

# **Exhibit 6**

## **Revenue Deficiency**

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1    **1..0    REVENUE DEFICIENCY**

2    **1.1.    Overview**

3    E.L.K. Energy Inc. (“E.L.K”) revenue deficiency is \$300,665. This deficiency is calculated as the  
4    difference between the 2022 Test Year Revenue Requirement of \$4,511,397 and the Forecast  
5    2022 Test Year Revenue, based on the 2021 approved rates, at \$4,210,732. Table 6-1 on the  
6    following page provides the revenue deficiency calculations. The table also includes the  
7    determination of net utility income, statement of rate base, the utility return on rate base at existing  
8    rates and the requested rate of return on rate base in this application. Further details on these  
9    items are provided in the pdf version of the Revenue Requirement Work Form (“RRWF”) is filed  
10   as Exhibit 6, Tab 1, Attachment 1. A live Microsoft Excel version of the RRWF has also been filed  
11   with this Application.

12

13   **1.2.    Revenue Requirement**

14   E.L.K.’s Revenue Requirement consists of the following:

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

21

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

25

1

**Table 6-1 Revenue Deficiency Calculation**

Particulars	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below		\$300,665
Distribution Revenue	\$3,723,985	\$3,723,985
Other Operating Revenue Offsets - net	\$486,747	\$486,747
<b>Total Revenue</b>	<b>\$4,210,732</b>	<b>\$4,511,397</b>
Operating Expenses	\$3,807,174	\$3,807,174
Deemed Interest Expense	\$225,465	\$225,465
<b>Total Cost and Expenses</b>	<b>\$4,032,639</b>	<b>\$4,032,639</b>
<b>Utility Income Before Income Taxes</b>	<b>\$178,093</b>	<b>\$478,758</b>
Tax Adjustments to Accounting Income per 2013 PILs model	(\$743,209)	(\$743,209)
<b>Taxable Income</b>	<b>(\$565,117)</b>	<b>(\$264,451)</b>
Income Tax Rate	0.00%	0.00%
<b>Income Tax on Taxable Income</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Utility Net Income</b>	<b>\$178,093</b>	<b>\$478,758</b>
<b>Utility Rate Base</b>	<b>\$13,820,951</b>	<b>\$13,820,951</b>
Deemed Equity Portion of Rate Base	\$5,528,380	\$5,528,380
Income/(Equity Portion of Rate Base)	3.22%	8.66%
Target Return - Equity on Rate Base	8.66%	8.66%
Deficiency/Sufficiency in Return on Equity	-5.44%	0.00%
Indicated Rate of Return	2.92%	5.10%
Requested Rate of Return on Rate Base	5.10%	5.10%
Deficiency/Sufficiency in Rate of Return	-2.18%	0.00%
Target Return on Equity	\$478,758	\$478,758
Revenue Deficiency/(Sufficiency)	\$300,665	\$0
<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$300,665</b>	

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Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2021 Filers



Version 1.00

Utility Name	E.L.K. Energy Inc.
Service Territory	<i>Essex, Belle River, Harrow, Kingsville, Comber/Cot</i>
Assigned EB Number	EB-2021-0016
Name and Title	Cheryl Tratechaud, Chief Financial Officer, Director
Phone Number	519-776-5291 Ext 205
Email Address	<a href="mailto:ctratechaud@elkenergy.com">ctratechaud@elkenergy.com</a>
Test Year	<a href="#">2022</a>
Bridge Year	<a href="#">2021</a>
Last Rebasing Year	<a href="#">2012</a>

The RRWF has been enhanced commencing with 2017 rate applications to provide estimated base distribution rates. The enhanced RRWF is not intended to replace a utility's formal rate generator model which should continue to be the source of the proposed rates as well as the final ones at the conclusion of the proceeding. The load forecasting addition made to this model is intended to be demonstrative only and does not replace the information filed in the utility's application. In an effort to minimize the incremental work required from utilities, the cost allocation and rate design additions to this model do in fact replace former appendices that were required to be filed as part of the cost of service (Chapter 2) filing requirements.

