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Calculation of Revenue Requirement

Ex.6/Tab 1/Sch.1 – Overview

RSL has included the following information in this Exhibit:

- Statement of Rate Base
- Actual Utility Return on Rate Base
- Requested & Indicated Rate of Return
- Determination of Net Utility Income
- Proposed Revenue Requirement
- Gross Deficiency or Sufficiency in Revenue

The information in this Exhibit supports RSL's request in this Application for an increase in its Revenue Requirement to support the proposed capital and operating budgets for 2022, to service debt, to pay deemed PILs, and to return the allowed Return on Equity.

RSL has determined that for the 2022 Test Year, the total Service Revenue Requirement is \$3,360,105 and the Revenue Deficiency is \$489,919.

The calculations on which this determination is based are set out in the following sections. It is noted that the Revenue Deficiency calculation does not include recovery of Deferral and Variance Accounts or other electricity charges.

Ex.6/Tab 1/Sch.2 - Statement of Rate Base

RSL has calculated its 2022 Test Year Rate Base to be \$7,877,232 as shown in Table 6.1 below.

Table 6.1: Rate Base

Rate Base	
Particulars	Initial Application
Gross Fixed Assets (average)	\$10,028,356
Accumulated Depreciation (average)	(\$3,189,227)
Net Fixed Assets (average)	\$6,839,129
Allowance for Working Capital	\$1,038,103
Total Rate Base	\$7,877,232
Allowance for Working Capital - Derivation	
Controllable Expenses	\$2,517,612
Cost of Power	\$11,323,764
Working Capital Base	\$13,841,376
Working Capital Rate %	7.50%
Working Capital Allowance	\$1,038,103

Table 6.2 below illustrates RSL's required return on Rate Base in the 2022 Test Year, by applying the capital parameters provided by the Board for 2022 rate applications (letter dated October 28, 2021 ("2022 Cost of Capital Parameters").

Table 6.2: Capital Structure and Cost of Capital

**Appendix 2-OA
Capital Structure and Cost of Capital**

This table must be completed for the last OEB-approved year and the test year.

Test Year: 2022

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$4,411,250	3.69%	\$162,572
2	Short-term Debt	4.00% (1)	\$315,089	1.17%	\$3,687
3	Total Debt	60.0%	\$4,726,339	3.52%	\$166,258
	Equity				
4	Common Equity	40.00%	\$3,150,893	8.66%	\$272,867
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$3,150,893	8.66%	\$272,867
7	Total	100.0%	\$7,877,232	5.57%	\$439,125

Notes

(1)

4.0% unless an applicant has proposed or been approved for a different amount.

Last OEB-approved year: 2016 Board Approved

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$3,858,975	3.00%	\$115,769
2	Short-term Debt	4.00% (1)	\$275,641	1.76%	\$4,851
3	Total Debt	60.0%	\$4,134,616	2.92%	\$120,621
	Equity				
4	Common Equity	40.00%	\$2,756,411	8.78%	\$242,013
5	Preferred Shares		\$ -		\$ -
6	Total Equity	40.0%	\$2,756,411	8.78%	\$242,013
7	Total	100.0%	\$6,891,027	5.26%	\$362,633

Notes

(1)

4.0% unless an applicant has proposed or been approved for a different amount.

Ex.6/Tab 1/Sch.3 - Actual Utility Return on Rate Base

Table 6.3 below illustrates the computation of RSL's Actual Return on its Rate Base at existing rates and Required Return at proposed rates for the 2022 Test Year by applying the capital parameters provided by the Board for 2022 rate applications in a letter dated October 28, 2021 ("2022 Cost of Capital Parameters").

Table 6.3: Return on Rate Base

Particulars	
2022 Actual Return on Rate Base at Existing Rates	
Rate Base	\$7,877,232
Interest Expense	\$166,258
Net Income	(\$157,282)
Total Actual Return on Rate Base	\$8,976
Actual Return on Rate Base	0.11%
2022 Required Return on Rate Base at Proposed Rates	
Rate Base	\$7,877,232
Deemed Interest Expense	\$166,258
Deemed Return on Equity	\$272,867
Total Return	\$439,125
Expected Return on Rate Base	5.57%

Ex.6/Tab 1/Sch.4 - Indicated and Requested Rate of Return

RSL's 2022 Indicated Rate of Return is calculated as 0.11% at current rates as presented in Table 6.6 of this Exhibit.

