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### ATTACHMENT 6-1 – REVENUE REQUIREMENT WORK FORM

## 2.9 EXHIBIT 6: CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

Waterloo North Hydro Inc. (“WNH”) has included the following information in this Exhibit, excluding energy costs (i.e. Cost of Power and associated costs) and revenues:

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

The information in this Exhibit supports WNH’s request in this Application for an increase in its Revenue Requirement to support the proposed capital and operating budgets for 2016 to service debt, to pay deemed PILs and to return the allowed Return on Equity.

WNH has determined that the Revenue Deficiency for the 2016 Test Year is \$4,154,517.

The calculations on which this determination is based are set out below. The Revenue Deficiency calculation does not include the following:

- Recovery of Deferral and Variance Accounts
- Other electricity charges which include Energy Commodity, Transmission Charges and Wholesale Market Service Charges

1 These items are considered elsewhere in this Application and are treated either as  
2 recoveries of regulatory assets or regulatory liabilities on the Balance Sheet, or as  
3 energy related costs recorded in the OEB-prescribed Retail Settlement Variance  
4 Accounts.

5

## 6 **Revenue Requirement**

7

8 WNH's Revenue Requirement consists of the following:

9

- 10 • Operations, Maintenance and Administration Expense
- 11 • Property Taxes
- 12 • Depreciation/Amortization Expense
- 13 • PILs
- 14 • Return on Rate Base (Deemed Interest & Return on Equity)

15

16 WNH's Revenue Requirement is primarily received through electricity distribution rates  
17 with Other Revenue from Board-approved specific service charges such as Late  
18 Payment Charges and Other Miscellaneous Charges.

19

20 These Other Revenues, as described in Exhibit 3, are treated as offsets against WNH's  
21 Service Revenue Requirement to calculate the Base Revenue Requirement upon which  
22 class-specific distribution rates are calculated.

23

24 WNH has included the OEB's Revenue Requirement Work Form ("RRWF") as  
25 Attachment 6-1 of this Exhibit as a PDF document and has also included an excel  
26 version.

27

28 WNH has ensured that numbers entered in the RRWF reconcile with the appropriate  
29 numbers in other Exhibits of this Application.

1 **2.9.1 Determination of Net Utility Income**

2 WNH has determined its allowable 2016 Net Income as \$8,090,210. Table 6-1 provides  
 3 the detailed Net Income calculation for the 2016 Test Year.

4

5

**Table 6-1 – Determination of Net Utility Net Income**

Details	Initial Application
<b><i>Operating Revenues:</i></b>	
Distribution Revenue (at Proposed Rates)	35,412,468
Other Revenue	1,181,606
<b>Total Operating Revenues</b>	<b>36,594,074</b>
<b><i>Operating Expenses:</i></b>	
OM&A Expenses	13,721,334
Depreciation/Amortization	8,151,672
Property taxes	489,734
Capital taxes	-
Other expense	-
<b>Total Operating Expenses</b>	<b>22,362,740</b>
Deemed Interest Expense	5,337,309
<b>Total Expenses</b>	<b>27,700,049</b>
<b>Utility income before income taxes</b>	<b>8,894,025</b>
Income taxes (grossed-up)	803,815
<b>Utility net income</b>	<b>8,090,209</b>

1 **2.9.2 Statement of Rate Base**

2 A summary of WNH's Rate Base for the 2016 Test Year, calculated on WNH's deemed  
 3 capital structure in accordance with the OEB Filing Requirements, is summarized in  
 4 Table 6-2. WNH's 2016 Rate Base is \$217,478,742.

5

6

**Table 6-2 – Rate Base**

<b>Rate Base</b>	
<b>Details</b>	<b>Initial Application</b>
<b>Net Fixed Assets</b>	
Gross Fixed Assets (average)	340,984,238
Accumulated Depreciation (average)	(146,617,357)
<b>Net Fixed Assets (average)</b>	<b>194,366,880</b>
Allowance for Working Capital	23,111,861
<b>Total Rate Base</b>	<b>217,478,742</b>
<b>Allowance for Working Capital - Derivation</b>	
Controllable Expenses	13,457,054
Cost of Power	164,326,495
Working Capital Base	177,783,549
Working Capital Rate %	13%
<b>Working Capital Allowance</b>	<b>23,111,861</b>

1 **2.9.3 Actual Utility Return on Rate Base**  
 2

3 Table 6-3 summarizes the computation of WNH's 2016 Test Year at Existing Rates and  
 4 the 2016 Test Year at Proposed Rates in order to achieve the Required Revenue.  
 5  
 6