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

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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2021 Filers

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[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 2021 Filers

Data Input <sup>(1)</sup>

	Initial Application <sup>(2)</sup>			Per Board Decision
<b>1 Rate Base</b>				
Gross Fixed Assets (average)	\$28,718,556		\$ 28,718,556	\$28,718,556
Accumulated Depreciation (average)	(\$17,142,471) <sup>(5)</sup>		(\$17,142,471)	(\$17,142,471)
<b>Allowance for Working Capital:</b>				
Controllable Expenses	\$3,551,441		\$ 3,551,441	\$3,551,441
Cost of Power	\$26,380,096		\$ 26,380,096	\$26,380,096
Working Capital Rate (%)	7.50% <sup>(9)</sup>		<sup>(9)</sup>	<sup>(9)</sup>
<b>2 Utility Income</b>				
Operating Revenues:				
Distribution Revenue at Current Rates	\$3,723,985			
Distribution Revenue at Proposed Rates	\$4,024,650			
<b>Other Revenue:</b>				
Specific Service Charges	\$91,153			
Late Payment Charges	\$75,000			
Other Distribution Revenue	\$5,964			
Other Income and Deductions	\$314,630			
Total Revenue Offsets	\$486,747 <sup>(7)</sup>			
<b>Operating Expenses:</b>				
OM+A Expenses	\$3,531,441		\$ 3,531,441	\$3,531,441
Depreciation/Amortization	\$255,733		\$ 255,733	\$255,733
Property taxes	\$20,000		\$ 20,000	\$20,000
Other expenses				
<b>3 Taxes/PIs</b>				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$743,209) <sup>(3)</sup>			
<b>Utility Income Taxes and Rates:</b>				
Income taxes (not grossed up)				
Income taxes (grossed up)				
Federal tax (%)				
Provincial tax (%)				
Income Tax Credits				
<b>4 Capitalization/Cost of Capital</b>				
<b>Capital Structure:</b>				
Long-term debt Capitalization Ratio (%)	56.0%			
Short-term debt Capitalization Ratio (%)	4.0% <sup>(8)</sup>		<sup>(8)</sup>	<sup>(8)</sup>
Common Equity Capitalization Ratio (%)	40.0%			
Preferred Shares Capitalization Ratio (%)				
	100.0%			
<b>Cost of Capital</b>				
Long-term debt Cost Rate (%)	2.83%			
Short-term debt Cost Rate (%)	1.17%			
Common Equity Cost Rate (%)	8.66%			
Preferred Shares Cost Rate (%)				

Notes:

**General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Select option from drop-down list by clicking on cell M12. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- (9) The default Working Capital Allowance factor is 7.5% (of Cost of Power plus controllable expenses), per the letter issued by the Board on June 3, 2015. Alternatively, a WCA factor based on lead-lag study, with supporting rationale could be provided.





# Revenue Requirement Workform (RRWF) for 2021 Filers

## Utility Income

Line No.	Particulars	Initial Application		Per Board Decision	
<b>Operating Revenues:</b>					
1	Distribution Revenue (at Proposed Rates)	\$4,024,650	(\$4,024,650)	\$ -	\$ -
2	Other Revenue <sup>(1)</sup>	\$486,747	(\$486,747)	\$ -	\$ -
3	<b>Total Operating Revenues</b>	<b>\$4,511,397</b>	<b>(\$4,511,397)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenses:</b>					
4	OM+A Expenses	\$3,531,441	\$ -	\$3,531,441	\$ -
5	Depreciation/Amortization	\$255,733	\$ -	\$255,733	\$ -
6	Property taxes	\$20,000	\$ -	\$20,000	\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -
9	<b>Subtotal (lines 4 to 8)</b>	<b>\$3,807,174</b>	<b>\$ -</b>	<b>\$3,807,174</b>	<b>\$ -</b>
10	Deemed Interest Expense	\$225,465	(\$225,465)	\$ -	\$ -
11	<b>Total Expenses (lines 9 to 10)</b>	<b>\$4,032,639</b>	<b>(\$225,465)</b>	<b>\$3,807,174</b>	<b>\$ -</b>
12	<b>Utility income before income taxes</b>	<b>\$478,758</b>	<b>(\$4,285,932)</b>	<b>(\$3,807,174)</b>	<b>\$ -</b>
13	Income taxes (grossed-up)	\$ -	\$ -	\$ -	\$ -
14	<b>Utility net income</b>	<b>\$478,758</b>	<b>(\$4,285,932)</b>	<b>(\$3,807,174)</b>	<b>\$ -</b>