Once the revenue deficiency has been accounted for, the Indicated Rate of Return becomes 5.57% as expected. Details of the calculation can be found in Table 6.6.

Ex.6/Tab 1/Sch.5 - Determination of Net Utility Income

RSL has determined its allowable 2022 Net Income as \$272,368. Table 6.4 provides the detailed Net Income calculation for the 2022 Test Year.

Table 6.4: Determination of Net Utility Income

Particular	Initial Application
Operating Revenues:	
Distribution Revenue (at Proposed Rates)	\$3,152,487
Other Revenue	\$207,618
Total Operating Revenues	\$3,360,105
Operating Expenses:	
OM+A Expenses	\$2,488,912
Depreciation/Amortization	\$403,368
Property taxes	\$28,700
Capital taxes	\$0
Other expense	\$0
Total Operating Expenses	\$2,920,980
Deemed Interest Expense	\$166,258
Total Expenses	\$3,087,238
Utility income before income taxes	\$272,867
Income taxes (grossed-up)	\$0
Utility net income	\$272,867

Ex.6/Tab 1/Sch.6 - Proposed Revenue Requirement

RSL's Revenue Requirement consists of the following:

- Operations, Maintenance and Administrative Expense
- Depreciation/Amortization Expense
- Property Taxes
- PILs
- Return on Rate Base (Deemed Interest & Return on Equity)

RSL's revenue requirement represents the amount of money that a utility must receive from its customers to cover its costs, operating expenses, taxes, interest paid on debts owed to investors and, if applicable, a deemed return (profit).

The proposed Base Revenue Requirement, representing the revenue to be recovered from base distribution rates, is equal to the total Service Revenue Requirement less Revenue Offsets derived from other revenue sources. RSL's proposed 2022 Base Revenue Requirement is \$3,152,487 as shown in Table 6.5 below.

Table 6.5: Test Year Revenue Requirement

Particular	2022 Test Year
OM&A Expenses	\$2,488,912
Amortization Expense	\$403,368
Property Taxes	\$28,700
Total Distribution Expenses	\$2,920,980
Regulated Return On Capital	\$439,125
Grossed up PILs	\$0
Service Revenue Requirement	\$3,360,105
Less: Revenue Offsets	\$207,618
Base Revenue Requirement	\$3,152,487

The completed Revenue Requirement Work Form is submitted in this Exhibit as Attachment 6.1.

Revenue Deficiency or Surplus

Ex.6/Tab 2/Sch.1 - Calculation of Revenue Deficiency or Surplus

RSL's net revenue deficiency under the proposed rates is \$489,919. This deficiency is calculated as the difference between the 2022 Test Year Revenue Requirement and the 2022 revenue at existing rates (please refer to Tab I6.1 "Revenue" in the 2022 Cost Allocation Model) plus the forecasted other operating revenues.

The Revenue Deficiency Table 6.6 presented at the next page is an excerpt from the Revenue Requirement Work Form. The drivers of the revenue deficiency are detailed in Ex.6/Tab 2/Sch.2.

Table 6.6: Revenue Deficiency (RRWF)

Revenue Deficiency/Sufficiency			
Line No.	Particulars	Initial Application	
		At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$489,919
2	Distribution Revenue	\$2,662,568	\$2,662,568
3	Other Operating Revenue Offsets - net	\$207,618	\$207,618
4	Total Revenue	\$2,870,186	\$3,360,105
5	Operating Expenses	\$2,920,980	\$2,920,980
6	Deemed Interest Expense	\$166,258	\$166,258
8	Total Cost and Expenses	\$3,087,238	\$3,087,238
9	Utility Income Before Income Taxes	(\$217,052)	\$272,867
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$272,867)	(\$272,867)
11	Taxable Income	(\$489,919)	\$ -
12	Income Tax Rate	12.20%	12.20%
13		(\$59,770)	\$ -
	Income Tax on Taxable Income		
14	Income Tax Credits	\$ -	\$ -
15	Utility Net Income	(\$157,282)	\$272,867
16	Utility Rate Base	\$7,877,232	\$7,877,232
17	Deemed Equity Portion of Rate Base	\$3,150,893	\$3,150,893
18	Income/(Equity Portion of Rate Base)	-4.99%	8.66%
19	Target Return - Equity on Rate Base	8.66%	8.66%
20	Deficiency/Sufficiency in Return on Equity	-13.65%	0.00%
21	Indicated Rate of Return	0.11%	5.57%
22	Requested Rate of Return on Rate Base	5.57%	5.57%
23	Deficiency/Sufficiency in Rate of Return	-5.46%	0.00%
24	Target Return on Equity	\$272,867	\$272,867
25	Revenue Deficiency/(Sufficiency)	\$430,149	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$489,919 ⁽¹⁾	

