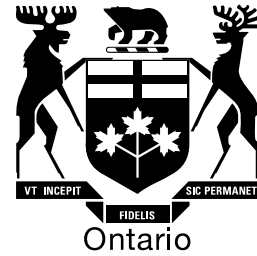


Ontario Energy  
Board

Commission de l'énergie  
de l'Ontario



# Ontario Energy Board

## Chapter 2 of the Filing Requirements for Transmission and Distribution Applications

May 27, 2009

## Table of Contents

<b>CHAPTER 2</b>	<b>FILING REQUIREMENTS FOR ELECTRICITY TRANSMISSION AND DISTRIBUTION COMPANIES' COST OF SERVICE RATE APPLICATIONS, BASED ON A FORWARD TEST YEAR</b>	<b>1</b>
<b>2.0</b>	<b>Preamble</b>	<b>1</b>
<b>2.1</b>	<b>Introduction</b>	<b>2</b>
2.1.1	Key References	3
2.1.2	General Requirements	3
2.1.3	Confidential Information	4
<b>2.2</b>	<b>Exhibit 1. Administrative Documents</b>	<b>4</b>
2.2.1	Administration	5
2.2.2	Overview	5
2.2.3	Financial Information	6
2.2.4	Materiality Thresholds	6
<b>2.3</b>	<b>Exhibit 2. Rate Base</b>	<b>7</b>
<b>2.4</b>	<b>Exhibit 3. Operating Revenue</b>	<b>9</b>
<b>2.5</b>	<b>Exhibit 4. Operating Costs</b>	<b>12</b>
<b>2.6</b>	<b>Exhibit 5. Cost of Capital and Capital Structure</b>	<b>17</b>
<b>2.7</b>	<b>Exhibit 6. Calculation of Revenue Deficiency or Surplus</b>	<b>18</b>
<b>2.8</b>	<b>Exhibit 7. Cost Allocation</b>	<b>19</b>
<b>2.9</b>	<b>Exhibit 8. Rate Design</b>	<b>21</b>
<b>2.10</b>	<b>Exhibit 9. Deferral and Variance Accounts</b>	<b>23</b>
<b>APPENDIX 2-A</b>		<b>25</b>
<b>APPENDIX 2-B</b>		<b>28</b>
<b>APPENDIX 2-C</b>		<b>29</b>
<b>APPENDIX 2-D</b>		<b>30</b>
<b>APPENDIX 2-E</b>		<b>32</b>
<b>APPENDIX 2-F</b>		<b>34</b>

<b>APPENDIX 2-G</b>	<b>35</b>
<b>APPENDIX 2-H</b>	<b>36</b>
<b>APPENDIX 2-I</b>	<b>37</b>
<b>APPENDIX 2-J</b>	<b>39</b>
<b>APPENDIX 2-K</b>	<b>40</b>
<b>APPENDIX 2-L</b>	<b>41</b>
<b>APPENDIX 2-M</b>	<b>42</b>
<b>APPENDIX 2-N</b>	<b>43</b>
<b>APPENDIX 2-O</b>	<b>44</b>
<b>APPENDIX 2-P</b>	<b>45</b>
<b>APPENDIX 2-Q</b>	<b>46</b>
<b>APPENDIX 2-R</b>	<b>48</b>
<b>APPENDIX 2-S</b>	<b>49</b>
<b>APPENDIX 2-T</b>	<b>50</b>

## **Chapter 2 Filing requirements for electricity transmission and distribution companies' cost of service rate applications, based on a forward test year**

### **2.0 Preamble**

#### Framework

The Ontario Energy Board regulates electricity transmission and distribution companies using a combination of annual incentive rate mechanism adjustments and periodic cost of service reviews. For rates adjusted through a cost of service review, forecast test year data is normally used.

An application to the Board by a regulated company should provide sufficient detail to enable the Board to make a determination as to whether the proposed rates are just and reasonable. The material presented is the applicant's evidence and the onus is on the applicant to prove the need for and the basis of the proposed new rates. A clearly written application that advocates the need for the proposed rates, complete with sufficient evidence and justification for those rates, is essential to facilitate an efficient regulatory review and a timely decision.

Unless specifically identified, the use of the words "utility", "utilities", "applicant" or "applicants" in this document refers to both transmitters and distributors. The use of the phrase "Board Approved" in these filing requirements typically refers to the set of data used by the Board as the basis for approving the most recent cost based rates. It does not mean that the Board, in fact, "approved" any of the data, only that the final approved rates were based on that data.

The examination of and decision on an application is based on the evidence filed in that case. This ensures that all interested parties to the proceeding have an opportunity to see the evidence, participate meaningfully in the Board's process in any given case, and understand the reasons for a decision. Consequently, the applicant must, at a minimum, meet all of the applicable Filing Requirements.

The Board will consider an application complete if it meets all of the applicable Filing Requirements. If an application does not meet all of these requirements, the applicant must provide an explanation as to why this is the case. Based on this explanation, the Board will assess whether or not the application can proceed.

The filing requirements contained in this chapter are designed to outline all of the relevant information necessary to be provided in a complete application. Section 2.1, Introduction, provides an overview of general requirements as well as information on key planning parameters. Sections 2.2 to 2.10 provide requirements for each of the major exhibits covered by the application (e.g. Section 2.4 addresses operating revenue, while Section 2.8 addresses cost allocation). The various appendices at the end of the chapter are linked to each of these sections and provide schedules which are

to be completed by the applicant to facilitate the filing of all required information. (e.g. Appendix 2-P Cost Allocation provides tables related to Revenue to Cost Ratios and Test Year Revenue Impacts).

Any application made pursuant to section 92 of the *Ontario Energy Board Act, 1998* facility is subject to the requirements of chapters 4 and 5 of the Filing Requirements (see Section 2.3 dealing with capital budgets for projects with construction commencement in the Test Year).

When changes or updates to a filing are necessary an overall explanation of the changes should be provided, along with revisions to the affected evidence and related schedules.

The Board remains cognizant of the large number of interrogatories that the existing process can generate. The frequent requirement for a large number of interrogatories suggests that applicants and interested parties do not have a common understanding of the information required to support a rate application. The Board advises applicants to strategically consider the clarity and materiality of the evidence, so that the evidence can be well understood by the parties and the need for interrogatories is reduced.

## 2.1 Introduction

The basic format of any application by a distributor or transmitter for a forward test year cost of service filing should consist of the following nine Exhibits:

Exhibit 1	Administrative Documents
Exhibit 2	Rate Base
Exhibit 3	Operating Revenue
Exhibit 4	Operating Costs
Exhibit 5	Cost of Capital and Capital Structure
Exhibit 6	Calculation of Revenue Deficiency or Surplus
Exhibit 7	Cost Allocation
Exhibit 8	Rate Design
Exhibit 9	Deferral and Variance Accounts

If any significant element of these filing requirements is not included in the filing, the application may be deemed by the Board to be incomplete and may not be processed until the missing information is provided. If an applicant has provided all relevant exhibits, but has not met all of the informational requirements outlined in this chapter, the missing information will be requested through subsequent stages of discovery, such as interrogatories, and may lead to delays in processing the application.

The Filing Requirements incorporate a series of appendices which include tables required to be completed by the applicant. These tables are available on the Board's web site.

Appendix 2-A provides some key terminology definitions.

### 2.1.1 Key References

The documents listed below are key to interpreting these Filing Requirements.

- Compliance with Uniform System of Accounts (USoA);
- Generally Accepted Accounting Principles (GAAP);
- Generally Accepted Regulatory Principles (GARP);
- International Financial Reporting Standards (IFRS);
- Report of the Board on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors, December 20, 2006;
- G-2008-0001 Guideline Electricity Distribution Retail Transmission Service Rates, October 22, 2008;
- G-2008-0002 Guideline Smart Meter Funding and Cost Recovery, October 22, 2008;
- SI Units (i.e. metric units) pursuant to the *Weights and Measures Act*.

### 2.1.2 General Requirements

The requirements outlined below are general requirements that are applicable to each Exhibit in the application:

- Written direct evidence is to be included before data schedules;
- Average of the opening and closing fiscal year balances must be used for items in rate base;
- Total Capitalization (debt and equity) must equate to Total Rate Base;
- Data for the following years, at a minimum, must be provided:
  - Test Year = Prospective Rate Year;
  - Bridge Year = Current Year;
  - Three Most Recent Historical Years (or number of years necessary to provide actuals back to and including the most recent Board Approved Test Year, but not less than three years);
  - Most recent Board Approved Test Year.
- A statement is to be provided as to when the forecast was prepared and when it was approved by utility management and/or Board of Directors for use in the application;
- Multi-year data for each of the above-referenced years is to be presented on the same sheet for the summary/ main schedules;
- A detailed year-over-year variance analysis is to be provided between the Test Year and Bridge Year, the Historical Year(s) and the last Board Approved Test Year, including reasons/drivers of variances and the contribution of each driver towards the total year-over-year variance;
- Calculations of revenue sufficiency/deficiency;

- For Board prescribed values such as ROE and deemed debt rates, the most recent values available from the Board are to be used with an accompanying statement that they will be updated as required. If a distributor is proposing to use values other than those prescribed by the Board this proposal should be clearly stated and reasons/supporting evidence provided;
- The most recent Board approved RPP (at the time of filing) is to be used for the electricity commodity price;
- Changes to accounting policy made since the applicant's last cost of service filing are to be identified and a summary of the impacts of any such changes is to be provided;
- Any orders or directions outstanding from previous Board Decisions or Orders are to be identified and addressed.