**Notes**

**Other Revenues / Revenue Offsets**

(1)	Specific Service Charges	\$91,153	\$ -	\$ -	\$ -
	Late Payment Charges	\$75,000	\$ -	\$ -	\$ -
	Other Distribution Revenue	\$5,964	\$ -	\$ -	\$ -
	Other Income and Deductions	\$314,630	\$ -	\$ -	\$ -
	<b>Total Revenue Offsets</b>	<b>\$486,747</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



# Revenue Requirement Workform (RRWF) for 2021 Filers

**Taxes/PILs**

Line No.	Particulars	Application		Per Board Decision	
<u>Determination of Taxable Income</u>					
1	Utility net income before taxes	\$478,758	\$ -	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$743,209)	\$ -	\$ -	\$ -
3	Taxable income	(\$264,451)	\$ -	\$ -	\$ -
<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 (%)	0.00%	0.00%	0.00%	0.00%
12	Provincial tax (%)	0.00%	0.00%	0.00%	0.00%
13	Total tax rate (%)	0.00%	0.00%	0.00%	0.00%

**Notes**



# Revenue Requirement Workform (RRWF) for 2021 Filers

## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
<b>Initial Application</b>					
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$7,739,732	2.83%	\$218,997
2	Short-term Debt	4.00%	\$552,838	1.17%	\$6,468
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$8,292,570</b>	<b>2.72%</b>	<b>\$225,465</b>
	<b>Equity</b>				
4	Common Equity	40.00%	\$5,528,380	8.66%	\$478,758
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$5,528,380</b>	<b>8.66%</b>	<b>\$478,758</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$13,820,951</b>	<b>5.10%</b>	<b>\$704,223</b>
<b>Per Board Decision</b>					
	<b>Debt</b>				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	<b>Total Debt</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
	<b>Equity</b>				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
7	<b>Total</b>	<b>0.00%</b>	<b>\$11,576,086</b>	<b>0.00%</b>	<b>\$ -</b>
	<b>Debt</b>				
8	Long-term Debt	0.00%	\$ -	2.83%	\$ -
9	Short-term Debt	0.00%	\$ -	1.17%	\$ -
10	<b>Total Debt</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
	<b>Equity</b>				
11	Common Equity	0.00%	\$ -	8.66%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	<b>Total Equity</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
14	<b>Total</b>	<b>0.00%</b>	<b>\$11,576,086</b>	<b>0.00%</b>	<b>\$ -</b>

