

EXHIBIT 6

REVENUE REQUIREMENT AND REVENUE DEFICIENCY OR SUFFICIENCY

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ATTACHMENTS

Attachment7_2025_RRWF_BHI_04162025

Attachment8_2026_PILS_Workform_BHI_04162025

Attachment9_2023 Federal and Provincial Tax Returns_BHI_04162025

EXHIBIT 6 – REVENUE REQUIREMENT AND REVENUE DEFICIENCY OR SUFFICIENCY

6.1 OVERVIEW

The information in this Exhibit 6 summarizes BHI's request for an increase to its revenue requirement in 2026 based on a revenue deficiency in 2026 as compared to the revenue requirement computed by applying its 2026 load forecast to its 2025 OEB-approved electricity distribution rates. BHI requires this increase in order to:

- support its capital and operating expenditures for 2026 as described in Exhibits 2 and 4 respectively;
- continue to provide a safe and reliable supply of electricity to its customers;
- allow it to earn a fair return on the cost of its financial capital in a manner consistent with the *Report of the Board on Cost of Capital for Ontario's Regulated Utilities (EB-2009-0084)* issued December 11, 2009 ("Cost of Capital Report") and as provided in Exhibit 5; and
- meet its Payments in Lieu of Taxes ("PILS") liabilities as provided in Section 6.2 of this Exhibit 6.

6.1.1 Determination of Net Income

BHI has determined its Utility Net Income as \$6,645,614 in the 2026 Test Year, as identified and calculated on Line 31 in Table 1 below.

6.1.2 Statement of Rate Base

BHI's Rate Base in the 2026 Test Year is expected to be \$184,600,382 as identified on Line 22 in Table 1 below. The calculation is provided in Table 3 below.

6.1.3 Actual Return on Rate Base

BHI's 2026 Test Year Actual Rate of Return at current approved rates is 2.19% as identified on Line 26 in Table 1 below; and is calculated as the sum of Net Income plus Deemed Interest Expense divided by Rate Base.

6.1.4 Indicated Rate of Return

BHI's 2026 Test Year Indicated Rate of Return is 6.20% as identified on Line 33 in Table 1 below.

6.1.5 Requested Rate of Return

BHI has determined its Requested Rate of Return as 6.20% or \$11,445,947 as identified and calculated on Lines 26 and 25 respectively in Table 1 below.

6.1.6 Deficiency or Sufficiency in Revenue

BHI provides a detailed calculation supporting its 2026 Test Year Revenue Deficiency of \$7,401,746 identified on Line 34 in Table 1 below. BHI's Gross Revenue Deficiency is \$10,070,403 as identified on Line 35 in Table 1 below.

1 **Table 1 - Revenue Sufficiency/Deficiency Calculation**

Line #	Description	2026 Load Forecast at 2025 Rates	2026 Test Year
Revenue:			
1	Revenue Deficiency		10,070,403
2	Distribution Revenue	38,414,728	38,414,728
3	Other Operating Revenue (Net)	4,355,525	4,355,525
4	Total Revenue	42,770,253	52,840,656
Costs and Expenses:			
5	Administrative & General, Billing & Collecting	16,071,564	16,071,564
6	Operation & Maintenance	13,903,537	13,903,537
7	Donations - LEAP	65,000	65,000
8	Depreciation & Amortization	10,046,886	10,046,886
9	Property Taxes	375,892	375,892
10	Deemed Interest	4,800,334	4,800,334
11	Total Costs and Expenses	45,263,212	45,263,212
Income and Income Taxes:			
12	Utility Income Before Income Taxes	(2,492,960)	7,577,443
13	Corporate Income Taxes	(1,736,827)	931,830
14	Utility Net Income	(756,133)	6,645,614
Income Tax Expense Calculation:			
15	Accounting Income	(2,492,960)	7,577,443
16	Tax Adjustments to Accounting Income	(3,446,626)	(3,446,626)
17	Taxable Income	(5,939,586)	4,130,818
18	Income tax expense before credits	(1,573,990)	1,094,667
19	Credits	162,837	162,837
20	Income Tax Expense	(1,736,827)	931,830
21	Tax Rate Reflecting Tax Credits	26.50%	26.50%

2

1 **Table 1 - Revenue Sufficiency/Deficiency Calculation Continued**

Line #	Description	2026 Load Forecast at 2025 Rates	2026 Test Year
Actual Return on Rate Base:			
22	Rate Base	184,600,382	184,600,382
23	Interest Expense	4,800,334	4,800,334
24	Net Income	(756,133)	6,645,614
25	Total Actual Return on Rate Base	4,044,201	11,445,947
26	Actual Return on Rate Base	2.19%	6.20%
Required Return on Rate Base:			
27	Rate Base	184,600,382	184,600,382
Return Rates:			
28	Return on Debt (Weighted)	4.33%	4.33%
29	Return on Equity	9.00%	9.00%
30	Deemed Interest Expense	4,800,334	4,800,334
31	Return On Equity	6,645,614	6,645,614
32	Total Return	11,445,947	11,445,947
33	Expected Return on Rate Base	6.20%	6.20%
34	Revenue Deficiency After Tax	7,401,746	0
35	Revenue Deficiency Before Tax	10,070,403	0
Tax Calculation - PILs Workform			
36	Deemed Utility Income		6,645,614
37	Tax Adjustments to Accounting Income		(3,446,626)
38	PILs		3,198,988
39	Tax Rate		26.50%
40	Total PILs before gross up		847,732
Small Business Tax Credit			
41	Total PILs after SBTC		847,732
42	Tax Rate		26.50%
43	Apprentice Tax Credit		162,837
44	Total PILs before gross up after all credits		684,895
45	Grossed up PILs		931,830

6.1.7 Summary of Revenue Requirement Drivers

BHI provides a summary of the drivers of the 2026 Test Year deficiency and specific references to data in Table 2 below.

