



# Revenue Requirement Workform



Version 3.00

Utility Name	Tillsonburg Hydro Inc.
Service Territory	
Assigned EB Number	EB-2012-0168
Name and Title	William J. Gott
Phone Number	519-688-3009 x 3229
Email Address	wgott@tillsonburg.ca

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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 results.*



# Revenue Requirement Workform

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## Notes:

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



# Revenue Requirement Workform

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

	Initial Application	(2)	Adjustments	Interrogatory Responses	(6)	Adjustments	Per Board Decision
1	<b>Rate Base</b>						
	Gross Fixed Assets (average)	\$16,527,842		\$ 16,518,645			\$16,518,645
	Accumulated Depreciation (average)	(\$9,596,382)	(\$9,197)	(\$9,595,462)			(\$9,595,462)
	<b>Allowance for Working Capital:</b>		\$920				
	Controllable Expenses	\$2,715,082		\$ 2,715,082			\$2,715,082
	Cost of Power	\$17,212,690	\$1,252,725	\$ 18,465,415			\$18,465,415
	Working Capital Rate (%)	13.00%		13.00%			13.00%
		(9)		(9)			(9)
2	<b>Utility Income</b>						
	Operating Revenues:						
	Distribution Revenue at Current Rates	\$2,943,520	\$0	\$2,943,520		\$0	\$2,943,520
	Distribution Revenue at Proposed Rates	\$3,444,405	(\$9,249)	\$3,435,156		\$0	\$3,435,156
	<b>Other Revenue:</b>						
	Specific Service Charges	\$76,767	\$0	\$76,767		\$0	\$76,767
	Late Payment Charges	\$17,500	\$0	\$17,500		\$0	\$17,500
	Other Distribution Revenue	\$18,077	\$0	\$18,077		\$0	\$18,077
	Other Income and Deductions	\$18,000	\$0	\$18,000		\$0	\$18,000
	Total Revenue Offsets	\$130,345	\$0	\$130,345		\$0	\$130,345
	<b>Operating Expenses:</b>						
	OM+A Expenses	\$2,715,082		\$ 2,715,082			\$2,715,082
	Depreciation/Amortization	\$282,539	(\$1,840)	\$ 280,699			\$280,699
	Property taxes						
	Other expenses						
3	<b>Taxes/PILs</b>						
	Taxable Income:						
	Adjustments required to arrive at taxable income	(\$429,058)	(3)	(\$429,058)			(\$429,058)
	<b>Utility Income Taxes and Rates:</b>						
	Income taxes (not grossed up)	\$ -		\$ -			\$ -
	Income taxes (grossed up)	\$ -		\$ -			\$ -
	Federal tax (%)	0.00%		0.00%			0.00%
	Provincial tax (%)	0.00%		0.00%			0.00%
	Income Tax Credits						
4	<b>Capitalization/Cost of Capital</b>						
	<b>Capital Structure:</b>						
	Long-term debt Capitalization Ratio (%)	56.0%		56.0%			56.0%
	Short-term debt Capitalization Ratio (%)	4.0%	(8)	4.0%	(8)		4.0%
	Common Equity Capitalization Ratio (%)	40.0%		40.0%			40.0%
	Preferred Shares Capitalization Ratio (%)						
		100.0%		100.0%			100.0%
	<b>Cost of Capital</b>						
	Long-term debt Cost Rate (%)	4.41%		4.19%			4.19%
	Short-term debt Cost Rate (%)	2.08%		2.07%			2.07%
	Common Equity Cost Rate (%)	9.12%		8.98%			8.98%
	Preferred Shares Cost Rate (%)						
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS (\$)	(\$13,316)	(11)	(\$12,931)	(11)	\$0	(\$12,931)

- 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 (%)
- 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
- (2)
- (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 M10. 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) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.
- (10) Depreciation Expense should include the adjustment resulting from the amortization of the deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.
- (11) Adjustment should include the adjustment to the return on rate base associated with deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.



## Rate Base and Working Capital

Rate Base						
Line No.	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$16,527,842	(\$9,197)	\$16,518,645	\$ -	\$16,518,645
2	Accumulated Depreciation (average) (3)	(\$9,596,382)	\$920	(\$9,595,462)	\$ -	(\$9,595,462)
3	Net Fixed Assets (average) (3)	\$6,931,460	(\$8,277)	\$6,923,183	\$ -	\$6,923,183
4	Allowance for Working Capital (1)	\$2,590,610	\$162,854	\$2,753,465	\$ -	\$2,753,465
5	<b>Total Rate Base</b>	<b>\$9,522,071</b>	<b>\$154,577</b>	<b>\$9,676,648</b>	<b>\$ -</b>	<b>\$9,676,648</b>

## Allowance for Working Capital - Derivation

(1)

6	Controllable Expenses	\$2,715,082	\$ -	\$2,715,082	\$ -	\$2,715,082
7	Cost of Power	\$17,212,690	\$1,252,725	\$18,465,415	\$ -	\$18,465,415
8	Working Capital Base	\$19,927,772	\$1,252,725	\$21,180,497	\$ -	\$21,180,497
9	Working Capital Rate % (2)	13.00%	0.00%	13.00%	0.00%	13.00%
10	Working Capital Allowance	\$2,590,610	\$162,854	\$2,753,465	\$ -	\$2,753,465

### Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. Default rate for 2013 cost of service applications is 13%.  
 (3) Average of opening and closing balances for the year.