**Table 6-3 Return on Rate Base**

Description	2016 Test Existing Rates	2016 Test Required Revenue
<b><i>Actual Return on Rate Base</i></b>		
Rate Base	217,478,742	217,478,742
Interest Expense	5,337,309	5,337,309
Net Income	5,036,639	8,090,209
<b>Total Actual Return on Rate Base</b>	<b>10,373,949</b>	<b>13,427,518</b>
<b>Actual Return on Rate Base</b>	<b>4.77%</b>	<b>6.17%</b>
<b><i>Required Return on Rate Base</i></b>		
Rate Base	217,478,742	217,478,742
<i>Return Rates:</i>		
Return on Debt (Weighted)	4.09%	4.09%
Return on Equity	9.30%	9.30%
Deemed Interest Expense	5,337,309	5,337,309
Return on Equity	8,090,209	8,090,209
<b>Total Return</b>	<b>13,427,518</b>	<b>13,427,518</b>
<b>Expected Return on Rate Base</b>	<b>6.17%</b>	<b>6.17%</b>

1 **2.9.3.1 Indicated Rate of Return**  
2

3 WNH's 2016 Indicated Rate of Return is 6.17% as presented in Table 6-4 line 21 and is  
4 calculated as the sum of Utility Net Income and Deemed Interest Expense divided by  
5 the Utility Rate of Return on Rate Base.  
6

7 **2.9.3.2 Requested Rate of Return**  
8

9 WNH has determined its requested Rate of Return on Base to be 6.17% or \$8,090,209.  
10

11 Table 6-3 above summarizes the computation of WNH's 2016 Requested Rate of  
12 Return on Rate Base of 6.17%.  
13

14 As summarized in Table 6-3, in the absence of a change to distribution rates for 2016,  
15 as proposed in this Application, and assuming that the 2015 Approved rates remained  
16 unchanged, WNH's Return on Rate Base would be \$10,373,949 or 4.77%.  
17

18 **2.9.4 Deficiency or Sufficiency in Revenue**  
19

20 WNH has provided a detailed calculation supporting its 2016 Revenue Deficiency in  
21 Table 6-4 in this Exhibit.  
22

23 **2.9.5 Gross Deficiency or Sufficiency in Revenue**  
24

25 WNH has provided a detailed calculation supporting its 2016 Revenue Deficiency in  
26 Table 6-4. The Gross Revenue Deficiency is calculated at \$4,154,517. Table 6-4  
27 provides the Revenue Deficiency calculation for the 2016 Test Year at Proposed Rates,  
28 which balances the Revenue Deficiency, Net Income and Total Return on Rate Base.

1

**Table 6-4 Revenue Deficiency Determination**

Line No.	Particulars	Initial Application	
		At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		4,154,517
2	Distribution Revenue	31,257,951	31,257,951
3	Other Operating Revenue Offsets - net	1,181,606	1,181,606
4	Total Revenue	32,439,557	36,594,074
5	Operating Expenses	22,362,740	22,362,740
6	Deemed Interest Expense	5,337,309	5,337,309
8	Total Cost and Expenses	27,700,049	27,700,049
9	Utility Income Before Income Taxes	4,739,508	8,894,025
10	Tax Adjustments to Accounting Income per 2013 PILs model	(5,334,266)	(5,334,266)
11	Taxable Income	(594,759)	3,559,759
12	Income Tax Rate	26.50%	26.50%
13	Income Tax on Taxable Income	(157,611)	943,336
14	Income Tax Credits	(139,521)	(139,521)
15	Utility Net Income	5,036,639	8,090,210
16	Utility Rate Base	217,478,742	217,478,742
17	Deemed Equity Portion of Rate Base	86,991,497	86,991,497
18	Income/(Equity Portion of Rate Base)	5.79%	9.30%
19	Target Return - Equity on Rate Base	9.30%	9.30%
20	Deficiency/Sufficiency in Return on Equity	-3.51%	0.00%
21	Indicated Rate of Return	4.77%	6.17%
22	Requested Rate of Return on Rate Base	6.17%	6.17%
23	Deficiency/Sufficiency in Rate of Return	-1.40%	0.00%
24	Target Return on Equity	8,090,209	8,090,209
25	Revenue Deficiency/(Sufficiency)	3,053,570	0
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>4,154,517</b>	



## 2.9.6 Cost Drivers on Revenue Deficiency

Table 6-5 below outlines the contributors to the Revenue Deficiency by Revenue Requirement component. Column A lists the 2011 Approved amounts. Column B lists the 2016 Revenue at Existing Rates shown in Table 6-4 allocated to Revenue Requirement component based on the proportions in Column A. It is WNH's view that Column B estimates the Revenue Requirement components for revenue at existing rates based on the components assumed in existing rates. Column C lists the 2016 Proposed Components. Finally, Column D represents the difference between Column C and Column B which provides an estimate of the revenue requirement components for the Revenue Deficiency of \$4,154,517.