Table 2 - Revenue Deficiency by Component

Revenue Requirement	2021 Cost of Service (EB-2020-0007) (A)	2026 Load Forecast at 2025 Rates (B)	Proposed 2026 Test Year (C)	Revenue Deficiency (D = C - B)	Exhibit	Reference
OM&A Expenses	\$20,557,775	\$23,766,263	\$30,040,101	\$6,273,838	4	Sections 4.1, 4.2 and 4.3
Depreciation	\$8,146,553	\$9,418,000	\$10,046,886	\$628,886	2	Section 2.4
Property Taxes	\$341,790	\$395,134	\$375,892	\$(19,242)	6	Section 6.2.2
PILs	\$398,574	\$460,780	\$931,830	\$471,050	6	Section 6.2.1
Deemed Interest Expense	\$2,638,061	\$3,049,788	\$4,800,334	\$1,750,546	5	Section 5.1, Table 1
Return on Deemed Equity	\$4,913,439	\$5,680,288	\$6,645,614	\$965,326	5	Section 5.1, Table 1
Total Service Revenue Requirement	\$36,996,192	\$42,770,253	\$52,840,656	\$10,070,403		
Other Operating Revenue	\$3,079,167	\$4,355,525	\$4,355,525	\$0	6	Section 6.3
Total Base Revenue Requirement	\$33,917,025	\$38,414,728	\$48,485,131	\$10,070,403		

BHI's 2026 Test Year deficiency of \$10,070,403 is primarily driven by an increase in Operating, Maintenance and Administration expenses ("OM&A") contributing \$6,273,838; an increase in Deemed Interest Expense contributing \$1,750,546; an increase in Return on Deemed Equity contributing \$965,326; and an increase in Depreciation contributing \$628,886.

6.1.7.1 OM&A

OM&A is expected to increase from \$20,557,775 in the OEB-approved 2021 Test Year to \$30,040,101 in the 2026 Test Year to facilitate the following:

- responding to evolving policy and customer expectations in response to the energy transition, such as connecting electric vehicles ("EVs"), solar panels, and energy storage;
- responding to increased demand in the City of Burlington due to electrification and population growth;
- ensuring a sustainable, resilient and reliable distribution system capable of accommodating increasing extreme weather events;
- addressing declining reliability, due to failure of aging infrastructure, through increased asset testing and maintenance
- integrating cloud computing, artificial intelligence, and non-wires solutions into operations;
- protecting customers' data and the grid against intensifying cyber security threats driven by rapid technology advancements and changing geopolitical dynamics;
- complying with new or expanded legal and regulatory requirements, including customer service, safety, and environmental obligations;
- addressing upward cost pressures on labour which are impacting outsourced services such as tree trimming; and
- addressing a variety of externally-driven costs such as regulatory costs, audit fees and insurance.

These changes are discussed in further detail in Sections 4.1, 4.2 and 4.3 of Exhibit 4.

6.1.7.2 Depreciation

Depreciation is expected to increase from \$8,146,553 in the OEB-approved 2021 Test Year to \$10,046,886 in the 2026 Test Year primarily due to an increase in in-service capital additions, discussed in further detail in Section 2.2 of Exhibit 2.

6.1.7.3 Deemed Interest Expense and Deemed Equity

The components contributing to the increase in deemed interest expense and return on deemed equity are identified in Tables 3 and 4 below.

Rate base increased from the 2021 Cost of Service to the 2026 Test Year due to:

- an increase in average net fixed assets of \$36,681,148 and an increase in working capital allowance of \$633,891 due to an increase in OM&A and Cost of Power as identified in Table 3; and
- BHI's weighted average cost of capital increased from 5.13% in the 2021 Cost of Service to 6.20% in the 2026 Test Year as a result of increases in the OEB's Cost of Capital Parameters¹ as identified in Table 4.

The net effect of these changes is an increase in deemed interest expense and return on deemed equity before tax of \$3,894,447 as identified in Table 4 - the change in rate base accounts for \$1,913,188 and the change in Cost of Capital Parameters accounts for \$1,981,260.

Table 3 – Rate Base Variance

Description	2021 Cost of Service	Proposed 2026 Test Year	Increase/ (Decrease)	Exhibit	Reference
Net Fixed Assets	\$132,276,661	\$168,957,808	\$36,681,148	2	Section 2.1.1
OM&A	\$20,899,565	\$30,415,993	\$9,516,428	4	Sections 4.1, 4.2 and 4.3
Cost of Power	\$179,216,197	\$178,151,648	\$(1,064,548)	3	OEB Chapter 2 Appendices - 2Z Tab "App.2zb_Cost of Power"
Total OM&A and Cost of Power	\$200,115,762	\$208,567,641	\$8,451,879		
Working Capital Allowance %	7.50%	7.50%	\$0		
Working Capital Allowance \$	\$15,008,682	\$15,642,573	\$633,891		
Rate Base	\$147,285,343	\$184,600,382	\$37,315,038		

Table 4 – Total Return Variance

Description	Rate Base \$	Return %	Return \$
2021 Cost of Service	\$147,285,343	5.13%	\$7,551,500
Increase in Net Fixed Assets	\$36,681,148	5.13%	\$1,880,687
Increase in Working Capital Allowance	\$633,891	5.13%	\$32,500
2026 Test Year before Increase to Cost of Capital Parameters	\$184,600,382	5.13%	\$9,464,687
Increase in Deemed Interest Expense		1.35%	\$1,493,915
Increase in Deemed Equity		0.66%	\$487,345
2026 Test Year after Increase to Cost of Capital Parameters	\$184,600,382	6.20%	\$11,445,947
Net Change from 2021 Cost of Service to 2026 Test Year	\$37,315,038	1.07%	\$3,894,447

¹ <https://www.oeb.ca/industry/rules-codes-and-requirements/cost-capital-parameter-updates>

6.1.8 Impacts of Changes in Methodologies

BHI has had no changes in methodologies (e.g. accounting standards or policies) impacting its overall revenue deficiency since its last Cost of Service application in 2021.