Ex.6/Tab 2/Sch.2 - Causes of Revenue Deficiency or Surplus

Table 6.7 below outlines the contributors to the Revenue Deficiency by Revenue Requirement component.

Table 6.7: Contributors to Revenue Deficiency

Particular	2016 Board Approved	2022 Test year	Variance
OM&A	2,092,824	2,488,912	396,088
Depreciation Expense	365,942	403,368	37,426
Property Taxes	18,187	28,700	10,513
PILs	23,102	0	(23,102)
Return on Rate Base	362,633	439,125	76,492
Other Revenue	(270,254)	(207,618)	62,636
Distribution Revenue at Approved Rates for 2016, existing rates for 2022	(2,592,434)	(2,662,568)	(70,134)
Revenue Deficiency	\$ -	\$ 489,919	\$ 489,919

There are three main contributors to the revenue deficiency of \$489,919 for the 2022 Test Year:

- The primary contributor is the increase in OM&A from the 2016 Board Approved amount to the Proposed 2022 amount, which contributes \$396,088 to the 2022 Revenue Deficiency. The cost drivers underlying this increase are explained in Ex.4/Tab 2/Sch.1 - Cost Driver Tables.
- The increase in Return on Rate Base contributes \$76,492 to the 2022 Test Year Revenue Deficiency. 2022 Rate Base is greater by \$966,206 than 2016 Rate Base and the required return has increased from 5.26% to 5.57%. The two factors together push up revenue deficiency. Table 6.8 below shows the change in Rate Base.

Table 6.8: Change in Rate Base

	Return on Rate Base		
Particular	2016 Board Approved	2022 Test year	Variance
Rate Base	\$6,891,026	\$7,877,232	\$986,206
Return on Long Term Debt	3.00%	3.69%	0.69%
Return on Short Term Debt	1.76%	1.17%	-0.59%
Return on Equity	8.78%	8.66%	-0.12%
Return on Rate Base	\$362,633	\$439,125	\$76,492
	Rate Base		
	2016 Board Approved	2022 Test year	Variance
Rate Base			
Net Fixed Assets (average)	\$5,626,388	\$6,839,129	\$1,212,741
Allowance for Working Capital	\$1,264,638	\$1,038,103	(\$226,535)
Total Rate Base	\$6,891,026	\$7,877,232	\$986,206
Allowance for Working Capital - Derivation			
Controllable Expenses	\$2,111,011	\$2,517,612	\$406,601
Cost of Power	\$14,750,833	\$11,323,764	(\$3,427,069)
Working Capital Base	\$16,861,844	\$13,841,376	(\$3,020,468)
Working Capital Rate %	7.50%	7.5%	0.0%
Working Capital Allowance	\$1,264,638	\$1,038,103	(\$226,535)

- A lower Other Revenue has resulted in a higher revenue requirement and revenue deficiency. In the 2016 COS, \$83,067 of Collection of Account Charge was included in Other Revenue. The charge was discontinued as a result of the changes made to Distribution System Codes by the OEB's Rate Order (EB-2017-0183) issued on March 14, 2019. Please see Ex.9/Tab 1/Sch.5 for more information. The elimination of Collection of Account Charge and changes in other types of Other Revenue together contribute \$62,636 to revenue deficiency.