**Table 6-5 Revenue Deficiency by Revenue Requirement Component**

Service Revenue Requirement	2011 Approved ( A )	2016 Revenue at Existing Rates Allocated in Proportion to 2011 Approved ( B )	2016 Proposed ( C )	Revenue Deficiency ( D = C - B )
OM&A	10,004,338	11,134,995	13,679,334	2,544,338
LEAP	34,944	38,893	42,000	3,107
Property Tax	-	-	489,734	489,734
Depreciation	7,749,422	8,625,236	8,151,672	(473,564)
Return on Rate Base	10,345,067	11,514,232	13,427,518	1,913,286
PILs	1,011,845	1,126,200	803,815	(322,384)
<b>Total</b>	<b>29,145,614</b>	<b>32,439,557</b>	<b>36,594,074</b>	<b>4,154,517</b>

	2011 Approved ( A )		2016 Proposed ( C )	Difference ( C - A )
Rate Base	150,996,206		217,478,742	66,482,536

There are two main contributors to the revenue deficiency of \$4,154,517 for the 2016 Test Year:

- The first contributor is the increase in OM&A as detailed in Exhibit 4. Please refer to Exhibit 4, Table 4-2 – Overall Cost Trends for 2016 Test Year OM&A Expenditures and the supporting explanation for the increase of \$3,674,995 in OM&A since 2011 Board Approved balances. This increase is very close to the revenue deficiency component for OM&A of \$3,037,179 (OM&A, LEAP and

1 Property Taxes added in order to be comparable to 2011) shown above. The  
2 difference represents the different methods in calculating the two numbers. The  
3 \$3,037,179 is the difference between 2016 Test Year Proposed and 2011  
4 Approved which is the difference between Column C and B for OM&A in Table  
5 6-5. However, based on the evidence in Exhibit 4 and the information in the  
6 above Table 6-5 it can be concluded that the increase in OM&A is a main  
7 contributor to the revenue deficiency.

- 8 • The second contributor relates to the increase in Return on Rate Base resulting  
9 from an increase in Rate Base of approximately \$66M which is detailed in  
10 Exhibit 2. Please refer to Exhibit 2, Table 2-1 Summary of Rate Base which  
11 supports the Rate Base values shown above for 2011 Approved and 2016  
12 Proposed. The rationale that supports the \$66M increase in Rate Base since  
13 2011 is provided in the evidence in Exhibit 2.

14 As shown in Table 6-5, the increases in OM&A and Return on Rate Base are offset by  
15 decreases in depreciation and PILs resulting from changes in useful life of assets since  
16 2011. This change lowers depreciation and also lowers PILs since the tax adjustment  
17 for accounting depreciation, which increases PILs, is lower but the tax adjustment for  
18 capital cost allowance (i.e. depreciation for tax purposes), which reduces PILs, does not  
19 change with the change in useful life.

# ATTACHMENT 6-1

## REVENUE REQUIREMENT WORK FORM

# ATTACHMENT 6-1

## REVENUE REQUIREMENT WORK FORM



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers



Version 5.00

Utility Name	Waterloo North Hydro Inc.
Service Territory	
Assigned EB Number	EB-2015-0108
Name and Title	Albert P. Singh, VP Finance & CFO
Phone Number	519-888-5542
Email Address	asingh@wnhydro.com

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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.*



Ontario Energy Board

# Revenue Requirement Workform (RRWF) for 2015 Filers

[1. Info](#)

[2. Table of Contents](#)

[3. Data Input Sheet](#)

[4. Rate Base](#)

[5. Utility Income](#)

[6. Taxes PILs](#)

[7. Cost of Capital](#)

[8. Rev Def Suff](#)

[9. Rev Req](#)