6.1.9 Revenue Requirement Work Form

BHI has completed the OEB's Revenue Requirement Work Form ("RRWF") which is filed as a live Excel file Attachment7_2025_RRWF_BHI_04162025.

BHI provides the following analyses for revenues in Table 5 - Table 7 below:

- Calculation of 2025 Bridge Year forecast revenues at existing rates; and
- Calculation of 2026 Test Year forecast revenues at each of:
 - Existing Rates
 - Proposed Rates

1 **Table 5 - Calculation of 2025 Bridge Year Forecast Revenues at Existing Rates**

Class	2025 Fixed Rate	2025 Variable Rate	Annual kWh	Annual kW	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer Allowance
Residential	\$32.64	\$0.0000	550,184,938		754,087		\$24,612,266		\$24,612,266
GS < 50 kW	\$29.29	\$0.0193	167,760,950		69,212		\$2,026,986	\$3,245,361	\$5,272,347
GS > 50 kW	\$78.66	\$3.8537	753,271,775	1,998,335	11,504		\$904,927	\$7,701,024	\$8,605,952
Street Lighting	\$0.65	\$4.6705	5,601,815	15,655		207,947	\$135,527	\$73,114	\$208,641
Unmetered Scattered Load	\$10.81	\$0.0188	3,297,742			6,977	\$75,427	\$62,090	\$137,517
Total			1,480,117,220	2,013,990	834,803	214,925	\$27,755,133	\$11,081,589	\$38,836,722

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4 **Table 6 - Calculation of 2026 Test Year Forecast Revenues at Existing Rates**

Class	2025 Fixed Rate	2025 Variable Rate	Annual kWh	Annual kW	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer Allowance
Residential	\$32.64	\$0.0000	554,448,693		757,428		\$24,721,308		\$24,721,308
GS < 50 kW	\$29.29	\$0.0193	168,539,128		69,881		\$2,046,586	\$3,260,415	\$5,307,001
GS > 50 kW	\$78.66	\$3.8537	732,505,202	1,968,903	11,424		\$898,658	\$7,587,600	\$8,486,257
Street Lighting	\$0.65	\$4.6705	5,608,031	15,672		208,178	\$135,677	\$73,195	\$208,872
Unmetered Scattered Load	\$10.81	\$0.0188	3,312,078			7,008	\$75,755	\$62,359	\$138,115
Total			1,464,413,133	1,984,575	838,734	215,186	\$27,877,983	\$10,983,569	\$38,861,552

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1 **Table 7 - Calculation of 2026 Test Year Forecast Revenues at Proposed Rates**

Class	2026 Fixed Rate	2026 Variable Rate	Annual kWh	Annual kW	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer Allowance
Residential	\$41.19	\$0.0000	554,448,693		757,428		\$31,198,475	\$0	\$31,198,475
GS < 50 kW	\$36.96	\$0.0244	168,539,128		69,881		\$2,582,805	\$4,112,355	\$6,695,159
GS > 50 kW	\$84.65	\$4.9155	732,505,202	1,968,903	11,424		\$967,049	\$9,678,143	\$10,645,192
Street Lighting	\$0.78	\$5.5695	5,608,031	15,672		208,178	\$162,379	\$87,285	\$249,664
Unmetered Scattered Load	\$10.76	\$0.0187	3,312,078			7,008	\$75,401	\$61,936	\$137,337
Total			1,464,413,133	1,984,575	838,734	215,186	\$34,986,110	\$13,939,718	\$48,925,828

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6.2 TAXES OR PAYMENTS IN LIEU OF TAXES (PILS) AND PROPERTY TAXES

6.2.1 Income Taxes or PILs

BHI is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the “Tax Acts”). Under the Electricity Act, 1998, BHI is liable to make payments in lieu (PILS) of federal and provincial corporate tax to the Ontario Ministry of Finance. These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the Electricity Act, 1998, and related regulations.

BHI has used the OEB’s Income Tax/PILS Workform for 2026 Cost of Service rate applications (“PILS Model”), dated February 5, 2025, to calculate its PILS for the 2026 Test Year. BHI is forecasting taxable income of \$3,198,988 in the 2026 Test Year and is including PILS of \$931,830 in its revenue requirement. BHI provides a live Excel file of the PILS Model as Attachment8_2026_PILS_Workform_BHI_04162025.

BHI confirms that it has not made any revisions to the PILS Model, aside from updating the relevant factor applicable to Class 43.2 property on Tab “T8 Sch 8 CCA Test”, and that regulatory assets and liabilities have been excluded from the taxes/PILS calculations in accordance with the Chapter 2 Filing Requirements.

BHI has used the combined Federal and Ontario statutory tax rate of 26.50% to calculate PILS. BHI presents a summary of its tax calculation for 2026 in Table 8 below.

Table 8 - Calculation of Grossed-Up PILs 2026

Description	2026 Test Year
Deemed Utility Income	\$6,645,614
Tax Adjustments to Accounting Income	\$(3,446,626)
Taxable Income	\$3,198,988
Tax Rate	26.50%
Total PILs before Gross-Up	\$847,732
Tax Credits	\$(162,837)
Total PILs before Gross-Up after Credits	\$684,895
Grossed Up PILs	\$931,830

6.2.1.1 Tax Returns

BHI attaches a copy of its 2023 Federal and Provincial Tax Returns including the supporting financial statements as Attachment9_2023 Federal and Provincial Tax Returns_BHI_04162025.

6.2.1.2 Loss Carry-Forwards

BHI had a non-capital loss carry-forward of \$0 at the end of 2024. BHI had a capital loss carry-forward at December 31, 2024 of \$85,869. BHI does not expect to use this capital loss carry-forward in 2025 or in 2026.