# Revenue Requirement Workform

## Utility Income

Line No.	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Board Decision
	<b>Operating Revenues:</b>					
1	Distribution Revenue (at Proposed Rates)	\$3,444,405	(\$9,249)	\$3,435,156	\$ -	\$3,435,156
2	Other Revenue (1)	\$130,345	\$ -	\$130,345	\$ -	\$130,345
3	Total Operating Revenues	\$3,574,749	(\$9,249)	\$3,565,501	\$ -	\$3,565,501
	<b>Operating Expenses:</b>					
4	OM+A Expenses	\$2,715,082	\$ -	\$2,715,082	\$ -	\$2,715,082
5	Depreciation/Amortization	\$282,539	(\$1,840)	\$280,699	\$ -	\$280,699
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$2,997,621	(\$1,840)	\$2,995,781	\$ -	\$2,995,781
10	Deemed Interest Expense	\$243,079	(\$8,014)	\$235,065	\$ -	\$235,065
11	Total Expenses (lines 9 to 10)	\$3,240,700	(\$9,854)	\$3,230,846	\$ -	\$3,230,846
12	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$13,316)	\$385	(\$12,931)	\$ -	(\$12,931)
13	Utility income before income taxes	\$347,365	\$220	\$347,585	\$ -	\$347,585
14	Income taxes (grossed-up)	\$ -	\$ -	\$ -	\$ -	\$ -
15	Utility net income	\$347,365	\$220	\$347,585	\$ -	\$347,585

### Notes

#### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$76,767	\$ -	\$76,767	\$ -	\$76,767
	Late Payment Charges	\$17,500	\$ -	\$17,500	\$ -	\$17,500
	Other Distribution Revenue	\$18,077	\$ -	\$18,077	\$ -	\$18,077
	Other Income and Deductions	\$18,000	\$ -	\$18,000	\$ -	\$18,000
	Total Revenue Offsets	\$130,345	\$ -	\$130,345	\$ -	\$130,345



# Revenue Requirement Workform

## Taxes/PILs

Line No.	Particulars	Application	Interrogatory Responses	Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$347,365	\$347,585	\$347,585
2	Adjustments required to arrive at taxable utility income	(\$429,058)	(\$429,058)	(\$429,058)
3	Taxable income	(\$81,693)	(\$81,473)	(\$81,473)
<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%
12	Provincial tax (%)	0.00%	0.00%	0.00%
13	Total tax rate (%)	0.00%	0.00%	0.00%

## Notes

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# Revenue Requirement Workform

## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$5,332,360	4.41%	\$235,157
2	Short-term Debt	4.00%	\$380,883	2.08%	\$7,922
3	<b>Total Debt</b>	60.00%	\$5,713,242	4.25%	\$243,079
	<b>Equity</b>				
4	Common Equity	40.00%	\$3,808,828	9.12%	\$347,365
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	40.00%	\$3,808,828	9.12%	\$347,365
7	<b>Total</b>	100.00%	\$9,522,071	6.20%	\$590,445
		Interrogatory Responses			
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
1	Long-term Debt	56.00%	\$5,418,923	4.19%	\$227,053
2	Short-term Debt	4.00%	\$387,066	2.07%	\$8,012
3	<b>Total Debt</b>	60.00%	\$5,805,989	4.05%	\$235,065
	<b>Equity</b>				
4	Common Equity	40.00%	\$3,870,659	8.98%	\$347,585
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	40.00%	\$3,870,659	8.98%	\$347,585
7	<b>Total</b>	100.00%	\$9,676,648	6.02%	\$582,650
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	<b>Debt</b>				
8	Long-term Debt	56.00%	\$5,418,923	4.19%	\$227,053
9	Short-term Debt	4.00%	\$387,066	2.07%	\$8,012
10	<b>Total Debt</b>	60.00%	\$5,805,989	4.05%	\$235,065
	<b>Equity</b>				
11	Common Equity	40.00%	\$3,870,659	8.98%	\$347,585
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	<b>Total Equity</b>	40.00%	\$3,870,659	8.98%	\$347,585
14	<b>Total</b>	100.00%	\$9,676,648	6.02%	\$582,650