### Notes



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2021 Filers

## Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision			
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$300,665		\$83,189		\$3,807,174
2	Distribution Revenue	\$3,723,985	\$3,723,985	\$3,723,985	\$3,941,460	\$ -	(\$3,807,174)
3	Other Operating Revenue Offsets - net	\$486,747	\$486,747	\$ -	\$ -	\$ -	\$ -
4	<b>Total Revenue</b>	<b>\$4,210,732</b>	<b>\$4,511,397</b>	<b>\$3,723,985</b>	<b>\$4,024,650</b>	<b>\$ -</b>	<b>\$ -</b>
5	Operating Expenses	\$3,807,174	\$3,807,174	\$3,807,174	\$3,807,174	\$3,807,174	\$3,807,174
6	Deemed Interest Expense	\$225,465	\$225,465	\$ -	\$ -	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<b>\$4,032,639</b>	<b>\$4,032,639</b>	<b>\$3,807,174</b>	<b>\$3,807,174</b>	<b>\$3,807,174</b>	<b>\$3,807,174</b>
9	<b>Utility Income Before Income Taxes</b>	\$178,093	\$478,758	(\$83,189)	\$217,476	(\$3,807,174)	(\$3,807,174)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$743,209)	(\$743,209)	(\$743,209)	(\$743,209)	\$ -	\$ -
11	<b>Taxable Income</b>	<b>(\$565,117)</b>	<b>(\$264,451)</b>	<b>(\$826,399)</b>	<b>(\$525,734)</b>	<b>(\$3,807,174)</b>	<b>(\$3,807,174)</b>
12	Income Tax Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Income Tax on Taxable Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	<b>Utility Net Income</b>	<b>\$178,093</b>	<b>\$478,758</b>	<b>(\$83,189)</b>	<b>(\$3,807,174)</b>	<b>(\$3,807,174)</b>	<b>(\$3,807,174)</b>
16	<b>Utility Rate Base</b>	<b>\$13,820,951</b>	<b>\$13,820,951</b>	<b>\$11,576,086</b>	<b>\$11,576,086</b>	<b>\$11,576,086</b>	<b>\$11,576,086</b>
17	Deemed Equity Portion of Rate Base	\$5,528,380	\$5,528,380	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	3.22%	8.66%	0.00%	0.00%	0.00%	0.00%
19	Target Return - Equity on Rate Base	8.66%	8.66%	0.00%	0.00%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-5.44%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	2.92%	5.10%	-0.72%	0.00%	-32.89%	0.00%
22	Requested Rate of Return on Rate Base	5.10%	5.10%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-2.18%	0.00%	-0.72%	0.00%	-32.89%	0.00%
24	Target Return on Equity	\$478,758	\$478,758	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$300,665	\$ -	\$83,189	\$ -	\$3,807,174	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$300,665 <sup>(1)</sup></b>		<b>\$83,189 <sup>(1)</sup></b>		<b>\$3,807,174 <sup>(1)</sup></b>	

## Notes:

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



# Revenue Requirement Workform (RRWF) for 2021 Filers

## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$3,531,441		\$3,531,441	
2	Amortization/Depreciation	\$255,733		\$255,733	
3	Property Taxes	\$20,000		\$20,000	
5	Income Taxes (Grossed up)	\$ -		\$ -	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$225,465		\$ -	
	Return on Deemed Equity	\$478,758		\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$4,511,397</u>		<u>\$3,807,174</u>	
9	Revenue Offsets	\$486,747		\$ -	
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$4,024,650</u>		<u>\$3,807,174</u>	
11	Distribution revenue	\$4,024,650		\$ -	
12	Other revenue	\$486,747		\$ -	
13	<b>Total revenue</b>	<u>\$4,511,397</u>		<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$ -</u>	<sup>(1)</sup>	<u>(\$3,807,174)</u>	<sup>(1)</sup> <u>(\$3,807,174)</u>

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

	Application		Δ% <sup>(2)</sup>	Per Board Decision	Δ% <sup>(2)</sup>
<b>Service Revenue Requirement Grossed-Up Revenue Deficiency/(Sufficiency)</b>	\$4,511,397	\$3,807,174	<b>(\$0)</b>	\$3,807,174	<b>(\$1)</b>
	\$300,665	\$83,189	<b>(\$1)</b>	\$3,807,174	<b>(\$1)</b>
<b>Base Revenue Requirement (to be recovered from Distribution Rates) Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement</b>	\$4,024,650	\$3,807,174	<b>(\$0)</b>	\$3,807,174	<b>(\$1)</b>
	\$300,665	\$ -	<b>(\$1)</b>	\$ -	<b>(\$1)</b>

#### Notes

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

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



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2021 Filers

## Load Forecast Summary

This spreadsheet provides a summary of the customer and load forecast on which the test year revenue requirement is derived. The amounts serve as the denominators for deriving the rates to recover the test year revenue requirement for purposes of this RRWF.

