265,492	TA
		HR	\$	-					\$	-	\$	-	-	\$	-	-			\$	-	\$	-	TA
		HR	\$	-					\$	-	\$	-	-	\$	-	-			\$	-	\$	-	TA
		HR	\$	-					\$	-	\$	-	-	\$	-	-			\$	-	\$	-	TA
		HR	\$	-					\$	-	\$	-	-	\$	-	-			\$	-	\$	-	TA
		HR	\$	-					\$	-	\$	-	-	\$	-	-			\$	-	\$	-	TA
		HR	\$	-					\$	-	\$	-	-	\$	-	-			\$	-	\$	-	TA
		HR	\$	-					\$	-	\$	-	-	\$	-	-			\$	-	\$	-	TA
		HR	\$	-					\$	-	\$	-	-	\$	-	-			\$	-	\$	-	TA
TOTALS			\$	13,757,105	\$	1,255,967			\$	-	\$	-	-	\$	-	627,984			\$	-	\$	-	TA
																			\$	1,501,121	\$	13,511,981	TA

Income Tax/PILs Workform for 2022 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
					Additions	Disposals			
Capital gains reserves ss.40(1)	H13	0		0			0	T13	0
Tax Reserves Not Deducted for Accounting Purposes									
Reserve for doubtful accounts ss. 20(1)(l)	H13	179,775		179,775			179,775	T13	0
Reserve for goods and services not delivered ss. 20(1)(m)	H13	0		0			0	T13	0
Reserve for unpaid amounts ss. 20(1)(n)	H13	0		0			0	T13	0
Debt & share issue expenses ss. 20(1)(e)	H13	0		0			0	T13	0
Other tax reserves	H13	0		0			0	T13	0
		0		0			0		0
		0		0			0		0
Total		179,775	0	179,775	B1	0	179,775	B1	0
Financial statement reserves (not deductible for tax purposes)									
General Reserve for Inventory Obsolescence (non-specific)	H13	0		0			0	T13	0
General Reserve for Bad Debts	H13	179,775		179,775			179,775	T13	0
Accrued Employee Future Benefits:	H13	0		0			0	T13	0
- Medical and Life Insurance	H13	0		0			0	T13	0
- Short & Long-term Disability	H13	0		0			0	T13	0
- Accumulated Sick Leave	H13	0		0			0	T13	0
- Termination Cost	H13	0		0			0	T13	0
- Other Post-Employment Benefits	H13	424,842		424,842			424,842	T13	0
Provision for Environmental Costs	H13	0		0			0	T13	0
Restructuring Costs	H13	0		0			0	T13	0
Accrued Contingent Litigation Costs	H13	0		0			0	T13	0
Accrued Self-Insurance Costs	H13	0		0			0	T13	0
Other Contingent Liabilities	H13	0		0			0	T13	0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	H13	0		0			0	T13	0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	H13	0		0			0	T13	0
Other	H13	0		0			0	T13	0
		0		0			0		0
		0		0			0		0
Total		604,617	0	604,617	B1	0	604,617	B1	0



Income Tax/PILs Workform for 2022 Filers

PILs Tax Provision - Test Year

Regulatory Taxable Income

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	8.6%	-\$ 997	8.6%	B
Federal (Max 15%)	15.0%	12.9%	-\$ 1,491	12.9%	C

Combined effective tax rate (Max 26.5%)

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits

Total Tax Credits

Corporate PILs/Income Tax Provision for Test Year

Corporate PILs/Income Tax Provision Gross Up ¹

Income Tax (grossed-up)

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

Wires Only

T1 -\$ 11,527 **A**

21.59% **D = B + C**

-\$ 2,488 **E = A * D**

F

G

\$ - **H = F + G**

\$ - **I = E - H**

[S. Su](#)

78.41%

J = 1-D

\$ - **K = I/J-I**

\$ - **L = K + I**

[S. Su](#)

Taxable Income - Test Year[illegible]

Total Additions			2,165,577
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	T8	1,371,875
Terminal loss from Schedule 8	404	T8	0
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year	413	T13	179,775
Reserves from financial statements - balance at beginning of year	414	T13	604,617
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions			
Interest capitalized for accounting deducted for tax	395		
Capital Lease Payments	395		
Non-taxable imputed interest income on deferral and variance accounts	395		
Amortization of Contributions in Aid	395		40,286
	395		
	395		
	395		
	395		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			423,652
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	2,620,205
NET INCOME FOR TAX PURPOSES		calculated	-11,527
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of previous tax years from Schedule 4	331	T4	0
Net capital losses of previous tax years from Schedule 4	332	T4	0
Limited partnership losses of previous tax years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	-11,527