### Notes

(1) 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



# Revenue Requirement Workform

## Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Interrogatory Responses		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$500,884		\$491,635		\$491,635
2	Distribution Revenue	\$2,943,520	\$2,943,520	\$2,943,520	\$2,943,521	\$2,943,520	\$2,943,521
3	Other Operating Revenue	\$130,345	\$130,345	\$130,345	\$130,345	\$130,345	\$130,345
	Offsets - net						
4	<b>Total Revenue</b>	<b>\$3,073,865</b>	<b>\$3,574,749</b>	<b>\$3,073,865</b>	<b>\$3,565,501</b>	<b>\$3,073,865</b>	<b>\$3,565,501</b>
5	Operating Expenses	\$2,997,621	\$2,997,621	\$2,995,781	\$2,995,781	\$2,995,781	\$2,995,781
6	Deemed Interest Expense	\$243,079	\$243,079	\$235,065	\$235,065	\$235,065	\$235,065
7		<b>(\$13,316) (2)</b>	<b>(\$13,316)</b>	<b>(\$12,931) (2)</b>	<b>(\$12,931)</b>	<b>(\$12,931) (2)</b>	<b>(\$12,931)</b>
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS						
8	<b>Total Cost and Expenses</b>	<b>\$3,227,384</b>	<b>\$3,227,384</b>	<b>\$3,217,915</b>	<b>\$3,217,915</b>	<b>\$3,217,915</b>	<b>\$3,217,915</b>
9	<b>Utility Income Before Income Taxes</b>	<b>(\$153,519)</b>	<b>\$347,365</b>	<b>(\$144,050)</b>	<b>\$347,585</b>	<b>(\$144,050)</b>	<b>\$347,585</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	<b>(\$429,058)</b>	<b>(\$429,058)</b>	<b>(\$429,058)</b>	<b>(\$429,058)</b>	<b>(\$429,058)</b>	<b>(\$429,058)</b>
11	<b>Taxable Income</b>	<b>(\$582,577)</b>	<b>(\$81,693)</b>	<b>(\$573,108)</b>	<b>(\$81,472)</b>	<b>(\$573,108)</b>	<b>(\$81,472)</b>
12	Income Tax Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Income Tax on Taxable Income</b>						
14	<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
15	<b>Utility Net Income</b>	<b>(\$153,519)</b>	<b>\$347,365</b>	<b>(\$144,050)</b>	<b>\$347,585</b>	<b>(\$144,050)</b>	<b>\$347,585</b>
16	<b>Utility Rate Base</b>	<b>\$9,522,071</b>	<b>\$9,522,071</b>	<b>\$9,676,648</b>	<b>\$9,676,648</b>	<b>\$9,676,648</b>	<b>\$9,676,648</b>
17	Deemed Equity Portion of Rate Base	\$3,808,828	\$3,808,828	\$3,870,659	\$3,870,659	\$3,870,659	\$3,870,659
18	Income/(Equity Portion of Rate Base)	-4.03%	9.12%	-3.72%	8.98%	-3.72%	8.98%
19	Target Return - Equity on Rate Base	9.12%	9.12%	8.98%	8.98%	8.98%	8.98%
20	Deficiency/Sufficiency in Return on Equity	-13.15%	0.00%	-12.70%	0.00%	-12.70%	0.00%
21	Indicated Rate of Return	0.94%	6.20%	0.94%	6.02%	0.94%	6.02%
22	Requested Rate of Return on Rate Base	6.20%	6.20%	6.02%	6.02%	6.02%	6.02%
23	Deficiency/Sufficiency in Rate of Return	-5.26%	0.00%	-5.08%	0.00%	-5.08%	0.00%
24	Target Return on Equity	\$347,365	\$347,365	\$347,585	\$347,585	\$347,585	\$347,585
25	Revenue Deficiency/(Sufficiency)	\$500,884	\$ -	\$491,635	\$0	\$491,635	\$0
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$500,884 (1)</b>		<b>\$491,635 (1)</b>		<b>\$491,635 (1)</b>	

### Notes:

- (1) Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)  
 (2) Treated as an adjustment pre-tax to avoid an impact on taxes/PILs and hence on revenue sufficiency deficiency





Revenue Requirement

Line No.	Particulars	Application		Interrogatory Responses		Per Board Decision	
1	OM&A Expenses	\$2,715,082		\$2,715,082		\$2,715,082	
2	Amortization/Depreciation	\$282,539		\$280,699		\$280,699	
3	Property Taxes	\$ -					
5	Income Taxes (Grossed up)	\$ -		\$ -		\$ -	
6	Other Expenses	\$ -					
7	Return						
	Deemed Interest Expense	\$243,079		\$235,065		\$235,065	
	Return on Deemed Equity	\$347,365		\$347,585		\$347,585	
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS						
		(\$13,316)		(\$12,931)		(\$12,931)	
8	Service Revenue Requirement (before Revenues)	\$3,574,749		\$3,565,500		\$3,565,500	
9	Revenue Offsets	\$130,345		\$130,345		\$130,345	
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	\$3,444,405		\$3,435,156		\$3,435,156	
11	Distribution revenue	\$3,444,405		\$3,435,156		\$3,435,156	
12	Other revenue	\$130,345		\$130,345		\$130,345	
13	Total revenue	\$3,574,749		\$3,565,501		\$3,565,501	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$ -	(1)	\$0	(1)	\$0	(1)

Notes

(1)	Line 11 - Line 8
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