### 2.1.3 Confidential Information

The Board relies on full and complete disclosure of all relevant information in order to ensure that its decisions are well-informed. The Board recognizes that applicants may consider some of that information to be confidential and may wish to request that it be protected. In such a case, the relevant rules in the Board's *Rules of Practice and Procedure* and the procedures set out in the Board's *Practice Direction on Confidential Filings* are to be followed by all participants in a proceeding before the Board, unless otherwise directed by the Board.

The onus is on the applicant or entity requesting confidential treatment to demonstrate to the satisfaction of the Board that confidential treatment is warranted. It is the Board's expectation that parties will make every effort to limit the scope of their confidentiality requests to an extent commensurate with the commercial sensitivity of the information at issue or with any legislative obligations of confidentiality or non-disclosure. The applicant or entity making such a request must prepare meaningful redacted documents or summaries so as to maximize the information that is available on the public record. This will provide all interested parties with a fair opportunity to present their cases and will permit the Board to provide meaningful and well-documented reasons for its decisions.

## 2.2 Exhibit 1. Administrative Documents

The administrative documents identified in this section provide the background and summary to the case as filed. Administrative documents consist of three sections 1) Administration; 2) an overview of the filing; 3) the background financial information of the applicant; and 4) materiality thresholds. The requirements for each are provided below.

### 2.2.1 Administration

- Table of Contents;
- Application;
- Contact information;
- List of specific approvals requested;
- Proposed Issues List;
- Accounting Orders and List of non-compliant items with the Uniform System of Accounts including references to Accounting Orders;
- Description of applicant's operating environment:
  - General description and map showing where the utility operates within the province, and the communities serviced by the utility. A utility may provide more detailed geographic or engineering maps where these may be useful to understand parts of the application, such as a capital expansion or replacement program;
  - A list of any neighbouring utilities;
  - A description of whether the utility is a host utility (i.e. transmitting electricity to another distributor's network at distribution-level voltages) and/or an embedded distributor (i.e. receiving electricity at distribution-level voltages from any host distributor). The utility should identify the host or embedded distributor(s). Partially embedded status should also be clearly identified.
- Corporate and Utility Organizational Structure:
  - High-level utility organization chart, showing the main units and executive and senior management positions within the utility;
  - Corporate Entities Relationship Chart, showing:
    - the organization of any associated or affiliated entities with respect to each other;
    - the extent to which the parent company is represented on the utility company board;
    - the reporting relationships between utility management and parent company officials;
    - the services and the nature of the services provided to/by entities; and,
    - any shared services among the entities.
  - Planned changes in corporate or operational structure.
- Identification of Board Directives from any previous Board Decisions and/or Orders. The applicant should clearly indicate how these are being addressed in the current application (e.g. filing of a study as directed in a previous Decision);
- List of Witnesses and their Curriculum Vitae.

### 2.2.2 Overview

- Summary of Application (purpose, need and timing of the application and typical customer impact by customer class);
- Budget Overview (Capital & Operating):



- Budget directives and guidelines;
  - Economic assumptions used.
- Changes in methodology from previous applications or established Board practice or policy (e.g. accounting, normalization, etc.);
- Schedule of overall revenue sufficiency/deficiency;
- Revenue Requirement Work Form. Please use the link on the Board's website to access this work form. Appendix 2-T contains a blank version of this work form.

### 2.2.3 Financial Information

- Audited Financial Statements of the applicant, covering the two most recent historical years. If the statements are not available at the time of filing, they must be provided as soon as they are available.
- Pro Forma Financial Statements for the Bridge and Test Years.
- The utility must file a detailed reconciliation of the financial results shown in the Annual Reports/Audited Financial Statements with the regulatory financial results filed in the application.
- Annual report and Management's discussion and analysis, for the most recent year, of the parent company and all subsidiaries of the applicant.
- Rating Agency Report(s).
- Prospectuses, information circulars, etc for recent and planned issuances.

### 2.2.4 Materiality Thresholds

The applicant must provide justification for changes from year to year to its rate base, capital expenditures, OM&A and other items above a materiality threshold. The materiality thresholds differ for each applicant, depending on the magnitude of the revenue requirement.

These materiality thresholds are outlined in the *Supplemental Report of the Board on 3<sup>rd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors* of September 17, 2008 (EB-2007-0673).

Unless a different threshold is referenced in a specific section of these Filing Requirements, the default materiality thresholds are:

- \$50,000 for distributors with a distribution revenue requirement less than or equal to \$10 million;
- 0.5% of distribution revenue requirement for distributors with a revenue requirement greater than \$10 million and less than or equal to \$200 million; and,
- \$1 million for distributors with a distribution revenue requirement of more than \$200 million.

If an applicant believes that an alternative threshold would be appropriate to its specific circumstances, it is free to propose such an alternative in its application with appropriate justification.

## **2.3 Exhibit 2. Rate Base**

This exhibit includes information on Rate Base, Capital Expenditures, and Service Quality and Reliability Performance.

### **2.3.1 Overview**

For Rate Base, the applicant must include the opening and closing balances, and the average of the opening and closing balances for gross assets, accumulated depreciation and allowance for working capital.

At a minimum, the filed material in support of the requested rate base must include data for the Historical Actuals, Bridge (actuals to date, balance of year as budgeted), and Test Year.

Continuity statements and year over year variance analysis must also be provided.

Continuity statements must provide year-end balances and include interest during construction and all overheads.

Variance analyses must provide a written explanation for rate base related information when there is a variance greater than the applicable materiality threshold.

The following comparisons must be provided:

- Historical Board Approved vs. Historical Actual (for most recent historic Board approved year);
- Historical Actual vs. Historical Actual (for the relevant number of years);
- Historical Actual vs. Bridge;
- Bridge vs. Test Year.

The information outlined in Appendix 2-C should be provided for each year.

### **2.3.2 Gross Assets – Property Plant and Equipment**

The applicant must provide the following information:

- Breakdown by function (transmission plant, distribution plant, general plant, other plant) for required statements and analysis;
- Detailed breakdown by major plant account for each functionalized plant item. For the Test year, each plant item should be accompanied by a written description;
- If the applicant received approval for an incremental capital adjustment as part of

a previous 3<sup>rd</sup> generation IRM application, this should be noted and a summary of what was approved and spent must be provided.

### **2.3.3 Accumulated Depreciation**

Continuity statements should be reconcilable to the calculated depreciation expenses (under Operating Expenses) and presented by asset account.

### **2.3.4 Allowance for Working Capital**

The applicant may take two approaches to calculation of its allowance for working capital; (1) the 15% allowance approach, or (2) filing of a lead lag study.

#### ***15% Allowance Approach***

The applicant should provide this calculation in table format showing all accounts and amounts included in the controllable expenses component as well as the amount of the cost of power and all individual rates and purchase levels used in its calculation.

### **2.3.5 Capital Expenditures**

The following capital expenditure information should be provided by the applicant on a project specific basis:

- Overall summary of capital expenditures over the past five historical years, the bridge year and the test year, showing capital expenditures, treatment of contributed capital and additions and deductions from Construction Work in Progress (CWIP). The applicant should group projects appropriately and avoid presentations that result in classification of significant components of the capital budget in the miscellaneous category. (One suggested format for filing this material is in Appendix 2-B);
- Need, scope, purpose of project, related customer attachments, volumes and capital costs for projects over the applicable materiality threshold, as well as any applicable cost-benefit analysis;
- Detailed breakdown of starting dates and in-service dates for each project;
- Drivers of capital expenditure increases for the Test year;
- Where a proposed project requires leave to construct approval under Section 92 of the OEB Act, with construction commencement in the test year, the applicant must provide a summary of the evidence for that project consistent with the requirements set out in section 4.3, section 4.4 and Chapter 5 of these Filing Requirements;
- Components of Other Capital Expenditures (Reconcile components to Total Capital Budget);
- Written explanation of variances;

- Capitalization policy and any changes to that policy;
- The proposed accounting treatment, including the treatment of costs of funds for capital projects that have a project life cycle greater than one year must be provided.

### **2.3.6 Asset Management Plan**

- The applicant must provide a formal asset management plan, if the applicant has such a plan. If not, an explanation as to why the applicant does not have such a plan must be provided. The applicant must also state whether or not it is planning to have one in place in the future.
- In the absence of an asset management plan, the applicant must provide information outlining its approach to the planning and prioritization of capital projects.
- The applicant must also provide a three year forecast of capital expenditures (Test year plus two subsequent years).
- The applicant must also state whether or not it has undertaken any asset condition studies and, if so, copies of such studies must be filed.

### **2.3.7 Service Quality and Reliability Performance**

The applicant must provide the following information:

- Reported Service Quality Indicators (SQIs), for the last three historical years. In the event performance is below the established standard, the applicant must provide an explanation for the under-performance, as well as actions taken to address this matter, and any outcomes, as appropriate.
- SAIDI, SAIFI and CAIDI, for the last three historical years. Reliability performance should be reported for the three indicators for (1) All interruptions, and (2) All interruptions excluding Loss of Supply (Cause Code 2). In the event performance is outside of the established standard, the applicant must provide an explanation for the under-performance, actions taken to address the issue, and any outcomes, as appropriate.
- Reference documents for service quality and reliability indicators can be found at the following links:

Service Quality Indicators: Distribution System Code, Chapter 7

[http://www.oeb.gov.on.ca/OEB/Documents/Regulatory/Distribution\\_System\\_Code.pdf](http://www.oeb.gov.on.ca/OEB/Documents/Regulatory/Distribution_System_Code.pdf)

Reliability Indicators: 2006 Electricity Distribution Rate Handbook, Chapter 15:

[http://www.oeb.gov.on.ca/documents/edr\\_final\\_boardreport\\_110505.pdf](http://www.oeb.gov.on.ca/documents/edr_final_boardreport_110505.pdf)

## **2.4 Exhibit 3. Operating Revenue**

The applicant must provide its volume and revenue forecast, weather normalization methodology, and other sources of revenue in this exhibit. The applicant must include a

detailed description of the methodologies and the assumptions used. The information presented must include:

- 1) Load and Revenue Forecasts;
- 2) Variance Analysis;
- 3) Other Revenue.