The information to be input is inclusive of any adjustments to kWh and kW to reflect the impacts of CDM programs up to and including CDM programs planned to be executed in the test year. i.e., the load forecast adjustments determined in **Appendix 2-1** should be incorporated into the entries. The inputs should correspond with the summary of the Load Forecast for the Test Year in **Appendix 2-1B** and in Exhibit 3 of the application.

**Appendix 2-1B** is still required to be filled out, as it also provides a year-over-year variance analysis of demand growth and trends from historical actuals to the Bridge and Test Year forecasts.

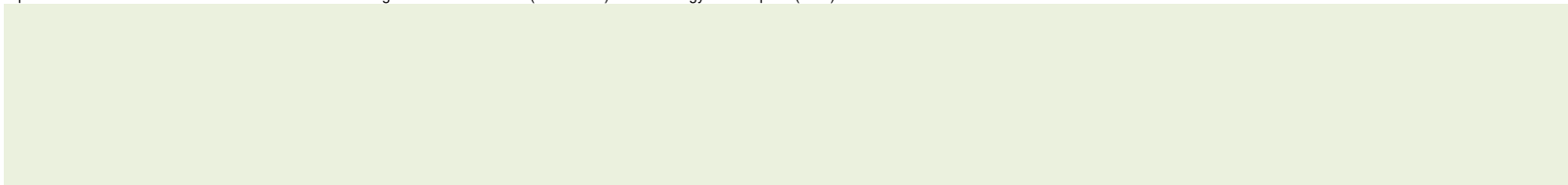
Stage in Process:

Initial Application

Customer Class		Initial Application			Customer / Connections			Per Board Decision		
Input the name of each customer class.		Customer / Connections	kWh	kW/kVA <sup>(1)</sup>	Customer / Connections	kWh	kW/kVA <sup>(1)</sup>	Customer / Connections	kWh	kW/kVA <sup>(1)</sup>
		Test Year average or mid-year	Annual	Annual	Test Year average or mid-year	Annual	Annual	Test Year average or mid-year	Annual	Annual
1	Residential	10,981	93,507,179							
2	General Service < 50 kW	1,257	27,656,663							
3	General Service > 50 kW	98	59,482,525	199,000						
4	Street Lights	3,106	1,308,977	3,787						
5	Unmetered Loads	32	248,217							
6	Sentinel Lights	17	141,998	373						
7	Embedded Distributor	6	57,735,484	138,872						
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
<b>Total</b>			<b>240,081,043</b>	<b>342,032</b>		-	-		-	-

Notes:

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





Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2021 Filers

## Cost Allocation and Rate Design

This spreadsheet replaces **Appendix 2-P** and provides a summary of the results from the Cost Allocation spreadsheet, and is used in the determination of the class revenue requirement and, hence, ultimately, the determination of rates from customers in all classes to recover the revenue requirement.