Ex.6/Tab 2/Sch.3 - Impact of Change in Accounting Standards or Policies

RSL has adopted MIFRS and confirms that it made the required changes to its capitalization policies and depreciation rates. As such, there are no changes to accounting standards that impact the change in revenue requirement.

Appendix

List of Appendices

Appendix 6.1 – RSL's 2022 Revenue Requirement Work Form

Appendix 6.1 – RSL’s 2022 Revenue Requirement Work Form



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 Filers



Version 1.00

Utility Name	Rideau St. Lawrence Distribution Inc.
Service Territory	
Assigned EB Number	EB-2021-0056
Name and Title	Peter Soules, Chief Financial Officer
Phone Number	613-925-3851
Email Address	psoules@rslu.ca
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.

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.

While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 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. Reqt](#)

[10. Load Forecast](#)

[11. Cost Allocation](#)

[12. Residential Rate Design](#)

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

[14. Tracking Sheet](#)

Notes:

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



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 Filers

Data Input ⁽¹⁾

	Initial Application ⁽²⁾			Per Board Decision
1 Rate Base				
Gross Fixed Assets (average)	\$10,028,356		\$ 10,028,356	\$10,028,356
Accumulated Depreciation (average)	(\$3,189,227) ⁽⁵⁾		(\$3,189,227)	(\$3,189,227)
Allowance for Working Capital:				
Controllable Expenses	\$2,517,612		\$ 2,517,612	\$2,517,612
Cost of Power	\$11,323,764		\$ 11,323,764	\$11,323,764
Working Capital Rate (%)	7.50% ⁽⁹⁾			
2 Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$2,662,568			
Distribution Revenue at Proposed Rates	\$3,152,487			
Other Revenue:				
Specific Service Charges	\$23,875			
Late Payment Charges	\$60,000			
Other Distribution Revenue	\$128,243			
Other Income and Deductions	(\$4,500)			
Total Revenue Offsets	\$207,618 ⁽⁷⁾			
Operating Expenses:				
OM+A Expenses	\$2,488,912		\$ 2,488,912	\$2,488,912
Depreciation/Amortization	\$403,368		\$ 403,368	\$403,368
Property taxes	\$28,700		\$ 28,700	\$28,700
Other expenses				
3 Taxes/PILs				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$272,867) ⁽³⁾			
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$ -			
Income taxes (grossed up)	\$ -			
Federal tax (%)	9.00%			
Provincial tax (%)	3.20%			
Income Tax Credits				
4 Capitalization/Cost of Capital				
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.0%			
Short-term debt Capitalization Ratio (%)	4.0% ⁽⁸⁾			
Common Equity Capitalization Ratio (%)	40.0%			
Preferred Shares Capitalization Ratio (%)				
	100.0%			
Cost of Capital				
Long-term debt Cost Rate (%)	3.69%			
Short-term debt Cost Rate (%)	1.17%			
Common Equity Cost Rate (%)	8.66%			
Preferred Shares Cost Rate (%)	0.00%			

Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Select option from drop-down list by clicking on cell M12. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- (9) The default Working Capital Allowance factor is 7.5% (of Cost of Power plus controllable expenses), per the letter issued by the Board on June 3, 2015. Alternatively, a WCA factor based on lead-lag study, with supporting rationale could be provided.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 Filers

Rate Base and Working Capital

Rate Base										
Line No.	Particulars	Initial Application						Per Board Decision		
1	Gross Fixed Assets (average) ⁽²⁾	\$10,028,356		\$ -		\$10,028,356		\$ -		\$10,028,356
2	Accumulated Depreciation (average) ⁽²⁾	(\$3,189,227)		\$ -		(\$3,189,227)		\$ -		(\$3,189,227)
3	Net Fixed Assets (average) ⁽²⁾	\$6,839,129		\$ -		\$6,839,129		\$ -		\$6,839,129
4	Allowance for Working Capital ⁽¹⁾	\$1,038,103		(\$1,038,103)		\$ -		\$ -		\$ -
5	Total Rate Base	\$7,877,232		(\$1,038,103)		\$6,839,129		\$ -		\$6,839,129

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$2,517,612	\$ -	\$2,517,612	\$ -	\$2,517,612
7	Cost of Power	\$11,323,764	\$ -	\$11,323,764	\$ -	\$11,323,764
8	Working Capital Base	\$13,841,376	\$ -	\$13,841,376	\$ -	\$13,841,376
9	Working Capital Rate % ⁽¹⁾	7.50%	-7.50%	0.00%	0.00%	0.00%
10	Working Capital Allowance	\$1,038,103	(\$1,038,103)	\$ -	\$ -	\$ -

Notes

(1) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2021 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015.