Estimates must be presented excluding commodity revenues.

If normalization is employed, then all data must be presented in the normalized form.

## 2.4.1 Load and Revenue Forecasts

### *Overview*

The applicant must provide an explanation of the causes, assumptions and adjustments for the volume forecast. All economic assumptions and sources used in the preparation of the load and customer count forecast should be included in this section (e.g. Housing Outlook & Forecasts, relative energy prices and other variables used in forecasting volumes).

The applicant must also provide an explanation of the weather normalization methodology and its application. The Board recognizes that an important aspect of any case is the uniqueness of the transmitter or distributor and the circumstances in which it operates. Generic load profiles and universal normalization methods may not reflect the unique customer mix, weather, and economies of each utility's market.

Two types of load forecasting models have generally been filed with the Board in previous cost of service applications. These are Multifactor Regression and Normalized Average use per Customer (NAC) models. While the applicant is not restricted to filing one of these two models, the following information is required for these two models. In the case where the applicant wishes to file a model other than the two noted above, the information listed below provides an indication of the type of information that is required by the Board.

### *Multifactor Regression Model*

- Rationale as to why the proposed model was chosen.
- Statistics of the regression equation(s) (coefficient estimates and associated t-statistics, and model statistics such as  $R^2$ , adjusted  $R^2$ , F-statistic, or Root-Mean-Squared-Error, etc.) Explanation of modelling approaches and alternative models tested would be beneficial, if available.
- Explanation of the weather normalization methodology proposed.
- Normal Weather Methodology:

- If the monthly Heating Degree Days (HDD) and/or Cooling Degree Days (CDD) are used to determine normal weather, provide the monthly HDD and CDD based on 10-years average and a trend based on 20-years.
- In addition to the proposed Test year load forecast, provide load forecasts based on a) 10-years average and b) 20-years trend HDD and CDD.
- Provide the rationale as to why the proposed normal weather methodology was chosen.

#### *NAC Model*

- Rationale as to why the proposed NAC methodology was chosen;
- Data supporting the calculation of NAC values used in the application for each rate class.

#### *General Requirements*

- Information demonstrating the historical accuracy of the load forecast for at least the past 5 years;
- Schedule of volumes (in kWh or kW), revenues, and customer count by rate class for:
  - Historical Actual for the past 5 years;
  - Historical Board Approved;
  - Historical Actual for the past 5 years – weather normalized;
  - Bridge Year;
  - Bridge Year – weather normalized;
  - Test Year.

### **2.4.2 Variance Analysis**

The applicant must provide the following variance analyses:

- Historical Board Approved vs. Historical Actual;
- Historical Board Approved vs. Historical Actual – weather normalized;
- Historical Actual – weather normalized vs. Historical Actual – weather normalized (for the necessary number of years);
- Historical Actual - weather normalized vs. Bridge Year – weather normalized; and
- Bridge Year – weather normalized vs. Test Year.

For each rate class, the applicant must provide the following information:

- Weather normalized (if applicable) average historical actual consumption per customer for historical 5 years and forecasted average consumption for the Bridge Year and Test Year.
- For each rate class, an explanation of the net change in average consumption from last Board Approved and actual for Historical, Bridge Year and Test Year.

- Customer count increases or decreases forecasted for the Test Year with explanations of the forecast by rate class and identification as to whether customer count is shown in year-end or year average format.
- Details for the development of the billing kW value.
- Revenues, provided on the basis of both existing and proposed rates.

All data used to determine the forecasts should be presented in MS Excel spreadsheet format.

### **3. Other Revenue**

The applicant must provide the following information on Other Revenue:

- Breakdown of each of the other distribution revenue accounts, see Appendix 2-D for the format;
- Comparison of actual revenues for historical years to forecast revenue for Bridge and Test Years;
- Detailed calculations of rate of return on non-core delivery activities, if they exist;
- Any new proposed specific service charges or new rules for applying existing specific service charges.

Revenues or costs (including interest) associated with deferral accounts, variance accounts and regulatory assets should not be included in Other Revenue.

## **2.5 Exhibit 4. Operating Costs**

This exhibit must include information that summarizes the Operating, Maintenance and Administrative Costs (including any costs associated with CDM programs) and Taxes.

This exhibit should include the following sections:

1. Manager's Summary;
2. Summary and Cost Driver Tables;
3. Variance Analyses;
4. Employee Compensation Breakdown;
5. Shared Services/Corporate Cost Allocation;
6. Purchase of Non-Affiliate Services;
7. Depreciation/Amortization/Depletion; and,
8. Taxes.

The accounts listed in Appendix 2-E are to be included in the OM&A analyses.

### **2.5.1 Manager's Summary**

The manager's summary should provide a brief explanation (quantitative and qualitative) of the following:

- OM&A Test Year Levels;
- Associated cost drivers and significant changes that have occurred;
- Overall trend in costs;
- Inflation rates used for general OM&A and Wages/Benefits. The applicant may use the GDP-IPI rate in effect at the time of the application, as a placeholder for an inflation rate accompanied by a statement that the rate will be updated at the time of the issuance of the Board's rate that will be effective in the Test Year. If the applicant proposes to use rates higher than the GDP-IPI rates determined by the Board in March of the Test Year for the year beginning May 1<sup>st</sup>, appropriate justification should be provided (such as studies and/or sources);
- Staffing levels;
- Drivers of Wage and related Increases;
- Business environment changes; and,
- Materiality thresholds that apply and any other assumptions.

### 2.5.2 Summary and Cost Driver Tables

The applicant must include the following tables as part of their evidence:

- Summary of OM&A Expenses – Appendix 2-F;
- Detailed Account by Account OM&A Expenses – Appendix 2-G;
- OM&A Cost Drivers – Appendix 2-H;
- Regulatory Costs – Appendix 2-I; and
- OM&A Cost per Customer and per Full Time Equivalent – Appendix 2-J.

The applicant must note the specific requirements outlined below:

- One time costs;
- Regulatory costs;
- Low-income energy consumer programs (LEAP);
- Special purpose charges related to the Green Energy and Green Economy Act, 2009 (Green Energy Act); and
- Charitable donations.

#### *One-Time Costs*

The applicant should identify one-time costs and provide an explanation as to how such costs are proposed to be recovered.

#### *Regulatory Costs*

The applicant must provide a breakdown of the actual and anticipated regulatory costs, including expenses for the current application such as legal fees, consultant fees, costs awards, etc. In addition, the applicant must identify how



such costs are to be recovered, e.g., whether the costs are proposed to be amortized and over what period. The amortization period would normally be the duration of the expected cost of service plus IRM term. If the applicant is proposing a different amortization period, it should explain why it believes this is appropriate.

#### *Low-income Energy Assistance Programs (LEAP)*

On March 10, 2009, the Board issued the *Report of the Board: Low-Income Energy Assistance Program* (EB-2008-0150). In this Report, the Board stated that it had determined that the greater of 0.12% of a distributor's Board-approved distribution revenue requirement, or \$2,000, is a reasonable commitment of distributors to LEAP. The Board stated that it would allow distributors to incorporate such amounts in their OM&A expenses at the time of rebasing. The applicant must provide sufficient details of these amounts.

#### *Special purpose charges related to the Green Energy and Green Economy Act, 2009 (Green Energy Act)*

The Green Energy Act amends the *Ontario Energy Board Act, 1998* to allow for the assessment of special purpose charges related to expenses incurred and expenditures made by the Ministry of Energy and Infrastructure in respect of its energy conservation programs or renewable energy programs. The applicant must provide the total amount of such charges for which recovery is being sought and a breakdown of these charges.

#### *Charitable Donations*

The applicant must file the amounts paid in charitable donations (per year) from the last Board approved rebasing application until (and including) the Test Year. The recovery of charitable donations will not be allowed for the purpose of setting rates, except for contributions to programs that provide assistance to the distributor's customers in paying their electricity bills and assistance to low income consumers. If the applicant wishes to recover such contributions, it must provide detailed information for such claims. The applicant must review the amounts filed to ensure that all other non-recoverable contributions are identified, disclosed and removed.

### **2.5.3 Variance Analyses**

The applicant must provide variance analyses, both quantitative and qualitative, for the comparisons outlined in Appendix 2-K.

### **2.5.4 Employee Compensation Breakdown**

The applicant must complete Appendix 2-L in relation to employee complement, compensation, and benefits. The status of pension funding and all assumptions used in the analysis should be provided in addition to the appendix.

Where there are three or fewer employees in any category, the applicant may aggregate this category with the category to which it is most closely related. This higher level of aggregation may be continued, if required, to ensure that no category contains three or fewer employees.