[10. 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***



# Revenue Requirement Workform (RRWF) for 2015 Filers

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

	Initial Application (2)	(6)	Per Board Decision
<b>1 Rate Base</b>			
Gross Fixed Assets (average)	\$340,984,238	\$ 340,984,238	\$340,984,238
Accumulated Depreciation (average)	(\$146,617,357) (5)	(\$146,617,357)	(\$146,617,357)
<b>Allowance for Working Capital:</b>			
Controllable Expenses	\$13,457,054	\$ 13,457,054	\$13,457,054
Cost of Power	\$164,326,495	\$ 164,326,495	\$164,326,495
Working Capital Rate (%)	13.00% (9)	13.00% (9)	13.00% (9)
<b>2 Utility Income</b>			
Operating Revenues:			
Distribution Revenue at Current Rates	\$31,257,951		
Distribution Revenue at Proposed Rates	\$35,412,468		
<b>Other Revenue:</b>			
Specific Service Charges	\$242,900		
Late Payment Charges	\$315,500		
Other Distribution Revenue	\$445,683		
Other Income and Deductions	\$177,523		
Total Revenue Offsets	\$1,181,606 (7)		
Operating Expenses:			
OM+A Expenses	\$13,721,334	\$ 13,721,334	\$13,721,334
Depreciation/Amortization	\$8,151,672	\$ 8,151,672	\$8,151,672
Property taxes	\$489,734	\$ 489,734	\$489,734
Other expenses			
<b>3 Taxes/PILs</b>			
Taxable Income:			
Adjustments required to arrive at taxable income	(\$5,334,266) (3)		
<b>Utility Income Taxes and Rates:</b>			
Income taxes (not grossed up)	\$590,804		
Income taxes (grossed up)	\$803,815		
Federal tax (%)	15.00%		
Provincial tax (%)	11.50%		
Income Tax Credits	(\$139,521)		
<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% (8)	(8)	(8)
Common Equity Capitalization Ratio (%)	40.0%		
Preferred Shares Capitalization Ratio (%)			
	100.0%		
<b>Cost of Capital</b>			
Long-term debt Cost Rate (%)	4.23%		
Short-term debt Cost Rate (%)	2.16%		
Common Equity Cost Rate (%)	9.30%		
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 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.



# Revenue Requirement Workform (RRWF) for 2015 Filers

## Rate Base and Working Capital

Line No.	Particulars		Initial Application				Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$340,984,238	\$ -	\$340,984,238	\$ -	\$340,984,238
2	Accumulated Depreciation (average)	(3)	(\$146,617,357)	\$ -	(\$146,617,357)	\$ -	(\$146,617,357)
3	Net Fixed Assets (average)	(3)	\$194,366,880	\$ -	\$194,366,880	\$ -	\$194,366,880
4	Allowance for Working Capital	(1)	\$23,111,861	\$ -	\$23,111,861	\$ -	\$23,111,861
5	<b>Total Rate Base</b>		<b>\$217,478,742</b>	<b>\$ -</b>	<b>\$217,478,742</b>	<b>\$ -</b>	<b>\$217,478,742</b>

### (1) Allowance for Working Capital - Derivation

6	Controllable Expenses		\$13,457,054	\$ -	\$13,457,054	\$ -	\$13,457,054
7	Cost of Power		\$164,326,495	\$ -	\$164,326,495	\$ -	\$164,326,495
8	Working Capital Base		\$177,783,549	\$ -	\$177,783,549	\$ -	\$177,783,549
9	Working Capital Rate %	(2)	13.00%	0.00%	13.00%	0.00%	13.00%
10	Working Capital Allowance		\$23,111,861	\$ -	\$23,111,861	\$ -	\$23,111,861

#### Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. **The default rate for 2014 cost of service applications is 13%.**  
 (3) Average of opening and closing balances for the year.





