

**Responses to OEB Staff Interrogatories
Lakeland Power Distribution Ltd.
EB-2022-0047**

OEB Staff – 1

Ref: IRM Rate Generator Tab 16, 17, 19 and 20 – Annual Adjustment Mechanism

Ref: OEB Letter, 2023 Inflation Parameters

Ref: EB-2022-0020, Decision and Order

Ref: EB-2022-0021, Decision and Order

OEB staff has made the following updates to Lakeland Power's Rate Generator:

- Updated the IPI Inflation Factor to 3.70%¹ in Tab 16 and Tab 17- Retail Service Charges
 - LPDL confirms this update
- Updated the Ontario Electricity Rebate in Tab 20 to 11.7% (as of November 1, 2022)
 - OEB is correcting model as OER is still 17%
- Updated the Wireline Pole Attachment Charge to \$36.05² in Tab 17
 - LPDL confirms this update
- Updated Retail Service Charges by the inflation factor of 3.7% in Tab 17
 - LPDL confirms this update

Question:

- a) Please confirm the accuracy of these updates in the attached rate generator.

Response:

- a) LPDL confirms that these updates are correct in the rate generator.

OEB Staff – 2

Ref: IRM Rate Generator Tab 17, 19 and 20 Smart Meter Entity (SME) Charge

OEB staff has updated the SME charge from \$0.43 to \$0.42.

¹ OEB Letter, 2023 Inflation parameters, issued October 20, 2022

² EB-2022-0221, Decision and Order, issued November 3, 2022

Question:

- a) Please confirm this is correct.

Response:

- a) LPDL confirms that these updates are correct in the rate generator.

OEB Staff – 3

Ref: IRM Rate Generator Tab 17 and Tab 20 – Regulatory Charges, Time of Use RPP Prices and Distribution Rate Protection Charge

OEB staff has made the following updates to Tab 17 of the rate generator:

Regulatory Charges

Effective Date of Regulatory Charges		January 1, 2022	January 1, 2023
Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005	0.0007
Standard Supply Service - Administrative Charge (if applicable)	\$/kWh	0.25	0.25

Distribution Rate Protection (DRP) Amount (Applicable to LDCs under the Distribution Rate Protection program):	\$	38.08
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Time-of-Use RPP Prices

As of	November 1, 2022	
Off-Peak	\$/kWh	0.0740
Mid-Peak	\$/kWh	0.1020
On-Peak	\$/kWh	0.1510

Question:

- a) Please confirm the accuracy of these updates in the rate generator.

Response:

a) LPDL confirms that these updates are correct in the rate generator.

OEB Staff – 4

Ref: IRM Rate Generator Tab 19 and Tab 20 – Retail Service Transmission Rates (RTSRs)

Ref: Decision and Order, EB-2021-0110

OEB staff made the following updates to Tab 11 of the rate generator model:

Hydro One Sub-Transmission Rates		Unit	2021		2022		2023
Rate Description			Rate		Rate		Rate
Network Service Rate	kW	\$	3.4778	\$	4.3473	\$	4.6545
Line Connection Service Rate	kW	\$	0.8128	\$	0.6788	\$	0.6056
Transformation Connection Service Rate	kW	\$	2.0458	\$	2.3267	\$	2.8924
Both Line and Transformation Connection Service Rate	kW	\$	2.8586	\$	3.0055	\$	3.4980

Uniform Transmission Rates		Unit	2021		2022		2023
Rate Description			Jan to Jun	Jul to Dec	Jan to Mar	Apr to Dec	Rate
Network Service Rate	kW	\$	4.67	\$ 4.90	\$ 5.13	\$ 5.46	\$ 5.60
Line Connection Service Rate	kW	\$	0.77	\$ 0.81	\$ 0.88	\$ 0.88	\$ 0.92
Transformation Connection Service Rate	kW	\$	2.53	\$ 2.65	\$ 2.81	\$ 2.81	\$ 3.10

Question:

a) Please confirm the accuracy of these updates in the rate generator.

Response:

a) LPDL confirms that these updates are correct in the rate generator.