The applicant must provide details of employee benefit programs, including pensions and other costs charged to OM&A for the last Board-approved rebasing application, Historical, Bridge and Test Years.

The applicant must provide:

- Explanations and justifications for year over year variances (include month hired for newly hired employees, inflation rates, collective agreement rates, etc);
- Basis for performance pay, goals, measures, and review processes; and
- Relevant studies.

### **2.5.5 Shared Services/Corporate Cost Allocation**

The definitions for shared services and corporate cost allocation are contained in Appendix 2-A.

The applicant must provide the allocation methodology, a list of costs and allocators, and any 3<sup>rd</sup> party review of the methodology that was used.

The applicant must complete Appendix 2-M in relation to each service provided or received for the Historical (actuals), Bridge and Test years. The table found in Appendix 2-M must be completed for each year. Additional rows may be added if required.

The table in Appendix 2-M requires the following information:

#### *Type of Service Offered:*

Services such as billing, accounting, payroll, etc. The applicant must identify any costs related to the Board of Directors of the parent company allocated to the applicant.

#### *Pricing Methodology:*

Pricing Methodology includes approaches such as cost-base, market-base, tendering, etc. The applicant must provide evidence demonstrating the pricing methodology used.

#### *Price for the Service:*

The applicant must provide the amount the entity pays for the service that it receives.

*Cost for the Service:*

The applicant must provide the cost for the service.

*% Allocation:*

The applicant must provide the percentage of the costs allocated to the entity for the service being offered.

Variance analyses with explanation are required for the following:

- Test Year vs. Last Board Approved Rebasing Application; and
- Test Year vs. Most Current Actuals.

The applicant must identify any Board of Director related costs for affiliates that are included in its costs.

### **2.5.6 Purchase of Non-Affiliate Services**

Distribution expenses incurred through the purchase of services must be documented and justified.

The following items must be provided for Historical (actuals), Bridge and Test Years:

- Identity of each company transacting with the applicant subject to the applicable materiality threshold;
- Summary of the nature of the product or service that is the subject of the transaction;
- Annual dollar amount related to each company (by transaction); and
- A description of the specific methodology used in determining the vendor (including a summary of the tendering process/cost approach, etc.).

### **2.5.7 Depreciation/Amortization/Depletion**

The information outlined below is required for Depreciation/Amortization/Depletion:

- The applicant must provide details for Depreciation, Amortization and Depletion by asset group for the Historical, Bridge and Test Years, including asset amount and rate of depreciation. This should tie back to the accumulated depreciation expense continuity schedule under Rate Base.
- The applicant must provide a statement as to whether it adheres to the Board's guidelines on amortization/depreciation rates (Appendix B of the *2006 Electricity Distribution Rate Handbook*). If not, the applicant must summarize the

differences from the handbook, and indicate whether these have been previously reviewed and approved by the Board (if so, file relevant references).

- Where the applicant is proposing new or changed depreciation/amortization rates, supporting documentation, preferably a depreciation study, must be provided.
- The applicant must provide a copy of depreciation/amortization policy, if available. If not, the applicant should state that such a policy does not exist, or explain why it is not available.

Appendix 2-N should be completed.

### **2.5.8 Taxes (PILs, Capital Tax and Property Taxes)**

The applicant must provide the information outlined below:

- Detailed PILs calculation (or actual provincial and federal taxes if applicable), including derivation of adjustments (e.g., Tax credits, CCA adjustments) for the Historical, Bridge and Test Years;
- Supporting schedules and calculations identifying reconciling items;
- Most recent federal and provincial tax returns;
- Ontario Capital Tax (Actual costs versus forecast costs with detailed breakdown);
- Amount of property taxes and explanation of changes to most recent actual; and,
- Calculation of tax credits (e.g., apprenticeship tax credits, education tax credits).

A model based on the Board's tax methodology will be made available on the Board's web site. This can be used at the applicant's option.

## **2.6 Exhibit 5. Cost of Capital and Capital Structure**

The applicant may apply for a utility-specific cost of capital and/or capital structure. If the applicant wishes to take such an approach, it must provide appropriate justification for its proposal.

Alternatively, the *Report of the Board on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors* (the Cost of Capital Report) of December 20, 2006 and the subsequent updates providing the Board's deemed capital structure and cost of capital rates can be used. The applicant is only required to provide justification of forecast parameters that differ from the Board's deemed rates.

### **2.6.1 Capital Structure**

The elements of the deemed capital structure are shown below and must be presented with the required schedules for: current Board approved, Historical Actuals, Bridge and Test Years:

- Long-Term Debt;
- Short-Term Debt;
- Preference Shares; and
- Common Equity.

Appendix 2-O must be completed for the required years.

An explanation of changes in actual capital structure is required including:

- Non-scheduled retirement of debt or preference shares and buy back of common shares; and
- Long-Term Debt, preference shares and common share offerings.

### **2.6.2 Cost of Capital**

The applicant must provide the following information for each year:

- Calculation of cost for each capital component;
- Profit or loss on redemption of debt and/or preference shares, if applicable;
- Copies of any current promissory notes or other debt arrangements with affiliates; and
- If the applicant is proposing any rate that is different from the Board guidelines, a justification of forecast costs by item including key assumptions.

### **2.6.3 Calculation of Return on Equity and Cost of Debt**

These requirements are outlined in the Cost of Capital Report.

## **2.7 Exhibit 6. Calculation of Revenue Deficiency or Surplus**

The applicant must include the following information in this exhibit, net of energy 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; and
- Gross Deficiency or Sufficiency in Revenues.

The filing requirements have been designed in a manner to isolate the delivery-related sufficiency/deficiency separate and apart from the energy-related sufficiency/deficiency. In keeping with this separation, the applicant must provide revenue sufficiency or deficiency calculations net of electricity price differentials captured in the RSVAs and also net of any cost associated with LV charges or smart meter expenditures/revenues

being tracked through variance accounts.

The applicant must provide a summary of the drivers of the test year sufficiency/deficiency, along with how much each driver contributes. Specific references to the data contained in the detailed schedules and tables should be provided so that parties can map the summary cost driver information to the evidence supporting it.

The impacts of any change in methodologies should be provided on the overall sufficiency/deficiency and on the individual cost drivers contributing to it.

## **2.8 Exhibit 7. Cost Allocation**

This section outlines cost allocation requirements for distributors only. These requirements do not apply to transmitters.

The following areas are discussed in this section:

1. Cost Allocation Study Requirements;
2. Treatment of the Transformer Ownership Allowance (where applicable); and
3. Revenue to Cost ratios.

### **2.8.1 Cost Allocation Study Requirements**

The Board expects that filings made by the applicant will follow the cost allocation policies reflected in the Board's report of November 28, 2007, *Application of Cost Allocation for Electricity Distributors* (EB-2007-0667).

A completed cost allocation study using the Board approved methodology must be filed whether the applicant proposes to use it or not. This filing must:

- reflect future loads and costs and be supported by appropriate explanations;
- be corrected for transformer ownership allowance (see below); and
- be presented in the form of Excel spreadsheets.

The applicant may determine that the 2006 cost allocation informational filing (model) can be adapted to reflect future load and cost responsibility, or the applicant may determine that inputs for each customer class must be updated and the model re-run, in which case:

- The updated model must be consistent with the load forecast and costs in the test year, and must be supported by appropriate explanations. If updated load

profiles are not available, the load profiles of the classes may be the same as those used in the informational filing scaled to match the load forecast.

- In particular, if a rate class has experienced a decline in customers or disappeared, or will disappear in the Test Year, the model must be re-run with the updated load forecast. The applicant must explain the changed load forecast of the rate class, along with the corresponding changes to load and customer count data that are inputs to the cost allocation model.

The Board notes that the applicant may not budget at the level of detail of the Uniform System of Accounts (USofA). However, to the extent possible, the applicant is required to summarize the forecast by USofA accounts together into defined functionalized costs in the cost allocation model for the purposes of cost allocation and comparative analysis.

### **2.8.2 The Treatment of Transformer Ownership Allowance (where applicable)**

The applicant should note that there are limitations in the cost allocation model distributed by the Board for the informational filing with respect to the treatment of the transformer ownership allowance. If using that model, the applicant must:

- Revise cost allocation by (1) removing the “cost” associated with transformer ownership allowance from the revenue requirement (Worksheet I3) and (2) subtracting the “revenue” associated with the transformer ownership allowance from the approved revenue of the affected rates class(es) (worksheet I6, row 29); and,
- File Sheet O1 before and after removal of the transformer ownership allowance.

### **2.8.3 Revenue to Cost Ratios**

The applicant must file a table showing the following three sets of revenue to cost ratios for each customer class from:

- the initial cost allocation model;
- the initial cost allocation model revised with the adjusted transformer ownership allowance (where applicable); and
- the updated cost allocation model (including the adjustment for the transformer ownership) proposed for the Test Year.

The applicant must complete both tables in Appendix 2-P.

If using a cost allocation model other than the Board model, the applicant must ensure that costs are net of LV and Smart Meter costs, and that revenues are net of rate riders and rate adders.

If a proposed ratio is outside the Board's policy range in the Test year, the applicant must show the proposed ratios in subsequent years that move into the policy range.

## 2.9 Exhibit 8. Rate Design

This section outlines rate design requirements for distributors only. These requirements for rate design do not apply to transmitters as their costs are combined with the other transmitters' costs to establish province-wide rates. Consequently, only allocated costs to cost classifications as required by the Board need be shown.