6.2.1.3 Calculation of Tax Credits

BHI has calculated a total tax credit of \$162,837 for the 2026 Test Year. The credit is comprised of the following:

- Investment Tax Credit from SR&ED expenditures \$68,394;
- Ontario Research and Development Tax Credit from SR&ED expenditures \$16,537;
- Federal Apprentice Job Creation Credit \$11,493;
- Ontario Co-operative Education Tax Credit \$32,030; and
- Ontario Corporate Minimum Tax Credit \$34,383.

The Scientific Research and Experimental Development (SR&ED) Program uses tax incentives to encourage Canadian businesses to conduct research and development (R&D) in Canada. Historically, BHI claimed eligible expenditures in connection with advancements in smart grid techniques. The SR&ED related investment tax credits in the 2026 PILS Model were calculated using the average eligible SR&ED expenditures from 2020-2023, adjusted based on reasonable expectations of future eligible expenditures. BHI has also calculated co-operative education and

1 apprenticeship tax credits. These tax credits are available to employers who hire eligible
2 students and apprentices. The apprenticeship credit and the co-operative education tax credit
3 were calculated using the average credit claimed from 2020-2023.

4
5 BHI's 2023 Scientific Research and Experimental Development Return is included as part of its
6 2023 Federal and Provincial Tax Returns attached as Attachment9_2023 Federal and Provincial
7 Tax Returns_BHI_04162025.

8 9 **6.2.1.4 Other Additions and Deductions**

10 Net Additions/Deductions from Utility income include:

- 11
- 12 • The difference between depreciation for accounting purposes versus capital cost
13 allowance ("CCA") for tax purposes, including an adjustment for loss on disposal of
14 assets and amortization of deferred capital contributions;
 - 15 • The difference between opening and closing reserves on BHI's financial statements;
 - 16 • The difference between the SR&ED expenditures recorded on the financial statements
17 versus the SR&ED expenditures claimed in the year, net of certain tax credits;
 - 18 • Addition of non-deductible expenses (club dues and fees; meals and entertainment
19 expense);
 - 20 • Addition of prior year investment tax credits received;
 - 21 • Deduction of contributions to deferred income plans;
 - 22 • Deduction of capital lease payments; and
 - 23 • Deduction of SR&ED expenditures capitalized for accounting purposes.
- 24

25 BHI provides its Other Additions and Other Deductions for the 2026 Test Year in Table 9 below
26 and in Tab "T1 Sch 1 Taxable Income Test" of the PILS Model.

1 **Table 9 - Other Additions and Other Deductions**

Description	2026 Test Year
OTHER ADDITIONS	
Amortization of tangible assets	\$10,046,886
Loss on Disposal of Assets	\$146,050
Charitable donations	\$65,000
SR&ED expenditures deducted on financial statements	\$304,837
Non-deductible club dues and fees	\$750
Non-deductible meals and entertainment expense	\$24,190
Reserves from financial statements- balance at end of year	\$4,002,000
Additional accounting depreciation (Incremental Capital Module)	\$127,544
Inducement under 12(1)(x)	\$49,391
Total Other Additions	\$14,766,648
OTHER DEDUCTIONS	
Capital cost allowance from Schedule 8	\$(11,271,175)
SR&ED expenditures claimed in year	\$(225,774)
Reserves from financial statements - balance at beginning of year	\$(3,950,000)
Contributions to Deferred Income Plans	\$(296,578)
Capital Lease Payments	\$(22,984)
SR&ED capitalized for accounting purposes, deducted for tax purposes	\$(141,326)
Amortization of capital contributions	\$(2,240,436)
Total Other Deductions	\$(18,148,273)
Charitable donations from Schedule 2	\$(65,000)
Non-capital losses of preceding taxation years from Schedule 7-1	\$0
Net Additions/(Deductions) from Utility Income	\$(3,446,626)

2
3

4 **6.2.1.5 Integrity Checks**

5 BHI has completed the integrity checks in the PILS Model and confirms the following:

- 6 • The depreciation and amortization added back in the application's PILS model agree
7 with the numbers disclosed in the rate base section of the application.
- 8 • The capital additions and deductions in the CCA Schedule 8 agree with the rate base
9 section for historical, bridge and test years.

- 1 • Schedule 8 of the most recent federal T2 tax return filed with the application has a
- 2 closing December 31 historical year UCC that agrees with the opening (January 1)
- 3 bridge year UCC.
- 4 • The CCA deductions in the application's PILS tax model for historical, bridge and test
- 5 years agree with the numbers in the CCA Schedule 8 for the same years filed in the
- 6 application.
- 7 • The Loss carry-forwards agree with those disclosed in the Application. A discussion on
- 8 when these loss carry-forwards will be used is discussed in Section 6.2.1.2 of this Exhibit
- 9 6.
- 10 • CCA is maximized.
- 11 • Other post-employment benefits and pension expenses added back on Schedule 1 to
- 12 reconcile accounting income to net income for tax purposes, agree with the amounts
- 13 provided in the OM&A analysis for compensation.
- 14 • The income tax rate used to calculate the tax expense is consistent with the BHI's actual
- 15 tax facts and evidence filed in the Application.

17 **6.2.1.6 Accelerated CCA**

18 On June 21, 2019, Bill C-97, the *Budget Implementation Act, 2019, No. 1*, was given Royal
19 Assent. Included in Bill C-97 were various changes to the federal income tax regime. One of the
20 changes introduced by Bill C-97 was the Accelerated Investment Incentive program ("AIIP"),
21 which provides for a first-year increase in CCA deductions on eligible capital assets acquired
22 after November 20, 2018.

23
24 As per the OEB's July 25, 2019 letter, the OEB expected distributors to:²

- 26 1. Record the impacts of CCA rule changes in Account 1592 - PILs and Tax Variances –
- 27 CCA Changes³ for the period November 21, 2018 until the effective date of the
- 28 distributor's next cost-based rate order⁴.

² *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance*, July 25, 2019

³ The OEB has established this sub-account of Account 1592 specifically for the purposes of tracking the impact of changes in CCA rules.