OEB Staff – 5

Ref 1: Manager’s Summary, p. 28

Ref 2: Tab 8 – IRM Rate Generator Model

Ref 3: 2006 Electricity Distribution Rate Handbook, May 11, 2005

Ref 4: Filing Requirements For Electricity Distribution Rate Applications - 2022 Edition for 2023 Rate Applications, April 18, 2022

Lakeland Power has proposed \$0 in tax sharing even though the IRM Rate Generator Model has calculated a tax sharing amount to be refunded to customers of (\$13,324). Lakeland Power indicated that it will be paying 26.5% on its tax return as the small business deduction applies to the consolidated group of Lakeland Power and its affiliates.

Lakeland Power also stated that it believes there may be an error in the tax change calculation as the small business deduction is calculated based on rate base, which is approximately net book value of capital assets and not gross book value. Lakeland Power noted that if the taxable capital remained constant at the gross book value of \$45,470,233, approximately \$57,000 of taxable income would receive the small business deduction rate of 12.2%.

Section 2.6.2 of the Filing Requirements states that distributors are to use the stand-alone principle when determining Payment in Lieu of Taxes (PILs).

Page 64 of the Rate Handbook noted in Reference 3 states:

When calculating 2006 regulatory Ontario Capital Tax and the federal LCT, the applied-for 2006 rate base in the application should be used as the proxy for 2006 taxable capital for OEB purposes.

The applicant has the option of substituting its estimated 2006 taxable capital for the rate base proxy. In such cases, the following information must be provided:

- full details of the capital tax calculation, including balance sheet assumptions
 - the estimate calculated using rate base as a proxy
- a) Lakeland Power noted that it will be paying 26.5% tax rate on its tax return as the small business deduction applies to the consolidated group of Lakeland Power and its affiliates. Please clarify whether Lakeland Power's view is that the stand-alone principle as referenced in the Filing Requirements, should not apply for tax sharing purposes. If so, please explain.
 - b) Please explain why Lakeland Power believes that the application of the small business deduction should be based on the gross book value of capital assets.
 - c) Please comment on using rate base as a proxy for taxable capital in consideration of the Rate Handbook, referenced above.
 - d) The small business rate, if applicable, applies to the first \$500,000 in income. Please confirm that Lakeland Power is expecting approximately \$57,000 of taxable income for 2023. If not confirmed, please explain how the \$57,000 is derived.

- e) Please provide the calculation for the 12.2% small business deduction rate.

Response:

LPDL rescinds its previous response and has completed the shared tax rate rider calculation in order to be in compliance with the OEB filing requirements.

OEB Staff – 6

Reference: Managers Summary Page 28

Preamble: The 2021 CDM Guidelines (section 8) require distributors filing an application for 2023 rates to seek disposition of all outstanding LRAMVA balances related to previously established thresholds, including approval of LRAM-eligible amounts in future years (arising from persisting savings) until a distributor's next rebasing application, unless a distributor does not have complete information on eligible savings.

Questions:

- a) Please confirm that the distributor will not be seeking to dispose of any balance in the LRAMVA due to LRAM-eligible CDM activities funded by the IESO through the Conservation First Framework or Interim Framework in a future year's application.
- i. If not confirmed, please explain why a request for disposition was not submitted as part of this application.
 - ii. If confirmed, please also confirm that Lakeland Power has verified that, relative to the LRAMVA threshold (if any) established in Lakeland Power's most recent rebasing application, the balance in the LRAMVA, and any prospective LRAM-eligible amounts until the next rebasing, are either zero or a debit (i.e., not a credit that would need to be refunded to customers).

Response:

- a) LPDL confirms that it is not disposing of any LRAMVA balances and that any balances are zero.

OEB Staff – 7

Ref 1: Managers Summary Page 29

Lakeland Power states that:

The ROE achieved in 2021 was 12.06%, 3.08% above the deemed return which contained accounting adjustments related to 2020 resulting in an offside representation of LPDL's sustained performance.

Lakeland Power also states that: The primary factor in the excess return for 2021 is the change in OM&A expenses which was \$243,035 below the approved CoS.

This reduction is explained by 2 main items:

(1) LPDL increased its deferred revenue by \$2,138,764, primarily due to Broadband expansion in our area, which is significantly higher than a normal year, driven by the Ontario government's Broadband Act. This influx in contributed capital was equivalent to one year's normal capital. In order to keep up with the customer demand, employees were primarily working on capital projects throughout the year resulting in an abnormal reduction of maintenance being performed and deferred to 2022.