Stage in Application Process: *Initial Application*

A) *Allocated Costs*

Name of Customer Class <sup>(3)</sup>	Costs Allocated from Previous Study <sup>(1)</sup>	%	Allocated Class Revenue Requirement <sup>(1)</sup>	%
<i>From Sheet 10. Load Forecast</i>				
<i>(7A)</i>				
1 Residential	\$ 2,946,079	65.08%	\$ 2,986,641	66.20%
2 General Service < 50 kW	\$ 675,740	14.93%	\$ 660,308	14.64%
3 General Service > 50 kW	\$ 524,898	11.60%	\$ 591,842	13.12%
4 Street Lights	\$ 194,447	4.30%	\$ 170,131	3.77%
5 Unmetered Loads	\$ 4,791	0.11%	\$ 4,891	0.11%
6 Sentinel Lights	\$ 605	0.01%	\$ 4,461	0.10%
7 Embedded Distributor	\$ 180,138	3.98%	\$ 93,121	2.06%
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<b>Total</b>	<b>\$ 4,526,698</b>	<b>100.00%</b>	<b>\$ 4,511,397</b>	<b>100.00%</b>
		<b>Service Revenue Requirement (from Sheet 9)</b>	<b>\$ 4,511,396.74</b>	

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

B) Calculated Class Revenues

Name of Customer Class	Load Forecast (LF) X current approved rates (7B)	LF X current approved rates X (1+d) (7C)	LF X Proposed Rates (7D)	Miscellaneous Revenues (7E)
1 Residential	\$ 2,516,821	\$ 2,720,023	\$ 2,720,023	\$ 334,146
2 General Service < 50 kW	\$ 392,461	\$ 424,147	\$ 485,501	\$ 64,522
3 General Service > 50 kW	\$ 538,554	\$ 582,035	\$ 582,035	\$ 63,918
4 Street Lights	\$ 91,099	\$ 98,454	\$ 128,810	\$ 12,906
5 Unmetered Loads	\$ 3,044	\$ 3,290	\$ 3,565	\$ 509
6 Sentinel Lights	\$ 2,964	\$ 3,204	\$ 3,319	\$ 397
7 Embedded Distributor	\$ 179,041	\$ 193,496	\$ 101,397	\$ 10,349
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<b>Total</b>	\$ 3,723,985	\$ 4,024,650	\$ 4,024,650	\$ 486,747

- (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

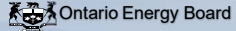
Name of Customer Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios	Policy Range
	Most Recent Year: 2012 %	(7C + 7E) / (7A) %	(7D + 7E) / (7A) %	
1 Residential	100.90%	102.26%	102.26%	85 - 115
2 General Service < 50 kW	85.00%	74.01%	83.30%	80 - 120
3 General Service > 50 kW	120.00%	109.14%	109.14%	80 - 120
4 Street Lights	85.00%	65.46%	83.30%	80 - 120
5 Unmetered Loads	85.00%	77.67%	83.30%	80 - 120
6 Sentinel Lights	85.00%	80.71%	83.30%	80 - 120
7 Embedded Distributor	100.00%	218.90%	120.00%	80 - 120
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- (8) Previously Approved Revenue-to-Cost (R/C) Ratios - For most applicants, the most recent year would be the third year (at the latest) of the Price Cap IR period. For example, if the applicant, rebased in 2012 with further adjustments to move within the range over two years, the Most Recent Year would be 2015. However, the ratios in 2015 would be equal to those after the adjustment in 2014.
- (9) Status Quo Ratios - The OEB-issued cost allocation model provides the Status Quo Ratios on Worksheet O-1. The Status Quo means "Before Rebalancing".
- (10) Ratios shown in red are outside of the allowed range. Applies to both Tables C and D.

(D) Proposed Revenue-to-Cost Ratios <sup>(11)</sup>

Name of Customer Class	Proposed Revenue-to-Cost Ratio			Policy Range
	Test Year	Price Cap IR Period		
	2022	2023	2024	
1 Residential	102.26%	102.26%	102.26%	85 - 115
2 General Service < 50 kW	83.30%	83.30%	83.30%	80 - 120
3 General Service > 50 kW	109.14%	109.14%	109.14%	80 - 120
4 Street Lights	83.30%	83.30%	83.30%	80 - 120
5 Unmetered Loads	83.30%	83.30%	83.30%	80 - 120
6 Sentinel Lights	83.30%	83.30%	83.30%	80 - 120
7 Embedded Distributor	120.00%	120.00%	120.00%	80 - 120
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(11) The applicant should complete Table D if it is applying for approval of a revenue-to-cost ratio in 2021 that is outside of the OEB's policy range for any customer class. Table D will show that the distributor is likely to enter into the 2022 and 2023 Price Cap IR models, as necessary. For 2022 and 2023, enter the planned revenue-to-cost ratios that will be "Change" or "No Change" in 2019 (in the current Revenue/Cost Ratio Adjustment Workform, Worksheet C1.1 'Decision - Cost Revenue Adjustment, column d), and enter TBD for class(es) that will be entered as 'Rebalance'.