# Revenue Requirement Workform (RRWF) for 2015 Filers

## Utility Income

Line No.	Particulars	Initial Application					Per Board Decision
<b>Operating Revenues:</b>							
1	Distribution Revenue (at Proposed Rates)	\$35,412,468	(\$35,412,468)	\$ -	\$ -	\$ -	\$ -
2	Other Revenue (1)	\$1,181,606	(\$1,181,606)	\$ -	\$ -	\$ -	\$ -
3	<b>Total Operating Revenues</b>	<b>\$36,594,074</b>	<b>(\$36,594,074)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenses:</b>							
4	OM+A Expenses	\$13,721,334	\$ -	\$13,721,334	\$ -	\$13,721,334	\$13,721,334
5	Depreciation/Amortization	\$8,151,672	\$ -	\$8,151,672	\$ -	\$8,151,672	\$8,151,672
6	Property taxes	\$489,734	\$ -	\$489,734	\$ -	\$489,734	\$489,734
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	<b>Subtotal (lines 4 to 8)</b>	<b>\$22,362,740</b>	<b>\$ -</b>	<b>\$22,362,740</b>	<b>\$ -</b>	<b>\$22,362,740</b>	<b>\$22,362,740</b>
10	Deemed Interest Expense	\$5,337,309	(\$5,337,309)	\$ -	\$ -	\$ -	\$ -
11	<b>Total Expenses (lines 9 to 10)</b>	<b>\$27,700,049</b>	<b>(\$5,337,309)</b>	<b>\$22,362,740</b>	<b>\$ -</b>	<b>\$22,362,740</b>	<b>\$22,362,740</b>
12	<b>Utility income before income taxes</b>	<b>\$8,894,025</b>	<b>(\$31,256,765)</b>	<b>(\$22,362,740)</b>	<b>\$ -</b>	<b>(\$22,362,740)</b>	<b>(\$22,362,740)</b>
13	Income taxes (grossed-up)	\$803,815	\$ -	\$803,815	\$ -	\$803,815	\$803,815
14	<b>Utility net income</b>	<b>\$8,090,210</b>	<b>(\$31,256,765)</b>	<b>(\$23,166,555)</b>	<b>\$ -</b>	<b>(\$23,166,555)</b>	<b>(\$23,166,555)</b>

### Notes

#### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$242,900	\$ -	\$ -	\$ -	\$ -
	Late Payment Charges	\$315,500	\$ -	\$ -	\$ -	\$ -
	Other Distribution Revenue	\$445,683	\$ -	\$ -	\$ -	\$ -
	Other Income and Deductions	\$177,523	\$ -	\$ -	\$ -	\$ -
	<b>Total Revenue Offsets</b>	<b>\$1,181,606</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



# Revenue Requirement Workform (RRWF) for 2015 Filers

**Taxes/PILs**

Line No.	Particulars	Application		Per Board Decision
<b>Determination of Taxable Income</b>				
1	Utility net income before taxes	\$8,090,209	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$5,334,266)	\$ -	(\$5,334,266)
3	Taxable income	<u>\$2,755,943</u>	<u>\$ -</u>	<u>(\$5,334,266)</u>
<b>Calculation of Utility income Taxes</b>				
4	Income taxes	\$590,804	\$590,804	\$590,804
6	Total taxes	<u>\$590,804</u>	<u>\$590,804</u>	<u>\$590,804</u>
7	Gross-up of Income Taxes	\$213,011	\$213,011	\$213,011
8	Grossed-up Income Taxes	<u>\$803,815</u>	<u>\$803,815</u>	<u>\$803,815</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$803,815</u>	<u>\$803,815</u>	<u>\$803,815</u>
10	Other tax Credits	(\$139,521)	(\$139,521)	(\$139,521)
<b>Tax Rates</b>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%	11.50%
13	Total tax rate (%)	<u>26.50%</u>	<u>26.50%</u>	<u>26.50%</u>

**Notes**



# Revenue Requirement Workform (RRWF) for 2015 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%	\$121,788,095	4.23%	\$5,149,408
2	Short-term Debt	4.00%	\$8,699,150	2.16%	\$187,902
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$130,487,245</b>	<b>4.09%</b>	<b>\$5,337,309</b>
	<b>Equity</b>				
4	Common Equity	40.00%	\$86,991,497	9.30%	\$8,090,209
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$86,991,497</b>	<b>9.30%</b>	<b>\$8,090,209</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$217,478,742</b>	<b>6.17%</b>	<b>\$13,427,518</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>\$217,478,742</b>	<b>0.00%</b>	<b>\$ -</b>
	<b>Debt</b>				
8	Long-term Debt	0.00%	\$ -	4.23%	\$ -
9	Short-term Debt	0.00%	\$ -	2.16%	\$ -
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%	\$ -	9.30%	\$ -
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>\$217,478,742</b>	<b>0.00%</b>	<b>\$ -</b>