(2) Due to Covid in 2020, LPDL had a bad debt expense of \$429,780 which was the main contributor to the low ROE achieved in 2020. This expense is an accounting estimate based on Aged Receivables and timing of customer payments. During 2021 the Aged Receivables reduced and LPDL recorded an ending bad debt revenue of \$28,467. This accounting estimate was a swing of \$458,246 from 2020 to 2021 end balances.

- a) Please provide a copy of the 2021 RRR 2.1.5.6 that was filed.
- b) Please provide a detailed explanation for each of the Non-rate regulated items (Appendix 1) on the 2021 ROE (RRR 2.1.5.6) which reduced the regulatory net income for Lakeland Power in 2021.
- c) For the contributor of the reduced maintenance fees from the increased contributed capital due to the Broadband project, please explain what benchmark Lakeland Power is used in the statement of the reduced maintenance fees. What was the 2022 maintenance fee in this context? And what was the corresponding approved maintenance fee in Lakeland Power's last rebasing application.
- d) For the contributor of the bad expense, please provide the 2021 actual bad debt expense and the bad debt expense that was approved as part of the OM&A expense in Lakeland Power's last rebasing application. Please compare the 2021 actual vs. the bad debt expense that was embedded in the approved OM&A expense in Lakeland Power's last rebasing application and explain the reasons of the decrease/increase of the expense.

Response:

- a) Uploaded file – LPDL RRR 2.1.5.6 - 2021
- b) See image below for breakdown of the Non-rate regulated items for RRR 2.1.5.6

2021 - RRR 2.1.5.6
Appendix 1

Assistance to Utilities	
Revenue	Expenses
\$ (202,571)	\$ 201,559
\$ (5,195)	\$ 4,615
\$ (36,753)	\$ 32,876
\$ (4,160)	\$ 4,107
\$ (136,267)	
\$ (384,947)	\$ 243,157

Assistance to Bracebridge Generation for NRCan Speedier/Democrasi Project
Affiliate assistance to Lakeland Energy
Assistance provided to other utilities for emergency/storm damage
Power worker union activities
System Access projects for new development or upgrades

Building	
Revenue	Expenses
\$ (48,000)	\$ 37,354

Revenue and Expenses related to the office space rent to affiliated companies

- c) LPDL does not use a specific benchmark. LPDL is aware of where staff are allocated based on daily timesheets. For 2021, powerline staff were allocated to capital projects that were funded by customers and were therefore unavailable to complete maintenance projects other than the base minimum to keep the power on. The broadband projects were deemed critical by provincial government/funded projects and LPDL was unable to secure contractors to complete due to labour shortages and high volume of similar projects across the province. Reviewing labour totals alone compared to previous years, there was a 22% decline in labour expensed. In addition, there would be additional items such as truck costs and material costs that would exasperate the difference.

Labour - Capital versus Expense	2020	2021	Difference
Labour in Maintenance	\$ 482,608	\$ 374,707	-\$ 107,901
Labour in Capital	\$ 608,138	\$ 839,094	\$ 230,956
Total	\$ 1,090,746	\$ 1,213,801	\$ 123,055

*Variance due to wage increase in 2021 as well as overtime in capital to meet demand

- d) Please see table below for analysis of bad debt.

Account	Description	2020	2021	Two Year Total	2020 in Rev. Req.	2021 in Rev. Req.	Two Year Total	Variance (\$)
Bad Debt								
	5335-Bad debt - not including large customer - actual	\$ 64,779	\$ 12,890	\$ 77,669	\$ 45,000	\$ 45,000	\$90,000	-\$ 12,331
	5335-Bad debt - large customer - estimate	\$ 365,000	-\$ 365,000	\$ -	\$ -	\$ -	\$ -	\$ -
	5335-Bad debt - large customer - actual	\$ -	\$ 323,643	\$ 323,643	\$ -	\$ -	\$ -	\$ 323,643
	Total	\$ 429,779	-\$ 28,467	\$ 401,312	\$ 45,000	\$ 45,000	\$90,000	\$ 311,312

OEB Staff – 8

Ref: Managers Summary Page 29

- a) Please provide 2022 regulated ROE based on the forecast and actual data of 2022. Please provide the drivers if the 2022 forecasted ROE is outside of the 300 basis point of the deemed ROE.