T0



Ontario Energy Board

Income Tax/PILs Workform for 2022 Filers

Schedule 4 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

	Working Paper Reference	Total	Non-Distribution Portion	Utility Balance
Non-Capital Loss Carry Forward Deduction				
Actual/Estimated Bridge Year Carried Forward	<u>B4</u>	0		0
Amount to be used in Test Year and Price Cap Years	<u>T1</u>	0		0
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
Amount to be used in Test Year	calculated	0		0
Loss Carry Forward Generated in Test Year (if any)	<u>T1</u>	11,527		11,527
Other Adjustments				0
Balance available for use in Future Years	calculated	11,527		11,527

		Total	Non-Distribution Portion	Utility Balance
Net Capital Loss Carry Forward Deduction				
Actual/Estimated Bridge Year Carried Forward	<u>B4</u>	0		0
Amount to be used in Test Year and Price Cap Years				0
Number of years loss until next cost of service (i.e. years the loss is to be spread over)				
Amount to be used in Test Year	<u>T1</u>	0		0
Loss Carry Forward Generated in Test Year (if any)				0
Other Adjustments				0
Balance available for use in Future Years		0		0

Income Tax/PILs Workform for 2022 Filers

Schedule 8 CCA - Test Year

(1) Class	Class Description	Working Paper Reference	(2) Undepreciated capital cost (UCC) at the beginning of the test year	(3) Cost of acquisitions during the year (new property must be available for use, except CWIP)	(4) Cost of acquisitions from column 3 that are accelerated investment incentive property (AIIP)	(5) Adjustments and transfers (enter amounts that will reduce the UCC as negatives)
1	Buildings, Distribution System (acq'd post 1987)	B8	\$ 394,061	42,000		-414
1b	Non-Residential Buildings [Reg. 1100(1)(a.1) election]	B8	\$ -			0
2	Distribution System (acq'd pre 1988)	B8	\$ 2,714,684			0
3	Buildings (acq'd pre 1988)	B8	\$ -			0
6	Certain Buildings; Fences	B8	\$ -			0
8	General Office Equipment, Furniture, Fixtures	B8	\$ 311,357	5,000		-7,312
10	Motor Vehicles, Fleet	B8	\$ 138,409	5,000		-4,081
10.1	Certain Automobiles	B8	\$ -			0
12	Computer Application Software (Non-Systems)	B8	\$ -			0
13 ₁	Lease # 1	B8	\$ -			0
13 ₂	Lease # 2	B8	\$ -			0
13 ₃	Lease # 3	B8	\$ -			0
13 ₄	Lease # 4	B8	\$ -			0
14	Limited Period Patents, Franchises, Concessions or Licences	B8	\$ -			0
14.1	Eligible Capital Property (acq'd pre Jan 1, 2017)	B8	\$ 1,070,849			0
14.1	Eligible Capital Property (acq'd post Jan 1, 2017)	B8	\$ -			0
17	Elec. Generation Equip. (Non-Bldg, acq'd post Feb 27/00); Roads, Lots, Storage	B8	\$ -			0
42	Fibre Optic Cable	B8	\$ -			0
43.1	Certain Clean Energy/Energy-Efficient Generation Equipment	B8	\$ -			0
43.2	Certain Clean Energy/Energy-Efficient Generation Equipment	B8	\$ -			0
45	Computers & System Software (acq'd post Mar 22/04 and pre Mar 19/07)	B8	\$ 7,880			0
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	\$ -			0
47	Distribution System (acq'd post Feb 22/05)	B8	\$ 8,895,783	1,783,689		-68,735
50	General Purpose Computer Hardware & Software (acq'd post Mar 18/07)	B8	\$ 244,420	66,000		-184,950
95	CWIP	B8	\$ -			0
	CCA Adjustment for Accelerated CCA - Bridge Year	B8	-\$ 265,492			0
	CCA Adjustment for Accelerated CCA - Test Year	B8	\$ -			0
		B8	\$ -			0
		B8	\$ -			0
		B8	\$ -			0
		B8	\$ -			0
		B8	\$ -			0
		B8	\$ -			0
	TOTALS		\$ 13,511,951	\$ 1,901,689	\$ -	-\$ 265,492