The following areas are discussed in this section:

1. Fixed/Variable Proportion
2. Retail Transmission Service Rates (RTSR)
3. Low Voltage Charges (where applicable)
4. Loss Adjustment Factors
5. Rate Schedules and Bill Impact Information

### 2.9.1 Fixed/Variable Proportion

The applicant must provide the following information related to the fixed/variable proportion of its proposed rates:

- Current fixed/variable proportion for each rate class, along with supporting information;
- Proposed fixed/variable proportion for each rate class, including an explanation for any changes from current proportions; and
- A table comparing current and proposed monthly fixed charges with the floor and ceiling as calculated in the cost allocation study. The applicant must include an explanation if the monthly fixed charge for any customer class exceeds the ceiling.

### 2.9.2 Retail Transmission Service Rates (RTSR)

In preparing its application the applicant should reference the Board's Guideline: *Electricity Distribution Retail Transmission Service Rates*, Guideline G-2008-0001, October 22, 2008.

The applicant must identify the RTSRs proposed for each class for the Test year and must provide the following related information:

- A table showing two years of wholesale network and connection costs and retail billings;
- An analysis of variances between costs and revenues and trends; and
- If the applicant is proposing revised rates, the applicant must identify how the uniform transmission rates (and/or the host distributor's RTSRs) are applied and must provide calculations used to derive the RTSRs.

### 2.9.3 Low Voltage Charges (where applicable)



The applicant must provide the following information related to its proposed LV rate adders:

- Proposed LV rate adders by customer class;
- A forecast of LV cost, which is the sum of the charge for Common ST lines, and facility charges such as connection to a shared LV distribution station; and
- Assumed volumes and LV rates.

#### **2.9.4 Loss Adjustment Factors**

The applicant must identify the proposed Supply facilities loss factor (SFLF), distribution and total loss factor(s) for test year.

The applicant must file the following information related to its proposed loss factors:

- A statement as to whether the applicant is embedded;
- Details of loss studies and recommendations, if required by a previous decision;
- Calculations showing the losses in previous years. Five years of historical data is preferred. A minimum filing of three years of data is required;
- Appendix 2-Q which is a modified version of Schedule 10-5 from the 2006 Electricity Distribution Handbook, showing the energy delivered to the distributor with and without losses;
- Explanation of distribution losses greater than 5%;
- Details of actions currently planned, and actions taken to reduce losses in previous five years and results if proposed distribution loss factor is greater than 5%; and
- Explanation of the derivation of the SFLF, including reasons for any differences from the standard SFLFs referenced in Appendix 2-Q, Section H.

#### **2.9.5 Rate Schedules and Bill Impacts**

Appendix 2-R must be filed. This appendix identifies existing rate schedules, the revenue deficiency recovery, a summary of proposed changes to rates, proposed volume and revenue recovery, and detailed bill impacts (including % change in distribution, % change in delivery and % change in total bill).

For proposed rate schedules, the following information should be provided:

- Proposed Rate and Revenue Adjustments;
- Detailed calculations of revenue per rate class under current rates and proposed rates by customer class;
- Detailed reconciliation of rate class revenue and other revenue to total revenue requirement (i.e., breakout volumes, rates and revenues by rate component, etc.); and
- Impact of changes on representative samples of end-users, i.e., volume,

percentage rate change, revenue. Include rate adders in the distribution rates, delivery rates, rate riders, and RTSRs.

The applicant must provide an explanation of proposed changes to terms and conditions of service and rationale behind those changes if the changes affect how the rates will be applied. The applicant should note that only rates on the Board approved Tariff of Rates and Charges can be applied.

The applicant must provide the specific service charges proposed for the Test year and must provide an explanation of any changes, deletions and additions.

The applicant should ensure that the information provided in this section is consistent with that provided in the working capital allowance calculation provided in Section 2.3, as it relates to rates such as RTSRs, or provide explanations for any differences.

## **2.10 Exhibit 9. Deferral and Variance Accounts**

The following areas are discussed in this section:

1. Status of Deferral and Variance Accounts;
2. Clearance of Deferral/Variance Accounts; and,
3. Smart Meters.

### **2.10.1 Status of Deferral and Variance Accounts**

The information outlined below is required regardless of whether or not the applicant is seeking disposition of any or all deferral and variance accounts:

- List of all outstanding deferral and variance accounts. The applicant must provide a brief description of any account that the applicant may have used differently than as described in the Accounting Procedures Handbook (APH).
- The continuity schedule for the period January 1, 2005 to present, showing separate itemization of opening balances, annual adjustments, accruals, interest and closing balances. A blank excel spreadsheet reflecting these requirements will be made available on the Board's web site.
- Interest rates applied to calculate the carrying charges for each regulatory deferral and variance account. The applicant must provide the rates by month or by quarter for each year.
- Explanation if the continuity schedule differs from the trial balance reported through the Electricity Reporting and Record Keeping Requirements (RRR).
- Identification of which of the above accounts the applicant will continue on a going forward basis.
- Statement as to any new accounts the applicant is requesting and justification for these accounts.
- An explanation for the drivers generating the variance in Account 1588 Power – Sub-Account Global Adjustment. The applicant must also identify the balance on

the continuity schedule and quantify, at a minimum, the amount of the variance attributable to each class.

### 2.10.2 Clearance of Deferral and Variance Accounts

The applicant must:

- Identify all accounts for which it is seeking disposition;
- Identify any accounts for which the applicant is not proposing clearance and the reasons why;
- Propose rate riders for recovery of balances that are proposed for clearance. The applicant must show all relevant calculations, including the rationale for the allocation of each account and the length of the recovery period;
- Proposed rate riders that assume recovery of all deferral and variance accounts as of the date of the last Audited Financial Statements and a recommended recovery period; and
- Proposed rate riders that assume recovery of all non-RSVA variance accounts as of the date of the last Audited Financial Statements and a recommended recovery period.

### 2.10.3 Smart Meters

If the applicant is applying for smart meter-related recoveries, the applicant should refer to Guideline G-2008-0002: *Smart Meter Funding and Cost Recovery*, or any successor document issued by the Board, with respect to:

- Any proposal for a change to the applicant's current Board-approved smart meter funding adder; or
- Any proposal to dispose of or partially dispose of balances in accounts 1555 and 1556.

In support of such proposals, the applicant must provide a continuity schedule of the sub-account balances in accounts 1555 and 1556 and complete the table contained in Appendix 2-S.

## Appendix 2-A Terminology

**Conservation and Demand Management (CDM):** Conservation includes initiatives undertaken by an electricity distribution company to reduce the consumption of electricity over its system. Demand Management includes initiatives undertaken by an electricity distribution company designed to limit peak demand imposed on its distribution system.

**Base Revenue Requirement** is the service revenue requirement less revenues from specific service charges, late payment charges, other board-approved charges, and from sources other than Board-approved rates and charges.

**Corporate Cost Allocation** is an allocation of costs for corporate and miscellaneous shared services from the parent company to the utility (and vice versa). This is not to be confused with the allocation of the revenue requirement to rate classes for the purposes of rate design.

**Debt Retirement Charge** is a tax imposed by the Ministry of Finance on consumers' electricity bills to pay down the residual stranded debt of the former Ontario Hydro. The stranded debt of the former Ontario Hydro is administered by the Ontario Electricity Financial Corporation.

**Distribution System Code (DSC)** sets the minimum conditions that a licensed electricity distributor must meet in carrying out its obligations to distribute electricity within its Service Area under its licence and the Energy Competition Act, 1998.

**Embedded Distributor** is a distributor that is not a wholesale market participant and is provided electricity by a host distributor.

**FTEE** is Full-Time Equivalent Employee

**Host Distributor** is a distributor that provides electricity to an embedded distributor.

**Local Distribution Companies (LDCs)** are companies that own and operate electricity distribution systems. They are also known as distributors or utilities.

**Non-core delivery activities** are activities of an electricity transmitter or distributor that are ancillary to the core purpose of transmitting or distributing and do not form part of the revenues from rates for delivery (e.g. water meter reading).

**One-Time Costs** are costs that are unusual in nature and not expected to reoccur.

**Payment in Lieu of Taxes (PILs)** refers to payments made to the Ontario Ministry of Finance in amounts equivalent to what would otherwise be paid for corporate taxes (e.g., on income and capital) as if the entity in question were taxable as a conventional

non-government owned corporate entity. It also includes payments made instead of property taxes (municipal and school taxes for lands on which electricity buildings or structures are situated).

**Rate Base** is the investor-supplied plant facilities and other assets used in supplying utility transmission or distribution services to consumers. This investment base is the amount to which the rate of return is applied.

**Revenue Requirement** is the sum total of the revenues required to pay all operating and capital costs of providing service.

**Revenue Sharing** is the sharing of revenues between utility and customer per a formula in a specific program approved by the Board.

**Return on Equity (ROE)** is the return that shareholders earn on their equity investment (shares and retained earnings) in an entity.

**Electricity Reporting and Record Keeping Requirements (RRRs)** were issued Oct 23, 2002 and constitute the Board's current requirements to maintain and file information under the licence conditions.

**Retail Transmission Service Rates (RTSR)** are charges that a distributor applies to end-use customers to recover the costs associated with the payment by the distributor for wholesale transmission line connection, transformation connection and network rates.

**Shared Services** is defined as the concentration of a company's resources performing like activities (typically spread across the organization) in order to service affiliates (and/or a parent company), with the intention of achieving lower costs and higher service levels.

**Smart meters** are electricity measurement devices that provide customers with consumption information to allow them to manage their use and demand for electricity.