# Revenue Requirement Workform (RRWF) for 2021 Filers

## Rate Design and Revenue Reconciliation

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

Stage in Process:		Initial Application		Class Allocated Revenues			Fixed / Variable Splits <sup>2</sup>			Distribution Rates		Revenue Reconciliation					
Customer and Load Forecast				From Sheet 11, Cost Allocation and Sheet 12, Residential Rate Design			Percentage to be entered as a fraction between 0 and 1			Monthly Service Charge		Volumetric Rate		Revenues less Transformer Ownership Allowance			
Customer Class	Volumetric Charge Determinant	Customers / Connections	kWh	kw or kVA	Total Class Revenue Requirement	Monthly Service Charge	Volumetric	Fixed	Variable	Transformer Ownership Allowance <sup>1</sup> (\$)	Rate	No. of decimals	Rate	No. of decimals	MSC Revenues	Volumetric revenues	Revenues less Transformer Ownership Allowance
1 Residential	kWh	10,981	93,507,179	-	\$ 2,720,023	\$ 2,720,023	\$ -	100.00%	0.00%		\$20.64	2	\$0.0000 /kWh	4	\$ 2,719,748.26	\$ -	\$ 2,719,748.26
2 General Service < 50 kW	kWh	1,257	27,656,663	-	\$ 485,501	\$ 278,045	\$ 207,456	57.27%	42.73%		\$18.43		\$0.0075 /kWh		\$ 278,067.11	\$ 207,424.9720	\$ 485,492.08
3 General Service > 50 kW	kW	98	59,462,525	199,000	\$ 582,035	\$ 229,011	\$ 353,024	39.35%	60.65%	\$ 19,485	\$195.44		\$11.8719 /kW		\$ 229,011.44	\$ 372,508.9274	\$ 582,035.27
4 Street Lights	kW	3,106	1,308,977	3,787	\$ 128,810	\$ 64,825	\$ 63,985	50.33%	49.67%		\$1.74		\$16.8958 /kW		\$ 64,856.22	\$ 63,984.7185	\$ 128,840.94
5 Unmetered Loads	kWh	32	248,217	-	\$ 3,565	\$ 3,013	\$ 552	84.51%	15.49%		\$7.85		\$0.0022 /kWh		\$ 3,014.40	\$ 546.0774	\$ 3,560.48
6 Sentinel Lights	kW	17	141,998	373	\$ 3,319	\$ 747	\$ 2,572	22.50%	77.50%		\$3.66		\$6.8894 /kW		\$ 746.64	\$ 2,572.2879	\$ 3,318.93
7 Embedded Distributor	kW	6	57,735,484	138,872	\$ 101,397	\$ 101,397	\$ -	100.00%	0.00%		\$1,408.29		\$0.0000 /kW		\$ 101,396.88	\$ -	\$ 101,396.88
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12	-	-	-	-	-	-	-	-	-		-		-		\$ -	\$ -	\$ -
13	-	-	-	-	-	-	-	-	-		-		-		\$ -	\$ -	\$ -
14	-	-	-	-	-	-	-	-	-		-		-		\$ -	\$ -	\$ -
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<b>Total Transformer Ownership Allowance</b>										\$ 19,485					<b>Total Distribution Revenues</b>		
													Rates recover revenue requirement		<b>Base Revenue Requirement</b>		
															Difference		
															-% Difference		

**Notes:**

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

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

## Revenue Requirement Workform (RRWF) for 2021 Filers

### Tracking Form

The first row shown, labelled "Original Application", summarizes key statistics based on the data inputs into the RRWF. After the original application filing, the applicant provides key changes in capital and operating expenses, load forecasts, cost of capital, etc., as revised through the processing of the application. This could be due to revisions or responses to interrogatories. The last row shown is the most current estimate of the cost of service data reflecting the original application and any updates provided by the applicant distributor (for updated evidence, responses to interrogatories, undertakings, etc.)