Response:

LPDL has calculated the 2022 regulated ROE based actual data to end of November 2022 along with the forecast for the month of December. The resulting value is an ROE of 7.99%. Please see the excerpt below

Regulated Return on Equity (ROE) - Input Appendices 1 to 6

	A	B	C	D	E	F
2	Regulated Return on Equity (ROE) - Input Appendices 1 to 6					
3						
4	The calculations from Appendices 1 to 6 will populate the ROE Summary tab to calculate the Achieved ROE%.					
5						
6	The sign of the input cells are to be aligned with the sign of the accounts reported in RRR 2.1.7. Generally, revenue/gain items are to be entered as negative numbers and expense/loss items are to be entered as positive					
7						
8	Please complete Appendices 1-5 first before filling in Appendix 6. Please input pre-tax figures in Appendices 1-5.					
9						
10	All inputs are in \$					
11						
12	Please refer to the guide for detailed instruction on the filing of Appendices.					
13						
14	Legend					
15						
16	Calculated cell					
17	Auto-populated/linked cell					
18	Input cell					
19						
20						
21	Appendix 1: Non-rate regulated items and other adjustments					
22						
23	CDM revenues (recorded in Account 4375)		\$0.00	aa		
24	CDM expenses (recorded in Account 4380)		\$0.00	ab		
25	CDM - Net revenues/expenses		\$0.00	ac=aa+ab		
26						
27	Renewable generation revenues (recorded in Account 4375)		\$0.00	ad		
28	Renewable generation expenses (recorded in Account 4380)		\$0.00	ae		
29	Renewable generation - Net revenues/expenses		\$0.00	af=ad+ae		
30						
31	Water services revenues (recorded in Account 4375)		\$0.00	ag		
32	Water services expenses (recorded in Account 4380)		\$0.00	ah		
33	Water services - Net revenues/expenses		\$0.00	ai=ag+ah		
34						
35	Non-rate regulated utility rental income/investment income (recorded in Account 4385)		\$0.00	aj		
36						
37	Depreciation expense on non-rate regulated assets		\$0.00	ak		Please provide USoAs
38						
39						
40	Other adjustments:					
41	Please list the other revenue items that were not approved by the OEB (Please specify)					
42						
43	Assisting other utilities - storms/training/maintenance - Union activities		-\$200,395.00	al		4375
44						
45	Building rent		-\$48,000.00	am		4210
46						
47	Please list the other expense items that were not approved by the OEB (Please specify)					
48	Assisting other utilities - storms/training/maintenance - Union activities		\$87,522.00	an		4380
49						
50	Building expenses - 20% of the non I/C amount in 5675		\$37,814.80	ao		5675
51						
52				ap		
53						
54						
55	Total non-rate regulated items and other adjustments		-\$123,058.20	aq=ac+af+ai+aj+ak+al+am+an+ao+ap		
56						

Regulated Return on Equity (ROE) - Input Appendices 1 to 6

	A	B	C	D	E	F
57						
58	Appendix 2: Non-Recoverable Donations					
59					Data source:	
60	All donations		\$15,000.00	ba	RRR 2.1.7- Control account USoA 6205	
61						
62	Recoverable donations:					
63	LEAP Funding		\$13,000.00	bb	RRR 2.1.7- Sub-account LEAP Funding USoA 6205	
64						
65	Calculated LEAP Funding approved in the distributor's last CoS		\$10,000.00	bb1	CoS Decision and Order (for reference only)	
66	Other recoverable donations approved, please specify					
67	CoS Settlement - LEAP funding of \$13,000			bc		
68				bd		
69						
70	Non-recoverable donations		\$2,000.00	be=ba-bb-bc-bd		
71						
72						
73	Appendix 3: Net interest/carrying charges on Deferral and Variance Accounts (DVAs)					
74						
75	Interest expense on DVAs (recorded in Account 6035)		\$19,123.00	ca		
76	Interest income on DVAs (recorded in Account 4405)		-\$19,698.00	cb		
77						
78	Net interest/carrying charges from DVAs		-\$575.00	cc=ca+cb		
79						
80						
81	Appendix 4: Interest Adjustment for Deemed Debt					
82					Data source:	
83	Interest expense as per RRR 2.1.7		\$635,560.00	da	RRR 2.1.7- Sum of USoA 6005-6045 inclusive	
84	Less:					
85	Interest expense on DVAs (recorded in Account 6035)		\$19,123.00	db = ca	Appendix 3 cell (ca)	
86	Unrealized (gains)/losses on interest rate swaps if recorded in Account 6035			db1		
87	Other adjustments, please specify					
88	Penalties			db2		
89				db3		
90						
91						
92	Interest expense after adjustments		\$616,437.00	dc = da-db-db1-db2-db3		
93						
94	Regulated deemed debt, as per ROE Summary tab		\$19,250,634.55	dd	ROE Summary tab cell (v1)+(w1)	
95	Weighted average debt rate (%)		3.01%	% de	CoS Decision and Order	
96						
97	Deemed interest		\$579,444.10	df=dd*de		
98						
99	Interest adjustment for deemed debt		\$36,992.90	dg=dc-df		
100						
101						