⁴ This impact includes Bill C-97 CCA rule changes as well as any future CCA changes instituted by relevant regulatory or taxation bodies.

2. Record the full revenue requirement impact of any changes in CCA rules that are not reflected in base rates⁵ in Account 1592 – PILs and Tax Variances – CCA Changes.

3. Bring forward any amounts tracked in Account 1592 - PILs and Tax Variances – CCA Changes for review and disposition in accordance with the OEB's filing requirements for the disposition of deferral and variance accounts, which would generally coincide with a distributor's next cost-based rate application.⁶

Accordingly, distributors must bring forward the balance tracked in Account 1592 - PILs and Tax Variances – CCA Changes for review and disposition in its cost-based rate applications.

The Bill C-97 rule changes relating to the AIIP, as described above, were in full effect until the end of 2023. The AIIP is gradually being phased out from 2024-2027.

Impact to Account 1592 in 2021 and 2026

2021 Cost of Service application

BHI complied with the OEB's letter dated July 25, 2019 and recorded the full revenue requirement impact of changes in CCA rules that were not reflected in base rates. This amount was recorded in Account 1592 for eligible capital assets acquired after November 20, 2018 and up to December 30, 2020. BHI brought forward this amount, which was approved for disposition, in its 2021 Cost of Service application.⁷ BHI's 2021 OEB approved rates incorporated the full benefit of the AIIP. BHI did not implement a mechanism to smooth the tax impacts of the AIIP over its five-year IRM term from 2021 to 2026, and agreed to continue the use of Account 1592 to record the full revenue requirement of the phasing out period of the AIIP in 2024 and 2025.⁸

⁵ The OEB noted that these impacts should be recorded as of the effective date of the changes in CCA rules, which for the Bill C-97 changes is November 21, 2018.

⁶ The OEB expected that distributors will combine the impacts associated with the 2018 stub period with future years when disposing of the CCA-related sub-account.

⁷ p38, BHI Settlement Proposal EB-2020-0007

⁸ Ibid

2026 Cost of Service Application

The balance in Account 1592, proposed for disposition in this Application, includes the full revenue requirement of the phasing out period of the AIIP in 2024 and 2025. Further details are provided in Section 9.1.5 of Exhibit 9.

6.2.2 Other Taxes

BHI remits property tax to the City of Burlington based on the assessed value of its head office and service centre at 1340 Brant Street and its 32 substations, as determined by the Municipal Property Assessment Corporation ("MPAC"). BHI expects to pay \$375,892 in property taxes in the 2026 Test Year as identified in Table 10 below.

Table 10 - Property Taxes

Year	\$
2021 Cost of Service	\$341,790
2021 Actuals	\$341,940
2022 Actuals	\$343,675
2023 Actuals	\$361,048
2024 Actuals	\$355,468
2025 Bridge Year	\$365,427
2026 Test Year	\$375,892

6.2.3 Non-Recoverable and Disallowed Expenses

BHI does not have any distribution-only expenses that are deductible for general tax purposes, but for which recovery in 2026 distribution rates is partially or fully disallowed.

BHI has not included charitable donations other than LEAP, in the calculation of its 2026 Test Year revenue requirement. As such, BHI has excluded non-regulated charitable donations from its regulatory tax calculation.

6.3 OTHER REVENUE

6.3.1 Overview

Other Revenue is comprised of all utility revenues other than distribution and cost of power revenues. BHI provides a summary of its other revenues for the 2021 to 2024 Actuals, 2025 Bridge Year and 2026 Test Year in Table 11 below and in Tab “App.2-H_Other_Oper_Rev” of the OEB Chapter 2 Appendices.

Table 11 – Other Revenues

Total	2021 Actuals	2022 Actuals	2023 Actuals	2024 Actuals	2025 Bridge Year	2026 Test Year
Specific Service Charges	\$573,808	\$331,511	\$296,899	\$286,312	\$270,029	\$270,029
Late Payment Charges	\$256,382	\$211,688	\$215,218	\$175,021	\$217,000	\$270,000
Government and Other Assistance Directly Credited to Income	\$771,811	\$921,624	\$1,195,728	\$1,529,431	\$1,828,616	\$2,240,436
Retail Services Revenues	\$31,891	\$31,606	\$30,771	\$29,548	\$30,527	\$30,527
STR Revenue	\$256	\$346	\$408	\$361	\$365	\$365
SSS Revenue	\$203,036	\$202,926	\$202,504	\$204,127	\$206,028	\$206,982
Rent from Electric Property	\$343,188	\$406,535	\$406,535	\$406,535	\$406,535	\$406,535
Other Electric Revenue	\$16,506	\$0	\$0	\$0	\$0	\$0
Regulatory Credits	\$224,960	\$336,179	\$104,561	\$0	\$0	\$0
Gain/(Loss) on Disposition	\$(113,723)	\$(91,606)	\$(65,028)	\$(95,934)	\$(146,050)	\$(146,050)
Revenue from Non-Utility Oper.	\$631,540	\$682,736	\$567,294	\$619,847	\$654,286	\$673,788
Expenses from Non-Utility Oper.	\$(811,225)	\$(685,249)	\$(509,914)	\$(651,463)	\$(683,096)	\$(610,563)
Miscellaneous Income	\$364,081	\$433,863	\$2,189,411	\$1,680,741	\$816,031	\$901,923
Interest & Dividend Income	\$49,732	\$198,440	\$430,837	\$478,680	\$123,087	\$111,553
Total	\$2,542,243	\$2,980,599	\$5,065,225	\$4,663,207	\$3,723,358	\$4,355,525
Increase/(Decrease) vs. PY		\$438,356	\$2,084,626	\$(402,018)	\$(939,849)	\$632,167

6.3.2 Other Revenue Variance Analysis

BHI provides a year over year variance analysis of other revenue below.

2022 Actuals vs. 2021 Actuals Variance Analysis

Other revenue increased by \$438,356 from the 2021 Actuals to \$2,980,599 in the 2022 Actuals as identified in Table 12 below.