(6) Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition	(7) Amount from column 5 that is repaid during the year for a property, subsequent to its disposition	(8) Proceeds of dispositions	(9) UCC (column 2 plus column 3 plus or minus column 5 minus column 8)	(10) Proceeds of disposition available to reduce the UCC of AIIP (column 8 plus column 6 minus column 3 plus column 4 minus column 7) (if negative, enter "0")	(11) Net capital cost additions of AIIP acquired during the year (column 4 minus column 10) (if negative, enter "0")	Relevant factor	(12) UCC adjustment for AIIP acquired during the year (column 11 multiplied by the relevant factor)	(13) UCC adjustment for non-AIIP acquired during the year (0.5 multiplied by the result of column 3 minus column 4 minus column 6 plus column 7 minus column 8) (if	(14) CCA Rate %	(15) Recapture of CCA	(16) Terminal Loss	(17) CCA (for declining balance method, the result of column 9 plus column 12 minus column 13, multiplied by column 14)	(18) UCC at the end of the test year (column 9 minus column 17)
			\$ 435,648	\$ -	\$ -	0.50	\$ -	\$ 21,000	4%			\$ 16,586	\$ 419,062
			\$ -	\$ -	\$ -	0.50	\$ -	\$ -	6%			\$ -	\$ -
			\$ 2,714,684	\$ -	\$ -		\$ -	\$ -	6%			\$ 162,881	\$ 2,551,803
			\$ -	\$ -	\$ -		\$ -	\$ -	5%			\$ -	\$ -
			\$ -	\$ -	\$ -	0.50	\$ -	\$ -	10%			\$ -	\$ -
			\$ 309,045	\$ -	\$ -	0.50	\$ -	\$ 2,500	20%			\$ 61,309	\$ 247,736
			\$ 139,328	\$ -	\$ -	0.50	\$ -	\$ 2,500	30%			\$ 41,048	\$ 98,280
			\$ -	\$ -	\$ -	0.50	\$ -	\$ -	30%			\$ -	\$ -
			\$ -	\$ -	\$ -	0.00	\$ -	\$ -	100%			\$ -	\$ -
			\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA				\$ -
			\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA				\$ -
			\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA				\$ -
			\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA				\$ -
			\$ -	\$ -	\$ -	0.00	\$ -	\$ -	NA				\$ -
			\$ 1,070,849	\$ -	\$ -		\$ -	\$ -	7%			\$ 74,959	\$ 995,889
			\$ -	\$ -	\$ -	0.50	\$ -	\$ -	5%			\$ -	\$ -
			\$ -	\$ -	\$ -	0.50	\$ -	\$ -	8%			\$ -	\$ -
			\$ -	\$ -	\$ -	0.50	\$ -	\$ -	12%			\$ -	\$ -
			\$ -	\$ -	\$ -	2.33	\$ -	\$ -	30%			\$ -	\$ -
			\$ -	\$ -	\$ -	1.00	\$ -	\$ -	50%			\$ -	\$ -
			\$ 7,880	\$ -	\$ -		\$ -	\$ -	45%			\$ 3,546	\$ 4,334
			\$ -	\$ -	\$ -	0.50	\$ -	\$ -	30%			\$ -	\$ -
			\$ 10,610,737	\$ -	\$ -	0.50	\$ -	\$ 891,845	8%			\$ 777,511	\$ 9,833,225
			\$ 125,470	\$ -	\$ -	0.50	\$ -	\$ 33,000	55%			\$ 50,859	\$ 74,612
			\$ -	\$ -	\$ -	0.00	\$ -	\$ -	0%			\$ -	\$ -
			-\$ 265,492	\$ -	\$ -		\$ -	\$ -					\$ -
			\$ -	\$ -	\$ -		\$ -	\$ -				\$ 183,175	-\$ 183,175
			\$ -	\$ -	\$ -		\$ -	\$ -					\$ -
			\$ -	\$ -	\$ -		\$ -	\$ -					\$ -
			\$ -	\$ -	\$ -		\$ -	\$ -					\$ -
			\$ -	\$ -	\$ -		\$ -	\$ -					\$ -
			\$ -	\$ -	\$ -		\$ -	\$ -					\$ -
			\$ -	\$ -	\$ -		\$ -	\$ -					\$ -
\$ -	\$ -	\$ -	\$ 15,148,149	\$ -	\$ -		\$ -	\$ 950,845		\$ -	\$ -	\$ 1,371,875	\$ 14,041,765

Income Tax/PILs Workform for 2022 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Test Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	Change During the Year	Disallowed Expenses
					Additions	Disposals			
Capital Gains Reserves ss.40(1)	B13	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes									
Reserve for doubtful accounts ss. 20(1)(l)	B13	179,775		179,775			179,775	0	
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0			0	0	
Other tax reserves	B13	0		0			0	0	
		0		0			0	0	
Total		179,775	0	179,775	T1	0	179,775	T1	0
Financial Statement Reserves (not deductible for Tax Purposes)									
General Reserve for Inventory Obsolescence (non-specific)	B13	0		0			0	0	
General reserve for bad debts	B13	179,775		179,775			179,775	0	
Accrued Employee Future Benefits:	B13	0		0			0	0	
- Medical and Life Insurance	B13	0		0			0	0	
- Short & Long-term Disability	B13	0		0			0	0	
- Accumulated Sick Leave	B13	0		0			0	0	
- Termination Cost	B13	0		0			0	0	
- Other Post-Employment Benefits	B13	424,842		424,842			424,842	0	
Provision for Environmental Costs	B13	0		0			0	0	
Restructuring Costs	B13	0		0			0	0	
Accrued Contingent Litigation Costs	B13	0		0			0	0	
Accrued Self-Insurance Costs	B13	0		0			0	0	
Other Contingent Liabilities	B13	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	B13	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	B13	0		0			0	0	
Other	B13	0		0			0	0	
		0		0			0	0	
Total		604,617	0	604,617	T1	0	604,617	T1	0