**Stranded Debt** is the debt of a monopoly utility that cannot be serviced after the switch to a commercial electricity market.

**Standard Offer Program** is a program provided by the Ontario Power Authority (OPA) to boost development of small, clean, renewable energy projects – those with a capacity of 10 megawatts and less (i.e., “small generators”) to help meet Ontario's energy challenges and ensure an adequate supply of electricity for Ontarians.

**Time-of-use (TOU)** rates are the schedule of rates established for certain times during the day (diurnal), week and month (seasonal). The application of TOU rates requires a metering facility that is able to record the usage of electricity at specific time periods over the length of the billing period.

**Transformer** is a device that changes electric voltage. The voltage of electricity at the generator is stepped up to 115,000, 230,000 or 500,000 volts to be transmitted long distances and then stepped down to lower voltages to be distributed through a distributor's system to then further reduced for use by end use costumers. Each change in voltage is accomplished through a transformer.

**Transmission System** is the set of lines, transformers, plant and equipment used for conveying electricity at voltages higher than 50 kilovolts.

**Transmission System Code (TSC)** sets out the minimum conditions that a transmitter shall meet in designing, constructing, managing, maintaining and operating its transmission system. It includes various obligations to connect and to provide service; the rules for evaluation of connections; the minimum standards for facilities; and, through a connection agreement, the obligations of a customer to the transmitter.

**Uniform System of Accounts (USofA)** was structured with FERC comparability in mind to facilitate benchmarking (e.g., consolidating FERC account details in order to map to the USofA or vice-versa). The USofA provides the detail necessary to accommodate unbundled cost allocation and rate design.

**Variable Cost** is the total costs of generating electricity, minus fixed costs that are incurred whether or not the facility is operating. Variable costs include the fuel, increased maintenance and additional labour needed for production.

## Appendix 2-B Capital Projects Table

**Year: (Actual year, Bridge and Test Years)**

	Uniform System of Accounts #								Total
	1805	1806	1808	1810	1815	1820	etc. ...	1995	
	Land	Land Rights	Land and Buildings	Leasehold Improvements	Transformer Station Equip, - Normally > 50 kV	Distribution Station Equip. - Normally < 50 kV		Contributions and Grants - Credit	
Project 1									
Project 2									
Project 3									
Project 4									
Etc ....									
<b>Total</b>									

## Appendix 2-C Fixed Asset Continuity Schedule

File Number: EB-xxxx-xxxx  
 Exhibit: X  
 Tab: Y  
 Schedule: Z  
 Page: xx  
 Date:

**Fixed Asset Continuity Schedule**

**Year (1)**

CCA Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value	
			Depreciation Rate	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
N/A	1805	Land										
47	1808	Buildings										
13	1810	Leasehold Improvements										
47	1815	Transformer Station Equipment >50 kV										
47	1820	Substation Equipment										
47	1825	Storage Battery Equipment										
47	1830	Poles, Towers & Fixtures										
47	1835	OH Conductors & Devices										
47	1840	UG Conduit										
47	1845	UG Conductors & Devices										
47	1850	Line Transformers										
47	1855	Services (OH & UG)										
47	1860	Meters										
47	1861	Smart Meters										
47	1861	Smart Meters/Communication Systems										
N/A	1905	Land										
CEC	1906	Land Rights										
47	1908	Buildings & Fixtures										
13	1910	Leasehold Improvements										
8	1915	Office Furniture & Equipment 10yr										
8	1915	Office Furniture & Equipment 5yr										
10	1920	Computer - Hardware										
45	1921	Computer - Hardware post Mar 22/04										
45.1	1921	Computer - Hardware post Mar 19/07										
12	1925	Computer Software										
10	1930	Transportation Equipment										
8	1935	Stores Equipment										
8	1940	Tools, Shop & Garage Equipment										
8	1945	Measurement & Testing Equipment										
8	1950	Power operated Equipment										
8	1955	Communications Equipment										
8	1960	Graphics Equipment										
47	1965	Water Heater Rental Units										
47	1970	Load Management Controls										
47	1975	Load Management Controls Utility Premises										
47	1980	System Supervisor Equipment										
47	1985	Miscellaneous Fixed Assets										
47	1996	Hydro One S/S Contribution										
47	1995	Contributions & Grants										
Ect.												
		Total										

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation  
 Transportation  
 Stores Equipment  
 Net Depreciation

(1) Provide a Fixed Asset Continuity Schedule for 5 historic Years, Bridge Year and Test Year



## Appendix 2-D Other Operating Revenue

Uniform System of Account #	Description	Actual Year	...	Bridge Year	Test Year
4235	Specific Service Charges				
4225	Late Payment Charges				
4082	Retail Services Revenues				
etc.					
	Specific Service Charges				
	Late Payment Charges				
	Other Distribution Revenues				
	Other Income and Expenses				
	<b>Total</b>				

Specific Service Charges: Account 4235

Late Payment Charges: Account 4225

Other Distribution Revenues: Accounts 4082, 4084, 4090, 4205, 4210, 4215, 4220, 4240, 4245

Other Income and Expenses: Accounts 4305, 4310, 4315, 4320, 4325, 4330, 4335, 4340, 4345, 4350, 4355, 4360, 4365, 4370, 4375, 4380, 4385, 4390, 4395, 4398, 4405, 4415

**Account Breakdowns**

- For each Other Distribution Revenue and Other Income and Expenses Account a detailed breakdown is required. (i.e. Interest and Dividend Income)

<b>4405 – Interest and Dividend Income</b>	<b>Actual Year 1</b>	<b>Actual Year 2</b>	<b>Actual Year 3</b>	<b>Bridge</b>	<b>Test Year</b>
Short-term Investment Interest					
Bank Deposit Interest					
Misc. Interest Revenue					
Etc.... <sup>1</sup>					
Total					

---

<sup>1</sup> List and specify any other interest revenue

## **Appendix 2-E**

### **Accounts for OM&A Analysis**

#### **Distribution Expenses – Operation**

5005 Operation Supervision and Engineering  
5010 Load Dispatching  
5012 Station Buildings and Fixtures Expense  
5014 Transformer Station Equipment - Operation Labour  
5015 Transformer Station Equipment - Operation Supplies and Expenses  
5016 Distribution Station Equipment - Operation Labour  
5017 Distribution Station Equipment - Operation Supplies and Expenses  
5020 Overhead Distribution Lines and Feeders - Operation Labour  
5025 Overhead Distribution Lines and Feeders - Operation Supplies and Expenses  
5030 Overhead Sub-transmission Feeders - Operation  
5035 Overhead Distribution Transformers- Operation  
5040 Underground Distribution Lines and Feeders - Operation Labour  
5045 Underground Distribution Lines and Feeders - Operation Supplies and Expenses  
5050 Underground Sub-transmission Feeders - Operation  
5055 Underground Distribution Transformers - Operation  
5060 Street Lighting and Signal System Expense  
5065 Meter Expense  
5070 Customer Premises - Operation Labour  
5075 Customer Premises - Materials and Expenses  
5085 Miscellaneous Distribution Expense  
5090 Underground Distribution Lines and Feeders - Rental Paid  
5095 Overhead Distribution Lines and Feeders - Rental Paid  
5096 Other Rent

#### **Distribution Expenses – Maintenance**

5105 Maintenance Supervision and Engineering  
5110 Maintenance of Buildings and Fixtures - Distribution Stations  
5112 Maintenance of Transformer Station Equipment  
5114 Maintenance of Distribution Station Equipment  
5120 Maintenance of Poles, Towers and Fixtures  
5125 Maintenance of Overhead Conductors and Devices  
5130 Maintenance of Overhead Services  
5135 Overhead Distribution Lines and Feeders - Right of Way  
5145 Maintenance of Underground Conduit  
5150 Maintenance of Underground Conductors and Devices  
5155 Maintenance of Underground Services  
5160 Maintenance of Line Transformers  
5165 Maintenance of Street Lighting and Signal Systems  
5170 Sentinel Lights - Labour  
5172 Sentinel Lights - Materials and Expenses  
5175 Maintenance of Meters  
5178 Customer Installations Expenses- Leased Property  
5195 Maintenance of Other Installations on Customer Premises

**Billing and Collecting**

5305 Supervision  
5310 Meter Reading Expense  
5315 Customer Billing  
5320 Collecting  
5325 Collecting- Cash Over and Short  
5330 Collection Charges  
5335 Bad Debt Expense  
5340 Miscellaneous Customer Accounts Expenses

**Community Relations (including sales expenses)**

5405 Supervision  
5410 Community Relations - Sundry  
5415 Energy Conservation  
5420 Community Safety Program  
5425 Miscellaneous Customer Service and Informational Expenses  
5505 Supervision  
5510 Demonstrating and Selling Expense  
5515 Advertising Expense  
5520 Miscellaneous Sales Expense

**Administrative and General Expenses**

5605 Executive Salaries and Expenses  
5610 Management Salaries and Expenses  
5615 General Administrative Salaries and Expenses  
5620 Office Supplies and Expenses  
5625 Administrative Expense Transferred–Credit  
5630 Outside Services Employed  
5635 Property Insurance  
5640 Injuries and Damages  
5645 Employee Pensions and Benefits  
5650 Franchise Requirements  
5655 Regulatory Expenses  
5660 General Advertising Expenses  
5665 Miscellaneous General Expenses  
5670 Rent  
5675 Maintenance of General Plant  
5680 Electrical Safety Authority Fees  
5685 Independent Electricity System Operator Fees and Penalties  
5695 OM&A Contra Account  
6205 Charitable Donations