Table 12 – 2022 Actuals vs. 2021 Actuals Other Revenue

Description	2021 Actuals	2022 Actuals	Increase/ (Decrease) \$	Increase/ (Decrease) %
Specific Service Charges	\$573,808	\$331,511	\$(242,297)	(42.2)%
Late Payment Charges	\$256,382	\$211,688	\$(44,694)	(17.4)%
Other Operating Revenues	\$1,366,689	\$1,563,038	\$196,349	14.4 %
Other Income or Deductions	\$345,364	\$874,362	\$528,998	153.2 %
Total	\$2,542,243	\$2,980,599	\$438,356	17.2 %

The increase of \$438,356 is primarily driven by:

- an increase of \$149,813 in government and other assistance directly credited to income - this account includes the amortization of capital contributions which has increased in proportion to the increase in road widening and electrification projects for which BHI receives contributed capital. These increases are discussed in further detail in Exhibit 2;
- an increase of \$148,708 in interest and dividend income driven by an increase in interest earned due to higher cash balances and interest rates;
- a decrease of \$125,976 in expenses from non-utility operations due to a one-time bad debt expense of \$149,616 in 2021, associated with non-rate regulated utility operations;
- an increase of \$111,219 in regulatory credits due to the a full year recovery of the rate rider associated with IFRS-CGAAP Transitional PP&E Amounts (Account 1575);
- an increase of \$69,782 in miscellaneous income primarily due to an increase in the number of stale dated cheques;
- an increase of \$63,347 in rent from electric property - this account includes the revenue collected from third party pole attachment charges which increased from \$22.35/pole in 2018 to \$44.50/pole effective January 1, 2020. BHI recorded \$22.35/pole in rent from electric property until April 30, 2021 as this amount was approved in rates up to that date. The differential of \$22.15/pole was recorded in a deferral and variance account to be repaid to customers. 2022 represents a full year of recording revenue at \$44.50/pole in rent from electric property.
- an increase of \$51,196 in revenue from non-utility operations driven by an increase in revenues from the provision of Control Room Services to an affiliate; partly offset by:
- a decrease of \$(242,297) in specific service charges primarily due to a decrease in Collection of Account Charges. On March 14, 2019, the OEB gave notice to amend

codes and a rule (the “March 2019 Notice”)⁹ in which it permanently eliminated the Collection of Account charge for all customers effective July 1, 2019. The March 2019 Notice stated that a distributor could apply for a deferral account to record the lost revenue associated with the elimination of the Collection of Account Charge. BHI applied to the OEB on June 28, 2019¹⁰ for this deferral account and received OEB approval on September 19, 2019 to establish the account effective July 1, 2019 until BHI’s next rebasing period.¹¹ As a result, from July 1, 2019 to April 30, 2021, BHI recorded the lost revenue associated with the Collection of Account charge of \$30 in operating revenue with an offset to a deferral account for future recovery from ratepayers. Consequently, BHI recorded a partial year of lost revenue associated with the Collection of Account charge in 2021, as compared to 2022 for which it was not permitted to record lost revenue. This resulted in the decrease in Collection of Account Charges from 2021 to 2022; and

- a decrease of \$(44,694) in late payment charges due to the increase in days to pay from 16 days to 20 days as mandated by the OEB¹². This was implemented by BHI on March 31, 2021 as approved by the OEB.¹³

2023 Actuals vs. 2022 Actuals Variance Analysis

Other revenue increased by \$2,084,626 from the 2022 Actuals to \$5,065,225 in the 2023 Actuals as identified in Table 13 below.

Table 13 - 2023 Actuals vs. 2022 Actuals Other Revenue

Description	2022 Actuals	2023 Actuals	Increase/ (Decrease) \$	Increase/ (Decrease) %
Specific Service Charges	\$331,511	\$296,899	\$(34,612)	(10.4)%
Late Payment Charges	\$211,688	\$215,218	\$3,530	1.7 %
Other Operating Revenues	\$1,563,038	\$1,835,946	\$272,909	17.5 %
Other Income or Deductions	\$874,362	\$2,717,162	\$1,842,799	210.8 %
Total	\$2,980,599	\$5,065,225	\$2,084,626	69.9 %

⁹ Notice of Amendments to Codes and a Rule, EB-2017-0183, March 14, 2019

¹⁰ EB-2019-0179

¹¹ Ibid, Decision and Order, September 19, 2019

¹² <https://www.oeb.ca/newsroom/2020/new-ontario-energy-board-customer-service-rules-strengthen-consumer-protection>

¹³ EB-2020-0214

The increase of 2,084,626 is primarily driven by:

- an increase of \$1,755,549 in miscellaneous income primarily driven by (i) higher administration charges associated with the the implementation of Metrolinx electrification projects in BHI's service territory; and (ii) revenue from the lease of a portion of BHI's yard space to a third party which commenced in 2023;
- an increase of \$274,104 in government and other assistance directly credited to income - this account includes the amortization of capital contributions which has increased in proportion to the increase in road widening and electrification projects for which BHI receives contributed capital. These increases are discussed in further detail in Exhibit 2;
- an increase of \$232,396 in interest and dividend income due to an increase in interest earned due to higher cash balances and interest rates;
- a decrease of \$175,335 in expenses from non-utility operations primarily due to expenses associated with the provision of Control Room Services to an affiliate which ended in March 2023; partly offset by
- a decrease of \$(231,618) in regulatory credits due to the expiry of the rate rider associated with IFRS-CGAAP Transitional PP&E Amounts (Account 1575) at the end of April 2023; and
- a decrease of \$(115,441) in revenue from non-utility operations primarily due to revenue associated with the provision of Control Room services to an affiliate which ended in March 2023.

2024 Actuals vs. 2023 Actuals Variance Analysis

Other revenue is expected to decrease by \$(402,018) from the 2023 Actuals to \$4,663,207 in 2024 as identified in Table 14 below.