(2) Average of opening and closing balances for the year.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 Filers

Utility Income

Line No.	Particulars	Initial Application					Per Board Decision
Operating Revenues:							
1	Distribution Revenue (at Proposed Rates)	\$3,152,487	(\$3,152,487)	\$ -	\$ -	\$ -	\$ -
2	Other Revenue ⁽¹⁾	\$207,618	(\$207,618)	\$ -	\$ -	\$ -	\$ -
3	Total Operating Revenues	\$3,360,105	(\$3,360,105)	\$ -	\$ -	\$ -	\$ -
Operating Expenses:							
4	OM+A Expenses	\$2,488,912	\$ -	\$2,488,912	\$ -	\$2,488,912	\$2,488,912
5	Depreciation/Amortization	\$403,368	\$ -	\$403,368	\$ -	\$403,368	\$403,368
6	Property taxes	\$28,700	\$ -	\$28,700	\$ -	\$28,700	\$28,700
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$2,920,980	\$ -	\$2,920,980	\$ -	\$2,920,980	\$2,920,980
10	Deemed Interest Expense	\$166,258	(\$166,258)	\$ -	\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$3,087,238	(\$166,258)	\$2,920,980	\$ -	\$2,920,980	\$2,920,980
12	Utility income before income taxes	\$272,867	(\$3,193,847)	(\$2,920,980)	\$ -	(\$2,920,980)	(\$2,920,980)
13	Income taxes (grossed-up)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Utility net income	\$272,867	(\$3,193,847)	(\$2,920,980)	\$ -	(\$2,920,980)	(\$2,920,980)

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$23,875	\$ -	\$ -	\$ -
	Late Payment Charges	\$60,000	\$ -	\$ -	\$ -
	Other Distribution Revenue	\$128,243	\$ -	\$ -	\$ -
	Other Income and Deductions	(\$4,500)	\$ -	\$ -	\$ -
	Total Revenue Offsets	\$207,618	\$ -	\$ -	\$ -



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 Filers

Taxes/PILs

Line No.	Particulars	Application		Per Board Decision	
<u>Determination of Taxable Income</u>					
1	Utility net income before taxes	\$272,867		\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$272,867)		\$ -	\$ -
3	Taxable income	\$ -		\$ -	\$ -
<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 (%)	9.00%		9.00%	9.00%
12	Provincial tax (%)	3.20%		3.20%	3.20%
13	Total tax rate (%)	12.20%		12.20%	12.20%

Notes



Ontario Energy Board

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%	\$4,411,250	3.69%	\$162,572
2	Short-term Debt	4.00%	\$315,089	1.17%	\$3,687
3	Total Debt	60.00%	\$4,726,339	3.52%	\$166,258
	Equity				
4	Common Equity	40.00%	\$3,150,893	8.66%	\$272,867
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$3,150,893	8.66%	\$272,867
7	Total	100.00%	\$7,877,232	5.57%	\$439,125
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	\$ -
7	Total	0.00%	\$6,839,129	0.00%	\$ -
		(%)	(\$)	(%)	(\$)
8	Long-term Debt	0.00%	\$ -	3.69%	\$ -
9	Short-term Debt	0.00%	\$ -	1.17%	\$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
11	Common Equity	0.00%	\$ -	8.66%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$6,839,129	0.00%	\$ -