## Appendix 2-F Summary of OM&A Expenses

	Last Rebasing Year (Board Approved)	Last Rebasing Year (Actuals)	Variance BA - ACT	Year 1 Actuals	Y1 - LRY ACT	Year 2 Actuals	Variance Y2 - Y1	Year 3 Actuals	Variance Y3 - Y2	Bridge Year (BY)	Variance BY - Y3	Test Year (TY)	Variance TY - BY
Operation													
Maintenance													
Billing and Collecting													
Community Relations													
Administrative and General													
Total OM&A Expenses													
Variance from previous year													
Percent change (year over year)	%	%		%						%		%	
<b>Percent Change Test year vs. Most Current Actuals</b>				%									
<b>Percent Change Test year vs. Last Board Approved Rebasing Year</b>				%									
Average for Y1, Y2, Y3	%												
Compound Annual Growth Rate (for Y1, Y2, Y3)	%												

## Appendix 2-G

### Detailed, Account by Account, OM&A Expense Table<sup>2</sup>

	Year 1 Actual	Year 2 Actual	Year 3 Actual	Bridge Year	Test Year
Operation					
USoA # 5005 USoA # 5010					
.....					
Maintenance					
.....					
Billing and Collecting					
.....					
Community Relations					
.....					
Administrative and General					
.....					
<b>Total OM&amp;A Expenses</b>					

<sup>2</sup> Note: All OM&A accounts are required to be included on this table.

## Appendix 2-H OM&A Cost Driver Table

OM&A	Year 1 Actual (last Board Approved Rebasing Year)	Year 2* Actual	Year 3* Actual	Bridge Year	Test Year
------	---	-------------------	-------------------	----------------	-----------

Opening Balance					
Cost Driver #1					
Cost Driver #2					
Cost Driver #3					
Cost Driver #4					
Etc....					
Closing Balance					

For each year, a detailed explanation is required for each cost driver and associated amount.

\* Depending when the last Board approved rebasing year was, these columns may not be required.

## Appendix 2-I

### Regulatory Cost Schedule

Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost?	Last Rebasing Year	Last Year of Actuals	Bridge Year	% Change in bridge year vs. last year of actuals	Test Year Forecast	% Change in Test Year vs. Bridge Year
1. OEB Annual Assessment									
2. OEB Hearing Assessments (applicant initiated)									
3. OEB Section 30 Costs (OEB initiated)									
4. Expert Witness cost for regulatory matters									
5. Legal costs for regulatory matters									
6. Consultants costs for regulatory matters									



Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost?	Last Rebasing Year	Last Year of Actuals	Bridge Year	% Change in bridge year vs. last year of actuals	Test Year Forecast	% Change in Test Year vs. Bridge Year
7. Operating expenses associated with staff resources allocated to regulatory matters									
8. Operating expenses associated with other resources allocated to regulatory matters (please identify the									
9. Other regulatory agency fees or assessments									
10. Any other costs for regulatory matters (please define)									
11. Intervenor Costs									

## Appendix 2-J OM&A Cost per Customer and FTEE

	Actual Year 1 (last Board Approved rebasing)	Actual Year 2*	Actual Year 3*	Bridge Year	Test Year
--	---	----------------	----------------	-------------	-----------

Number of Customers					
Total OMA					
OMA cost per Customer					
Number of FTEEs					
FTEEs/Customer					
OMA cost per FTEE					

\* Depending when the last Board approved rebasing year was, these columns may not be required.

## Appendix 2-K Variance Analysis

Applicants are to provide the following variance analyses (\$ difference and percentage change) in the format of the table below.

- i. Test Year vs. Last Board Approved Rebasing Application (Actuals); and,
- ii. Test Year vs. Most Current Actuals.

			Variance (\$)	Percent Change (%)
Operation				
USoA # 5005 USoA # 5010				
.....				
Maintenance				
.....				
Billing and Collecting				
.....				
Community Relations				
.....				
Administrative and General				
.....				
<b>Total OM&amp;A Expenses</b>				

## Appendix 2-L Employee Costs

	Last Rebasing Year	Historical Year (Bridge Year -1)	Bridge Year	Test Year
<b>Number of Employees (FTEs including Part-Time)</b>				
Executive				
Management				
Non-Union				
Union				
Total				
<b>Number of Part-Time Employees</b>				
Executive				
Management				
Non-Union				
Union				
Total				
<b>Total Salary and Wages</b>				
Executive				
Management				
Non-Union				
Union				
Total				
<b>Total Benefits</b>				
Executive				
Management				
Non-Union				
Union				
Total				
<b>Total Compensation (Salary, Wages, &amp; Benefits)</b>				
Executive				
Management				
Non-Union				
Union				
Total				
<b>Compensation - Average Yearly Base Wages</b>				
Executive				
Management				
Non-Union				
Union				
Total				
<b>Compensation - Average Yearly Overtime</b>				
Executive				
Management				
Non-Union				
Union				
Total				
<b>Compensation - Average Yearly Incentive Pay</b>				
Executive				
Management				
Non-Union				
Union				
Total				
<b>Compensation - Average Yearly Benefits</b>				
Executive				
Management				
Non-Union				
Union				
Total				
<b>Total Compensation</b>				
<b>Total Compensation Charged to OM&amp;A</b>				
<b>Total Compensation Capitalized</b>				

## Appendix 2-M Shared Services/Corporate Cost Allocation

Year: \_\_\_\_\_

Name of Company		Service Offered	Pricing Methodology	Price for the Service (\$)	Cost for the Service (\$)	% Allocation
From	To					

## Appendix 2-N Depreciation Expense

Applicants must provide a breakdown of depreciation expense in the following format for all relevant accounts:

<u>Account</u>	<u>Description</u>	<u>Opening Balance</u>	<u>Less Fully Depreciated</u>	<u>Net for Depreciation</u>	<u>Additions</u>	<u>Total for Depreciation</u>	<u>Years</u>	<u>Depreciation Expense</u>
		(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) + 0.5 x (d)	(f)	(g) = (e) / (f)

## Appendix 2-O

### Capitalization and Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
<b>Application</b>					
	<u>Debt</u>				
1	Long-term Debt	0.00%	\$0	0.00%	\$0
2	Short-term Debt	0.00%	\$0	0.00%	\$0
3	Total Debt	<u>0.00%</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$0</u>
	<u>Equity</u>				
4	Common Equity	40.00%	\$0	0.00%	\$0
5	Preferred Shares	0.00%	-	0.00%	-
6	Total Equity	<u>40.00%</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$0</u>
7	Total	<u>100%</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$0</u>

## Appendix 2-P Cost Allocation

### Revenue to Cost Ratio (%)

Customer Class	(1) From Cost Allocation Model	(2) Column 1 Revised (Transformer Ownership Allowance)	(3) Proposed for Test Year	(4) Board Target Range
Residential				85 – 115
GS < 50 kW				80 – 120
GS > 50 kW				80 – 180
Large User				85 – 115
Street Lights				70 – 120
Sentinel Lights				70 – 120
USL				80 – 120

### Test Year Revenue Impacts

Customer Class	Current Revenue	Test Year Revenue Assuming Current Revenue to Cost Ratios	Test Year Revenue Assuming Proposed Revenue to Cost Ratios
Residential			
GS < 50 kW			
GS > 50 kW			
Large User			
Street Lights			
Sentinel Lights			
USL			



## Appendix 2-Q Loss Factors

### Modified Schedule 10-5: Determination of Loss Factors

		Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Average
	<b>Losses in Distributor's System</b>						
A <sub>1</sub>	"Wholesale" kWh delivered to distributor (higher value)						
A <sub>2</sub>	"Wholesale" kWh delivered to distributor (lower value)						
B	Portion of "Wholesale" kWh delivered to distributor for Large Use Customer(s)						
C	Net "Wholesale" kWh delivered to distributor (A <sub>2</sub> )-(B)						
D	"Retail" kWh delivered by distributor						
E	Portion of "Retail" kWh delivered by distributor for Large Use Customer(s)						
F	Net "Retail" kWh delivered by distributor (D)-(E)						
G	Loss Factor in distributor's system [(C)/(F)]						
	<b>Losses Upstream of Distributor's System</b>						
H	Supply Facility Loss Factor						
	<b>Total Losses</b>						
I	Total Loss Factor [(G)x(H)]						

A<sub>1</sub>

- If directly connected to IESO controlled grid, kWh pertain to metering installation on the primary or high voltage side of the transformer at the interface with the transmission grid. This corresponds to the "Without Losses" kWh value provided by the IESO's MV-WEB. This corresponds to the higher of the two kWh values provided by MV-WEB.

- If fully embedded within a host distributor, kWh pertains to virtual metering at the interface between the embedded distributor and the host distributor. For example, if the host distributor is Hydro One, kWhs from the Hydro One invoice corresponding to “Total kWh Losses” should be reported. This corresponds to the higher of the two kWh values provided by the Hydro One invoice.
- If partially embedded, kWh pertains to the sum of above.

#### A<sub>2</sub>

- If directly connected to the IESO controlled grid, kWhs pertain to metering installation on the secondary or low voltage side of the transformer at the interface with the transmission grid. This corresponds to the “With Losses” kWh value provided by the IESO’s MV-WEB. This corresponds to the lower of the two kWh values provided by MV-WEB.
- If fully embedded within a host distributor, kWh pertains to virtual metering at the interface between the embedded distributor and the host distributor. For example, if the host distributor is Hydro One, kWh from the Hydro One invoice corresponding to “Total kWh” should be reported. This corresponds to the lower of the two kWh values provided by the Hydro One invoice.
- If partially embedded, kWh pertains to sum of above.
- Additionally, kWh pertaining to distributed generation should be included in A<sub>2</sub>.