Please ensure a Reference (Column B) and/or Item Description (Column C) is entered. Please note that unused rows will automatically be hidden and the PRINT AREA set when the PRINT BUTTON on Sheet 1 is activated.

<sup>(1)</sup> Short reference to evidence material (interrogatory response, undertaking, exhibit number, Board Decision, Code, Guideline, Report of the Board, etc.)

<sup>(2)</sup> Short description of change, issue, etc.

### Summary of Proposed Changes

Reference <sup>(1)</sup>	Item / Description <sup>(2)</sup>	Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
		Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
	Original Application	\$ 704,223	5.10%	\$ 13,820,951	\$ 29,931,537	\$ 2,244,865	\$ 255,733	\$ -	\$ 3,531,441	\$ 4,511,397	\$ 486,747	\$ 4,024,650	\$ 300,665

1 **2.0 COST DRIVERS ON REVENUE DEFICIENCY**

2 Table 6-2 below outlines the contributors to the revenue deficiency by revenue requirement  
 3 component. Column A lists the 2012 approved amounts. Column B lists the 2022 revenue at  
 4 existing rates shown in Table 6-1 allocated to revenue requirement component based on the  
 5 proportions in Column A. It is E.L.K.'s view that Column B estimates the revenue requirement  
 6 components for revenue at existing rates based on the components assumed in existing rates.  
 7 Column C lists the E.L.K.'s proposed components. Finally, Column D represents the difference  
 8 between Column C and Column B which provides an estimate of the revenue requirement  
 9 components for the revenue deficiency of \$300,665.

10 **Table 6-2 Revenue Deficiency by Revenue Requirement Component**

<b>Service Revenue Requirement</b>	<b>2012 Approved (A)</b>	<b>2022 Revenue at Existing Rates Allocated in Proportion to 2012 Approved (B)</b>	<b>2022 Proposed (C)</b>	<b>Revenue Deficiency (D)=(C)-(B)</b>
OM&A	2,449,010	2,768,291	3,531,441	1,142,190
Property Tax	23,000	25,999	20,000	-2,439
Depreciation	524,060	592,383	255,733	-685,769
Return on Rate Base	658,613	744,477	704,223	72,974
PILs	70,403	79,582	0	-226,292
<b>TOTAL</b>	<b>3,725,086</b>	<b>4,210,732</b>	<b>4,511,397</b>	<b>300,665</b>
				<b>Difference (D)=(C)-(A)</b>
Rate Base	12,545,088		13,826,602	1,281,514

11 The revenue deficiency of \$300,665 for the 2022 Test Year relates to increases to OM&A which  
 12 are explained in detail in Exhibit 4 and an increase in return on rate base. As shown in Table 6-2,  
 13 the increases are offset by decreases in property taxes, depreciation, and PILs. The decrease in  
 14 depreciation results from E.L.K. transitioning to actual IFRS and the work surrounding the  
 15 componentization and new useful lives which are in line with the Kinectric's report. Actual useful  
 16 lives were extended resulting in a reduced depreciation expense. The lower depreciation also

- 1 causes the PILs to reduce since the tax adjustment for accounting depreciation, which increases
- 2 PILs, is lower. The higher return on rate base reflects a higher rate based due to higher net fixed
- 3 assets, which is partially offset by lower working capital allowance of 7.5% compared to 12%
- 4 included in current rates.