Table 14 – 2024 Actuals vs. 2023 Actuals Other Revenue

Description	2023 Actuals	2024 Actuals	Increase/ (Decrease) \$	Increase/ (Decrease) %
Specific Service Charges	\$296,899	\$286,312	\$(10,587)	(3.6)%
Late Payment Charges	\$215,218	\$175,021	\$(40,197)	(18.7)%
Other Operating Revenues	\$1,835,946	\$2,170,003	\$334,057	18.2 %
Other Income or Deductions	\$2,717,162	\$2,031,871	\$(685,291)	(25.2)%
Total	\$5,065,225	\$4,663,207	\$(402,018)	(7.9)%

The decrease of \$(402,018) is primarily driven by:

- a decrease of \$(508,670) in miscellaneous income primarily driven by (i) lower administration charges associated with the the implementation of Metrolinx electrification projects in BHI's service territory, which are coming to a conclusion; (ii) a decrease in the amount and number of stale-dated cheques; and (iii) a decrease in the number of temporary connections.
- an increase of \$(141,549) in expenses from non-utility operations related to affiliate management services;
- a decrease of \$(104,561) in regulatory credits due to the expiry of the rate rider associated with IFRS-CGAAP Transitional PP&E Amounts (Account 1575) at the end of April 2023; and
- an increase of \$(30,906) in losses on disposition; partly offset by
- an increase of \$333,703 in government and other assistance directly credited to income - this account includes the amortization of capital contributions which has increased in proportion to the increase in road widening and electrification projects for which BHI receives contributed capital. These increases are discussed in further detail in Exhibit 2 and the DSP.

2025 Bridge Year vs. 2024 Actuals Variance Analysis

Other revenue is expected to decrease by \$(939,849) from the 2024 Actuals to \$3,723,358 in the 2025 Bridge Year as identified in Table 15 below.

Table 15 - 2025 Bridge Year vs. 2024 Actuals Other Revenue

Description	2024 Actuals	2025 Bridge Year	Increase/ (Decrease) \$	Increase/ (Decrease) %
Specific Service Charges	\$286,312	\$270,029	\$(16,282)	(5.7)%
Late Payment Charges	\$175,021	\$217,000	\$41,979	24.0 %
Other Operating Revenues	\$2,170,003	\$2,472,071	\$302,068	13.9 %
Other Income or Deductions	\$2,031,871	\$764,257	\$(1,267,614)	(62.4)%
Total	\$4,663,207	\$3,723,358	\$(939,849)	(20.2)%

The decrease of \$(939,849) is primarily driven by the following:

- a decrease of \$(355,592) in interest and dividend income due to a decrease in interest earned on cash balances due to lower interest rates and balances than prior year;

- a decrease of \$(864,711) in miscellaneous income primarily driven by (i) lower administration charges associated with the the implementation of Metrolinx electrification projects in BHI's service territory, which are coming to a conclusion and are expected to be completed in 2026; partly offset by:
- an increase of \$299,185 in government and other assistance directly credited to income - this account includes the amortization of capital contributions which has increased in proportion to the increase in road widening, electrification and expansion projects projects for which BHI receives contributed capital. These increases are discussed in further detail in Exhibit 2.

2026 Test Year vs. 2025 Bridge Year Variance Analysis

Other revenue is expected to increase by \$632,167 from the 2025 Bridge Year to \$4,355,525 in the 2026 Test Year as identified in Table 16 below.

Table 16 - 2026 Test Year vs. 2025 Bridge Year Other Revenue

Description	2025 Bridge Year	2026 Test Year	Increase/ (Decrease) \$	Increase/ (Decrease) %
Specific Service Charges	\$270,029	\$270,029	\$0	— %
Late Payment Charges	\$217,000	\$270,000	\$53,000	24.4 %
Other Operating Revenues	\$2,472,071	\$2,884,844	\$412,773	16.7 %
Other Income or Deductions	\$764,257	\$930,651	\$166,394	21.8 %
Total	\$3,723,358	\$4,355,525	\$632,167	17.0 %

The increase of \$632,167 is primarily driven by a decrease in in specific service charges and other income and deductions as follows:

- an increase of \$411,819 in government and other assistance directly credited to income - this account includes the amortization of capital contributions which has increased in proportion to the increase in road widening, electrification and expansion projects for which BHI receives contributed capital. These increases are discussed in further detail in Exhibit 2;
- an increase of \$85,893 in miscellaneous income; and

- a decrease of \$72,533 in Expenses from Non-Utility Operations driven by the provision of heating supply and back-up generation from an affiliate to BHI, which ended in 2025.

6.3.3 Proposed New Service Charges

BHI is not proposing any new specific service charges or new rules for applying existing specific service charges.

6.3.4 Revenue from Affiliate Transactions, Shared Services and Corporate Cost Allocation

BHI provides a summary of revenue from affiliate transactions, shared services, and corporate cost allocations below. For each affiliate transaction, BHI has identified the service, the nature of the service provided to affiliated entities, the accounts used to record the revenue, and the associated costs to provide the service. This schedule is filed in Tab "App.2-N_Corp_Cost_Allocation" of the OEB Chapter 2 Appendices.

Accounts related to affiliate revenue and affiliate expense are in the footnote of Appendix 2-H of the OEB Chapter 2 Appendices (i.e. itemized in the details of Account 4375 and Account 4380). Revenue from affiliate transactions is recorded in Account 4375, Revenues from Non Rate-Regulated Utility Operations.

Expenses from affiliate transactions are recorded in Account 4380, Expenses of Non Rate-Regulated Utility Operations.

BHI has broken down each account in more detail, and identified the components of each account in Tab "App.2-H_Other_Oper_Rev" of the OEB Chapter 2 Appendices.