Regulated Return on Equity (ROE) - Input Appendices 1 to 6

	A	B	C	D	E	F
102	Appendix 5: Property Plant & Equipment (PP&E)					
103						
104						
105					Data source:	
106	Prior year "Closing balance - regulated PP&E (NBV)"		\$28,413,747.76	ea		Prior year "Closing balance - regulated PP&
107	Adjustments if required, please explain the nature					
108				eb		
109	Opening balance - regulated PP&E (NBV)		\$28,413,747.76	ec=ea+eb		
110						
111						
112						
113	Total PP&E (NBV) - Closing Balance		\$30,572,823.00	ed		RRR 2.1.7- Sum of USoA 1605-2075,2440
114						
115	Adjustment Items:					
116	Construction Work-in-Progress (CWIP)			ee		RRR 2.1.7 USoA 2055
117	Non-distribution assets (NBV)		\$5,045.00	ef		RRR 2.1.7 USoA 2075+USoA 2180
118	Less other adjustments, please specify:					
119	Goodwill (USoA 2060)		\$1,150,014.00	eg		
120				eh		
121				ei		
122				ej		
123				ek		
124	Adjusted closing balance - regulated PP&E (NBV)		\$29,417,764.00	el=ed-ee-ef-eg-eh-ei-ej-ek		
125						
126						

Regulated Return on Equity (ROE) - Input Appendices 1 to 6

	A	B	C	D	E	F
127	Appendix 6: Current Tax for Regulatory Purposes					
128						
129					Tax Provision/ (Recovery)	
130						
131	Current Tax Provision/(Recovery) as per the Audited Financial Statements (AFS)				\$390,000.00	fa
132	Reassessment of taxes from prior years included in current tax provision as per AFS (add Tax Payable/(Recovery))		\$0.00	fa1		
133	Loss carry forward from prior years included in current tax provision as per AFS		\$0.00	fa2		
134	Actual Tax rate		26.50%	% xy		
135						
136	Current Tax Adjustment required to reconcile to RRR 2.1.7 trial balance				\$0.00	fb
137						
138	Current Tax Provision/(Recovery) as per RRR 2.1.7 USoA 6110				\$390,000.00	fc
139						
140	Check balance - Does fa+fb=fc?				CORRECT	
141			(Income)/Expense			
142	Adjustment items					
143	Non-rate regulated items (Appendix 1)		-\$123,058.20	gd=aq	-\$32,610.42	fd=gd*xy
144	Non-recoverable donations (Appendix 2)		\$2,000.00	ge=be	\$530.00	fe=ge*xy
145	Activity in Regulatory Accounts included in taxable income on Schedule 1, if applicable			gf	\$0.00	ff=gf*xy
146	Net carrying charges on DVAs (Appendix 3)		-\$575.00	gg=cc	-\$152.38	fg=gg*xy
147	Add back Actual interest expense (Appendix 4)		\$616,437.00	gh=dc	\$163,355.81	fh=gh*xy
148	Deduct Deemed Interest expense (Appendix 4)		-\$579,444.10	gi= - df	-\$153,552.69	fi=gi*xy
149	CCA on Non rate-regulated assets			gj	\$0.00	fj=gj*xy
150	CEC adjustment on Goodwill from acquisitions or other intangible assets that were not approved in the distributor's last CoS			gk	\$0.00	fk=gk*xy
151	CCA adjustment on PP&E from acquisitions that were not approved in the distributor's last CoS			gl	\$0.00	fl=gl*xy
152						
153	Other adjustments (Please specify)					
154				gm	\$0.00	fm=gm*xy
155				gn	\$0.00	fn=gn*xy
156				go	\$0.00	fo=go*xy
157						
158	Total Adjustment Items		-\$84,640.30	gp=gd+ge+gf+gg+gh+gi+gj+gk+gl+gm+gn+go	-\$22,429.68	fp=fd+fe+ff
159						
160	Current Tax Provision/(Recovery) for the purposes of calculating Regulated ROE				\$367,570.32	fq=fc+fp