Notes



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 Filers

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$489,919		\$294,318
2	Distribution Revenue	\$2,662,568	\$2,662,568	\$2,662,568	\$2,858,169
3	Other Operating Revenue Offsets - net	\$207,618	\$207,618	\$ -	\$ -
4	Total Revenue	\$2,870,186	\$3,360,105	\$2,662,568	\$3,152,487
5	Operating Expenses	\$2,920,980	\$2,920,980	\$2,920,980	\$2,920,980
6	Deemed Interest Expense	\$166,258	\$166,258	\$ -	\$ -
8	Total Cost and Expenses	\$3,087,238	\$3,087,238	\$2,920,980	\$2,920,980
9	Utility Income Before Income Taxes	(\$217,052)	\$272,867	(\$258,412)	\$231,508
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$272,867)	(\$272,867)	(\$272,867)	(\$272,867)
11	Taxable Income	(\$489,919)	\$ -	(\$531,279)	(\$41,360)
12	Income Tax Rate	12.20%	12.20%	12.20%	12.20%
13	Income Tax on Taxable Income	(\$59,770)	\$ -	\$ -	\$ -
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	(\$157,282)	\$272,867	(\$258,412)	(\$2,920,980)
16	Utility Rate Base	\$7,877,232	\$7,877,232	\$6,839,129	\$6,839,129
17	Deemed Equity Portion of Rate Base	\$3,150,893	\$3,150,893	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	-4.99%	8.66%	0.00%	0.00%
19	Target Return - Equity on Rate Base	8.66%	8.66%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-13.65%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	0.11%	5.57%	-3.78%	0.00%
22	Requested Rate of Return on Rate Base	5.57%	5.57%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-5.46%	0.00%	-3.78%	0.00%
24	Target Return on Equity	\$272,867	\$272,867	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$430,149	\$ -	\$258,412	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	\$489,919 ⁽¹⁾	\$ -	\$294,318 ⁽¹⁾	\$ -



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 Filers

Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$2,488,912		\$2,488,912	
2	Amortization/Depreciation	\$403,368		\$403,368	
3	Property Taxes	\$28,700		\$28,700	
5	Income Taxes (Grossed up)	\$ -		\$ -	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$166,258		\$ -	
	Return on Deemed Equity	\$272,867		\$ -	
8	Service Revenue Requirement (before Revenues)	\$3,360,105		\$2,920,980	
9	Revenue Offsets	\$207,618		\$ -	
10	Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)	\$3,152,487		\$2,920,980	
11	Distribution revenue	\$3,152,487		\$ -	
12	Other revenue	\$207,618		\$ -	
13	Total revenue	\$3,360,105		\$ -	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$ -	⁽¹⁾	(\$2,920,980)	⁽¹⁾

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application	Δ% ⁽²⁾	Per Board Decision	Δ% ⁽²⁾
Service Revenue Requirement	\$3,360,105		\$2,920,980	
Grossed-Up Revenue				
Deficiency/(Sufficiency)	\$489,919		\$3,326,856	
Base Revenue Requirement (to be recovered from Distribution Rates)	\$3,152,487		\$2,920,980	
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	\$489,919		\$ -	

Notes

⁽¹⁾ Line 11 - Line 8

⁽²⁾ Percentage Change Relative to Initial Application



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2022 Filers

Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$2,488,912		\$2,488,912	
2	Amortization/Depreciation	\$403,368		\$403,368	
3	Property Taxes	\$28,700		\$28,700	
5	Income Taxes (Grossed up)	\$ -		\$ -	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$166,258		\$ -	
	Return on Deemed Equity	\$272,867		\$ -	
8	Service Revenue Requirement (before Revenues)	\$3,360,105		\$2,920,980	
9	Revenue Offsets	\$207,618		\$ -	
10	Base Revenue Requirement (excluding Transformer Owership Allowance credit adjustment)	\$3,152,487		\$2,920,980	
11	Distribution revenue	\$3,152,487		\$ -	
12	Other revenue	\$207,618		\$ -	
13	Total revenue	\$3,360,105		\$ -	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$ -	⁽¹⁾	(\$2,920,980)	⁽¹⁾

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application		Δ% ⁽²⁾	Per Board Decision	Δ% ⁽²⁾
Service Revenue Requirement	\$3,360,105	\$2,920,980	####	\$2,920,980	####
Grossed-Up Revenue					
Deficiency/(Sufficiency)	\$489,919	\$294,318	####	\$3,326,856	####
Base Revenue Requirement (to be recovered from Distribution Rates)	\$3,152,487	\$2,920,980	####	\$2,920,980	####
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	\$489,919	\$ -	####	\$ -	####