Reconciliation of Balances in Account 4375 to OEB Appendix 2-N

BHI provides a reconciliation of the balances recorded in Account 4375, Revenues from Non Rate-Regulated Utility Operations to the balances recorded in OEB Appendix 2-N – Shared Services and Corporate Cost Allocation in Table 17 below. Amounts highlighted in green are the items in USoA Account 4375 that are included in OEB Appendix 2-N.

Total Non-Rate Regulated Utility Revenue in Appendix 2-H includes the following items which are not included in Appendix 2-N: FIT & microFIT Connection Impact Assessment Revenue, CDM Program Revenue, and Burlington Electricity Services Inc. ("BESI") Management Services Revenue.

1 **Table 17 - Reconciliation of Account 4375 to OEB Appendix 2-N**

Account	Description	Included in BHI Intercompany Revenue 2-N	2021	2022	2023	2024 Actuals	2025 Bridge Year	2026 Test Year
4375	Water & Wastewater Billing Services Revenue	Yes	\$403,504	\$374,001	\$453,522	\$468,889	\$489,227	\$501,000
	Misc. Intercompany Services Revenue	Yes	\$18,000	\$18,300	\$26,692	\$28,292	\$29,092	\$29,992
	FIT & microFIT Revenue	No	\$(5,000)	\$(5,000)	\$(5,000)	\$0	\$12,000	\$12,000
	CDM Program Revenue	No	\$0	\$11,759	\$0	\$840	\$0	\$0
	BESI Control Room Services	Yes	\$158,752	\$227,635	\$37,921	\$0	\$0	\$0
	BESI Management Services Revenue	No	\$56,284	\$56,041	\$54,159	\$121,826	\$123,967	\$130,796
	Total Revenue 4375 per 2-H		\$631,540	\$682,736	\$567,294	\$619,847	\$654,286	\$673,788
2-N	Total Intercompany Revenue 4375 per 2-H		\$631,540	\$682,736	\$567,294	\$619,847	\$654,286	\$673,788
	Deduct FIT & microFIT Revenue		\$5,000	\$5,000	\$5,000	\$0	\$(12,000)	\$(12,000)
	Deduct CDM Program Revenue		\$0	\$(11,759)	\$0	\$(840)	\$0	\$0
	Deduct BESI Management Services Revenue		\$(56,284)	\$(56,041)	\$(54,159)	\$(121,826)	\$(123,967)	\$(130,796)
	Total Intercompany Transactions per 2-N		\$580,256	\$619,936	\$518,135	\$497,181	\$518,319	\$530,992

2
3 **Reconciliation of Balances in Account 4380 to OEB Appendix 2-N**

4 BHI provides a reconciliation of the balances recorded in Account 4380, Expenses of Non Rate-
5 Regulated Utility Operations, to the balances recorded in Appendix 2-N – Shared Services and
6 Corporate Cost Allocation in Table 18 below. Amounts highlighted in green are the items in
7 USoA Account 4380 that are included in OEB Appendix 2-N. Total Non-Rate Regulated Utility
8 expenses in Appendix 2-H includes the following items which are not included in Appendix 2-N:
9 CDM Program Expense and Bad Debt Expense.

1 **Table 18 - Reconciliation of Account 4380 to OEB Appendix 2-N**

Account	Description	Included in BHI Intercompany Expenses 2-N	2021	2022	2023	2024 Actuals	2025 Bridge Year	2026 Test Year
4380	Water & Wastewater Billing Services Exp	Yes	\$336,990	\$300,267	\$292,364	\$330,026	\$345,167	\$367,287
	Intercompany Accounting Services	Yes	\$17,042	\$17,361	\$25,322	\$26,840	\$27,599	\$28,453
	CDM Program Expense	No	\$316	\$2,689	\$0	\$54	\$0	\$0
	Non-Utility Bad Debt Expense	No	\$149,616	\$0	\$0	\$0	\$0	\$0
	BESI Control Room Services	Yes	\$148,977	\$206,891	\$36,069	\$0	\$0	\$0
	BESI Management Services	Yes	\$56,284	\$56,041	\$54,159	\$115,882	\$117,917	\$124,412
	Sales and Marketing Support	Yes	\$0	\$0	\$0	\$76,662	\$90,412	\$90,412
	Heating Supply and Back-up Generation	Yes	\$102,000	\$102,000	\$102,000	\$102,000	\$102,000	\$0
	Total Revenue 4375 per 2-H		\$811,225	\$685,249	\$509,914	\$651,463	\$683,096	\$610,563
Total	Total Intercompany Expense 4380 included in 2-H		\$811,225	\$685,249	\$509,914	\$651,463	\$683,096	\$610,563
	Deduct CDM Program Expense		\$(316)	\$(2,689)	\$0	\$(54)	\$0	\$0
	Deduct Non-Utility Bad Debt Expense		\$(149,616)	\$0	\$0	\$0	\$0	\$0
	Total Intercompany Transactions per 2-N		\$661,293	\$682,560	\$509,914	\$651,409	\$683,096	\$610,563

2
3
4 BHI confirms that revenue related to microFIT charges is recorded as a revenue offset in
5 Account 4235 – Miscellaneous Service Revenue and is not included as part of BHI's base
6 distribution revenue requirement.

7
8 BHI confirms that costs included in its OM&A are excluded from the account balances
9 incorporated into Appendix 2-H – Other Operating Revenue (i.e. excluded as offsets to the
10 revenue requirement) and vice versa for the 2026 Test Year. Costs that are included in BHI's
11 OM&A for the 2026 Test Year are excluded from Appendix 2-N – Shared Services and Corporate
12 Cost Allocation.

13
14 BHI confirms that its transfer pricing and allocation of cost methods do not result in cross-
15 subsidization between regulated and non-regulated lines of business, products or services; and
16 is in compliance with Article 340 of the APH.

- 1 There are no discrete customer groups that are materially impacted by changes to other rates
- 2 and charges.
- 3
- 4 Revenues or costs (including interest) associated with deferral and variance accounts are not
- 5 included in other revenues.