Regulated Return on Equity (ROE) - Input Appendices 1 to 6

	A	B	C	D	E	F	G	H	I	J	K	M
1												
2	Regulated Return on Equity (ROE) - Summary											
3												
4	Regulated Rate of Return on Deemed Equity (ROE)											
6	A distributor shall report, in the form and manner determined by the OEB, the Regulated Return on Equity (ROE) earned in the reporting year.											
7												
8	The reported ROE is to be calculated on the same basis as was used in the distributor's last Cost of Service (CoS).											
9												
10	Inputs by Distributor: The sign of the input cells are to be aligned with the sign of the accounts reported in RRR 2.1.7. Generally, revenue/gain items are to be entered as negative numbers and expense/loss items are to be entered as positive numbers. Please read the RRR Filing Guide for the detailed guidance on the inputs of the form and appendices.											
11												
12	Information from the distributor's last CoS Decision and Order and the successfully submitted RRR 2.1.7 trial balance have been pre-populated in this form. Please review each input for accuracy and contact Industry Relations Enquiry if you have any questions.											
13												
14												
15												
16	Legend											
17												
18	Calculated cell											
19	Auto-populated/linked cell											
20	Input cell											
21												
22												
23												
24	The CoS Decision and Order EB number for the ROE			EB-2018-0050		xx						
25	Accounting standard used in CoS Decision and Order			MIFRS		yy						
26												
27	Regulated net income											
28												
29	Regulated net income (loss), as per RRR 2.1.7			\$1,087,833.00		a		RRR 2.1.7 - USoA 3046 * (-1)				
30												
31	Adjustment items:											
32	Non-rate regulated items and other adjustments (Appendix 1)			-\$123,058.20		b		Appendix 1 cell (aq)		Please provide USoAs		
33	Unrealized (gains)/losses on interest rate swaps (Not applicable if recorded in Other Comprehensive Income)			\$0.00		c						
34										Please provide USoAs		
35	Actuarial (gains)/losses on OPEB and/or Pensions not approved by the OEB					d				5646		
36												
37	Non-recoverable donations (Appendix 2)			\$2,000.00		e		Appendix 2 cell (be)				
38	Net interest/carrying charges from DVAs (Appendix 3)			-\$575.00		f		Appendix 3 cell (cc)				
39	Interest adjustment for deemed debt (Appendix 4)			\$36,992.90		g		Appendix 4 cell (dg)				
40												
41	Adjusted regulated net income before tax adjustments			\$1,003,192.70				h=a+b+c+d+e+f+g				
42												
43	Add back:											
44	Future/deferred taxes expense			\$0.00		i		RRR 2.1.7 - USoA 6115				
45	Current income tax expense (Does not include future income tax)			\$390,000.00		j		RRR 2.1.7 - USoA 6110				
46												
47	Deduct:											
48	Current income tax expense for regulated ROE purposes (Appendix 6)			\$367,570.32		k		Appendix 6 cell (fq)				
49												
50												
51												
52	Adjusted regulated net income			\$1,025,622.38				l=h+i+j-k				
53												
54												