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			Per Board Decision		
Input the name of each customer class.		Customer / Connections Test Year average or mid-year	kWh Annual	kW/kVA ⁽¹⁾ Annual	Customer / Connections Test Year average or mid-year	kWh Annual	kW/kVA ⁽¹⁾ Annual
1	Residential	5,129	43,536,196				
2	General Service < 50 kW	727	17,290,656				
3	General Service 50 to 4,999 kW	59	33,433,327	99,076			
4	Street Lights	1,712	642,914	1,744			
5	Sentinel Lights	73	92,955	258			
6	Unmetered Loads	57	535,316				
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
Total			95,531,364	101,078		-	-



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	\$ 1,844,476	64.43%	\$ 2,283,288	67.95%
2 General Service < 50 kW	\$ 481,309	16.81%	\$ 509,515	15.16%
3 General Service 50 to 4,999 kW	\$ 425,452	14.86%	\$ 428,346	12.75%
4 Street Lights	\$ 87,751	3.07%	\$ 110,170	3.28%
5 Sentinel Lights	\$ 9,873	0.34%	\$ 12,117	0.36%
6 Unmetered Loads	\$ 13,826	0.48%	\$ 16,670	0.50%
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
Total	\$ 2,862,687	100.00%	\$ 3,360,105	100.00%
Service Revenue Requirement (from Sheet 9)			\$ 3,360,105.12	

- (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	\$ 1,636,561	\$ 1,937,693	\$ 2,072,305	\$ 134,949
2	General Service < 50 kW	\$ 482,270	\$ 571,008	\$ 502,426	\$ 32,615
3	General Service 50 to 4,999 kW	\$ 425,455	\$ 503,740	\$ 442,161	\$ 29,020
4	Street Lights	\$ 96,242	\$ 113,950	\$ 109,634	\$ 9,195
5	Sentinel Lights	\$ 7,793	\$ 9,227	\$ 9,487	\$ 812
6	Unmetered Loads	\$ 14,247	\$ 16,868	\$ 16,474	\$ 1,026
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
Total		\$ 2,662,568	\$ 3,152,487	\$ 3,152,487	\$ 207,618

- (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	92.63%	90.77%	96.67%	85 - 115
2	General Service < 50 kW	111.95%	118.47%	105.01%	80 - 120
3	General Service 50 to 4,999 kW	114.20%	124.38%	110.00%	80 - 120
4	Street Lights	120.00%	111.78%	107.86%	80 - 120
5	Sentinel Lights	92.63%	82.86%	85.00%	80 - 120
6	Unmetered Loads	108.83%	107.34%	104.98%	80 - 120
7					
8					
9					
10					
11					
12					
13					
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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		
		2022	2023	2024	
1	Residential	96.67%	96.67%	96.67%	85 - 115
2	General Service < 50 kW	105.01%	105.01%	105.01%	80 - 120
3	General Service 50 to 4,999 kW	110.00%	110.00%	110.00%	80 - 120
4	Street Lights	107.86%	107.86%	107.86%	80 - 120
5	Sentinel Lights	85.00%	85.00%	85.00%	80 - 120
6	Unmetered Loads	104.98%	104.98%	104.98%	80 - 120
7					
8					
9					
10					
11					
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20					

(11) The applicant should complete Table D if it is applying for approval of a revenue-to-cost ratio in 2021 that is outside of the OEB's policy range for any customer class. Table D will show that the distributor is likely to enter into the 2022 and 2023 Price Cap IR models, as necessary. For 2022 and 2023, enter the planned revenue-to-cost ratios that will be "Change" or "No Change" in 2019 (in the current Revenue/Cost Ratio Adjustment Workform, Worksheet C1.1 'Decision - Cost Revenue Adjustment, column d), and enter TBD for class(es) that will be entered as 'Rebalance'.

Revenue Requirement Workform (RRWF) for 2022 Filers



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	\$ 439,125	5.57%	\$ 7,877,232	\$ 13,841,376	\$ 1,038,103	\$ 403,368	\$ -	\$ 2,488,912	\$ 3,360,105	\$ 207,618	\$ 3,152,487	\$ 489,919
	Change												

1