### 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 (RRWF) for 2015 Filers

## Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision		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		\$4,154,517		(\$11,008,274)		\$22,362,740
2	Distribution Revenue	\$31,257,951	\$31,257,951	\$31,257,951	\$46,420,742	\$ -	(\$22,362,740)
3	Other Operating Revenue Offsets - net	\$1,181,606	\$1,181,606	\$ -	\$ -	\$ -	\$ -
4	<b>Total Revenue</b>	<b>\$32,439,557</b>	<b>\$36,594,074</b>	<b>\$31,257,951</b>	<b>\$35,412,468</b>	<b>\$ -</b>	<b>\$ -</b>
5	Operating Expenses	\$22,362,740	\$22,362,740	\$22,362,740	\$22,362,740	\$22,362,740	\$22,362,740
6	Deemed Interest Expense	\$5,337,309	\$5,337,309	\$ -	\$ -	\$ -	\$ -
8	<b>Total Cost and Expenses</b>	<b>\$27,700,049</b>	<b>\$27,700,049</b>	<b>\$22,362,740</b>	<b>\$22,362,740</b>	<b>\$22,362,740</b>	<b>\$22,362,740</b>
9	<b>Utility Income Before Income Taxes</b>	\$4,739,508	\$8,894,025	\$8,895,211	\$13,049,728	(\$22,362,740)	(\$22,362,740)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$5,334,266)	(\$5,334,266)	(\$5,334,266)	(\$5,334,266)	\$ -	\$ -
11	<b>Taxable Income</b>	<b>(\$594,759)</b>	<b>\$3,559,759</b>	<b>\$3,560,945</b>	<b>\$7,715,462</b>	<b>(\$22,362,740)</b>	<b>(\$22,362,740)</b>
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13	<b>Income Tax on Taxable Income</b>	<b>(\$157,611)</b>	<b>\$943,336</b>	<b>\$943,650</b>	<b>\$2,044,597</b>	<b>(\$5,926,126)</b>	<b>(\$5,926,126)</b>
14	<b>Income Tax Credits</b>	<b>(\$139,521)</b>	<b>(\$139,521)</b>	<b>(\$139,521)</b>	<b>(\$139,521)</b>	<b>\$ -</b>	<b>\$ -</b>
15	<b>Utility Net Income</b>	<b>\$5,036,639</b>	<b>\$8,090,210</b>	<b>\$8,091,081</b>	<b>(\$23,166,555)</b>	<b>(\$16,436,614)</b>	<b>(\$23,166,555)</b>
16	<b>Utility Rate Base</b>	\$217,478,742	\$217,478,742	\$217,478,742	\$217,478,742	\$217,478,742	\$217,478,742
17	Deemed Equity Portion of Rate Base	\$86,991,497	\$86,991,497	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	5.79%	9.30%	0.00%	0.00%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.30%	9.30%	0.00%	0.00%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-3.51%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	4.77%	6.17%	3.72%	0.00%	-7.56%	0.00%
22	Requested Rate of Return on Rate Base	6.17%	6.17%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-1.40%	0.00%	3.72%	0.00%	-7.56%	0.00%
24	Target Return on Equity	\$8,090,209	\$8,090,209	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$3,053,570	\$0	(\$8,091,081)	\$ -	\$16,436,614	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$4,154,517 (1)</b>		<b>(\$11,008,274) (1)</b>		<b>\$22,362,740 (1)</b>	

Notes:

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



# Revenue Requirement Workform (RRWF) for 2015 Filers

## Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$13,721,334		\$13,721,334	
2	Amortization/Depreciation	\$8,151,672		\$8,151,672	
3	Property Taxes	\$489,734		\$489,734	
5	Income Taxes (Grossed up)	\$803,815		\$803,815	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$5,337,309		\$ -	
	Return on Deemed Equity	\$8,090,209		\$ -	
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$36,594,074</u>		<u>\$23,166,555</u>	
9	Revenue Offsets	\$1,181,606		\$ -	
10	<b>Base Revenue Requirement (excluding Transformer Owership Allowance credit adjustment)</b>	<u>\$35,412,468</u>		<u>\$23,166,555</u>	
11	Distribution revenue	\$35,412,468		\$ -	
12	Other revenue	\$1,181,606		\$ -	
13	<b>Total revenue</b>	<u>\$36,594,074</u>		<u>\$ -</u>	
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>\$0</u>	(1)	<u>(\$23,166,555)</u>	(1)

**Notes**

(1) Line 11 - Line 8

# Revenue Requirement Workform (RRWF) for 2015 Filers

## Tracking Form

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.

60 Tracking Rows have been provided below. If you require more, please contact Industry Relations @ [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca).

### 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	\$ 13,427,518	6.17%	\$ 217,478,742	\$ 177,783,549	\$ 23,111,861	\$ 8,151,672	\$ 803,815	\$ 13,721,334	\$ 36,594,074	\$ 1,181,606	\$ 35,412,468	\$ 4,154,517