Regulated Return on Equity (ROE) - Input Appendices 1 to 6

	A	B	C	D	E	F	G	H	I	J	K	L	M
2	Regulated Return on Equity (ROE) - Summary												
4	Regulated Rate of Return on Deemed Equity (ROE)												
6	A distributor shall report, in the form and manner determined by the OFB, the Regulated Return on Equity (ROE) earned in the reporting year.												
7													
8	The reported ROE is to be calculated on the same basis as was used in the distributor's last Cost of Service (CoS).												
9													
10	Inputs by Distributor: The sign of the input cells are to be aligned with the sign of the accounts reported in RRR 2.1.7. Generally, revenue/gain items are to be entered as negative numbers and expense/loss items are to be entered as positive numbers. Please read the RRR Filing Guide for the detailed guidance on the inputs of the form and appendices.												
11													
12	Information from the distributor's last CoS Decision and Order and the successfully submitted RRR 2.1.7 trial balance have been pre-populated in this form. Please review each input for accuracy and contact												
13	Industry Relations Enquiry if you have any questions.												
14													
55	Deemed Equity												
56	Rate base:												
57	Cost of power				\$36,738,714.00		m	RRR 2.1.7 - Sum of USoA 4705 - 4751 inclusive					
	Operating expenses before any applicable adjustments						n1	RRR 2.1.7 - Sum of USoA 4505-4640, 4805-5695, 6105, 6205, 6210, and 6225, then subtract ROE Summary cell (d) and subtract ROE Summary cell (e)					
58					\$5,547,568.00								
59													
60	Other Adjustments:												
61										Please provide USoAs			
62	Building expenses				\$37,814.80		n2			5675			
63													
64	Adjusted operating expenses				\$5,509,753.20		n=n1-n2						
65													
66													
67	Total Cost of Power and Operating Expenses				\$42,248,467.20		o=m+n						
68	Working capital allowance % as approved in the distributor's last CoS Decision and Order				7.50%		% p	CoS Decision and Order					
69	Total working capital allowance (\$)				\$3,168,635.04		q=o*p						
70													
71	PP&E												
72	Opening balance - regulated PP&E (NBV) (Appendix 5)				\$28,413,747.76		r	Appendix 5 cell (ec)					
73													
74													
75	Adjusted closing balance - regulated PP&E (NBV) (Appendix 5)				\$29,417,764.00		s	Appendix 5 cell (el)					
76													
77	Average regulated PP&E				\$28,915,755.88		t=(r+s)/2						
78	Total rate base				\$32,084,390.92		u=q+t						
79													
80	Regulated deemed short-term debt % and \$	4.00%	% v		\$1,283,375.64		v1=v*u	Cell (v) from CoS Decision and Order					
81	Regulated deemed long-term debt % and \$	56.00%	% w		\$17,967,258.92		w1=w*u	Cell (w) from CoS Decision and Order					
82	Regulated deemed equity % and \$	40.00%	% x		\$12,833,756.37		x1=x*u	Cell (x) from CoS Decision and Order					
83													

Regulated Return on Equity (ROE) - Input Appendices 1 to 6

	A	B	C	D	E	F	G	H	I	J	K	M
2	Regulated Return on Equity (ROE) - Summary											
4	Regulated Rate of Return on Deemed Equity (ROE)											
6	A distributor shall report, in the form and manner determined by the OEB, the Regulated Return on Equity (ROE) earned in the reporting year.											
7												
8	The reported ROE is to be calculated on the same basis as was used in the distributor's last Cost of Service (CoS).											
9												
10	Inputs by Distributor: The sign of the input cells are to be aligned with the sign of the accounts reported in RRR 2.1.7. Generally, revenue/gain items are to be entered as negative numbers and expense/loss											
11	items are to be entered as positive numbers. Please read the RRR Filing Guide for the detailed guidance on the inputs of the form and appendices.											
12	Information from the distributor's last CoS Decision and Order and the successfully submitted RRR 2.1.7 trial balance have been pre-populated in this form. Please review each input for accuracy and contact											
13	Industry Relations Enquiry if you have any questions.											
14												
84	Regulated Rate of Return on Deemed Equity (ROE)											
85	Achieved ROE%				7.99%	%	y= l / x1					
86												
87	Deemed ROE% from the distributor's last CoS Decision and Order				8.98%	%	z	CoS Decision and Order				
88												
89	Difference - maximum deadband 3%				-0.99%	%	z1 = y-z					
90												
91	ROE status for the year (Over-earning/Under-earning/Within 300 basis points deadband)				Within 300 basis points de		z2		If the distributor is in an over-earning position as indicated in z2 , please complete Appendices 7 & 8. If the distributor is in an under-earning position as indicated in z2 , please complete Appendices 9 & 10.			
92												
93												
94												