#### B

- If a Large Customer is metered on the secondary or low voltage side of the transformer, the default loss is 1%, i.e.  $B = 1.01 \times E$ .

#### D

- kWhs corresponding to D should equal the total of “total billed energy sales in kWhs for each rate class” in item 1 of Section 2.1.3 in Electricity Reporting and Record Keeping Requirements dated April 4, 2008.

#### G & I

- This loss factor pertains to secondary metered customers less than 5,000 kW.

#### H

- If directly connected to IESO controlled grid,  $SFLF = 1.0045$ .
- If fully embedded within a host distributor,  $SFLF = \text{loss factor re losses in transformer at grid interface} \times \text{loss factor re losses in host distributor's system}$ . If host distributor is Hydro One,  $SFLF = 1.0060 \times 1.0278 = 1.0340$ .
- If partially embedded, SFLF is weighted average of above.

## Appendix 2-R Bill Impact Table<sup>3</sup>

	Current			Proposed			Impact	
	Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %
Monthly Service Charge								
Distribution								
Smart Meter Rider (per month)								
LRAM & SSM Rider								
Regulatory Assets								
Sub-Total A – Distribution								
RTSR – Network								
RTSR – Connection								
Sub-Total B (including Sub-Total A) – Delivery								
Wholesale Market Rate								
RRRP								
DRC								
Cost of Power Commodity								
Cost of Power Commodity								
Total Bill (including Sub-Total B)								

Utilities must provide bill impact for residential at 800 kWh and GS<50kW at 2000 kWh. In addition, their filing should cover the range that is relevant to their service territory, class by class. A general guideline of consumption levels follows:

Residential (kWh) – 100, 250, 500, 800, 1000, 1500, 2000

GS<50kW (kWh) – 1000, 2000, 5000, 10000, 15000

GS>50kW (kW) – 60, 100, 500, 1000

Large User – range appropriate for utility

Lighting Classes and USL – 150 kWh and 1 kW, range appropriate for utility

<sup>3</sup> The “Charge \$” columns provide a breakdown of the amount that each bill component contributes to the total monthly bill at the referenced consumption level.

## Appendix 2-S Smart Meters

Irrespective of whether the distributor is actively deploying smart meters or not (exception: if the distributor has completed its smart meter deployment and has had accounts 1555 and 1556 reviewed and disposed of), the distributor should provide the following:

Year	Smart Meters Installed			Percentage of applicable customers converted (%)	Account 1555		Account 1556
	Residential	GS < 50 kW	Other <sup>1</sup>		Funding Adder Revenues Collected	Capital Expenditures	Operating Expenses
2006							
2007							
2008							
2009							
2010							
2011 (and beyond) (if required)							

<sup>1</sup>: The distributor should provide details of Other (e.g. Toronto Hydro has some legacy non-interval GS > 50 kW customers being converted to “smart” meters).

In addition, a distributor that is requesting an increase to its current approved smart meter funding adder (i.e. to \$1.00 or another utility-specific amount), should provide the information required to support such request in accordance with section 1.4 of *Guideline G-2008-0002: Smart Meter Funding and Cost Recovery*.

Any request for disposition or partial disposition of balances in account 1555 and 1556 (seeking approval for actual and audited costs related to smart meters actually installed) should also comply with the requirements of Guideline G-2008-0002 or further information communicated by the Board.

## **Appendix 2-T**

### **Revenue Requirement Work Form**

The following pages contain, for reference only, a blank version of the Revenue Requirement Work Form.



**REVENUE REQUIREMENT WORK FORM**

Name of LDC: <sup>(1)</sup>  
 File Number:   
 Rate Year:  Version: 1.0

**Table of Content**

<u>Sheet</u>	<u>Name</u>
A	<a href="#">Data Input Sheet</a>
1	<a href="#">Rate Base</a>
2	<a href="#">Utility Income</a>
3	<a href="#">Taxes/PILS</a>
4	<a href="#">Capitalization/Cost of Capital</a>
5	<a href="#">Revenue Sufficiency/Deficiency</a>
6	<a href="#">Revenue Requirement</a>
7	<a href="#">Bill Impacts</a>

**Notes:**

- (1) Pale green cells represent inputs
- (2) *Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.*

**Copyright**

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



**REVENUE REQUIREMENT WORK FORM**

Name of LDC:  
File Number:  
Rate Year:

		Data Input		(1)	
		Application	Adjustments	Per Board Decision	
<b>1</b>	<b>Rate Base</b>				
	Gross Fixed Assets (average)		(4)		
	Accumulated Depreciation (average)		(5)		
	<b>Allowance for Working Capital:</b>				
	Controllable Expenses		(6)		
	Cost of Power				
	Working Capital Rate (%)				
<b>2</b>	<b>Utility Income</b>				
	<b>Operating Revenues:</b>				
	Distribution Revenue at Current Rates				
	Distribution Revenue at Proposed Rates				
	<b>Other Revenue:</b>				
	Specific Service Charges				
	Late Payment Charges				
	Other Distribution Revenue				
	Other Income and Deductions				
	<b>Operating Expenses:</b>				
	OM+A Expenses				
	Depreciation/Amortization				
	Property taxes				
	Capital taxes				
	Other expenses				
<b>3</b>	<b>Taxes/PILs</b>				
	<b>Taxable Income:</b>				
	Adjustments required to arrive at taxable income		(3)		
	<b>Utility Income Taxes and Rates:</b>				
	Income taxes (not grossed up)				
	Income taxes (grossed up)				
	Capital Taxes				
	Federal tax (%)				
	Provincial tax (%)				
	Income Tax Credits				
<b>4</b>	<b>Capitalization/Cost of Capital</b>				
	<b>Capital Structure:</b>				
	Long-term debt Capitalization Ratio (%)				
	Short-term debt Capitalization Ratio (%)		(2)		(2)
	Common Equity Capitalization Ratio (%)				
	Preferred Shares Capitalization Ratio (%)				
	<b>Cost of Capital</b>				
	Long-term debt Cost Rate (%)				
	Short-term debt Cost Rate (%)				
	Common Equity Cost Rate (%)				
	Preferred Shares Cost Rate (%)				

**Notes:**

This input sheet provides all inputs needed to complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the components. Notes should be put on the applicable pages to understand the context of each such note.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (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.



**REVENUE REQUIREMENT WORK FORM**

Name of LDC:

File Number:

Rate Year:

Ontario

Line No.	Particulars	Rate Base		
		Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$ -	\$ -	\$ -
2	Accumulated Depreciation (average) (3)	\$ -	\$ -	\$ -
3	Net Fixed Assets (average) (3)	\$ -	\$ -	\$ -
4	Allowance for Working Capital (1)	\$ -	#VALUE!	#VALUE!
5	<b>Total Rate Base</b>	\$ -	#VALUE!	#VALUE!

(1) Allowance for Working Capital - Derivation				
6	Controllable Expenses	\$ -	\$ -	\$ -
7	Cost of Power	\$ -	\$ -	\$ -
8	Working Capital Base	\$ -	\$ -	\$ -
9	Working Capital Rate % (2)	0.00%		
10	Working Capital Allowance	\$ -	#VALUE!	#VALUE!

**Notes**

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
- (3) Average of opening and closing balances for the year.







**REVENUE REQUIREMENT WORK FORM**

Name of LDC:

File Number:

Rate Year:

Utility income				
Line No.	Particulars	Application	Adjustments	Per Board Decision
<b>Operating Revenues:</b>				
1	Distribution Revenue (at Proposed Rates)	\$ -	\$ -	\$ -
2	Other Revenue (1)	\$ -	\$ -	\$ -
3	<b>Total Operating Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Operating Expenses:</b>				
4	OM+A Expenses	\$ -	\$ -	\$ -
5	Depreciation/Amortization	\$ -	\$ -	\$ -
6	Property taxes	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -
9	<b>Subtotal</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
10	Deemed Interest Expense	\$ -	#VALUE!	#VALUE!
11	<b>Total Expenses (lines 4 to 10)</b>	<u>\$ -</u>	<u>#VALUE!</u>	<u>#VALUE!</u>
12	<b>Utility income before income taxes</b>	<u>\$ -</u>	<u>#VALUE!</u>	<u>#VALUE!</u>
13	Income taxes (grossed-up)	\$ -	\$ -	\$ -
14	<b>Utility net income</b>	<u>\$ -</u>	<u>#VALUE!</u>	<u>#VALUE!</u>

**Notes**

(1)	<b>Other Revenues / Revenue Offsets</b>		
	Specific Service Charges	\$ -	\$ -
	Late Payment Charges	\$ -	\$ -
	Other Distribution Revenue	\$ -	\$ -
	Other Income and Deductions	\$ -	\$ -
	<b>Total Revenue Offsets</b>	<u>\$ -</u>	<u>\$ -</u>



**REVENUE REQUIREMENT WORK FORM**

Name of LDC:

File Number:

Rate Year:

**Taxes/PILs**

Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$ -	#VALUE!
2	Adjustments required to arrive at taxable utility income	\$ -	\$ -
3	Taxable income	\$ -	#VALUE!
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$ -	\$ -
5	Capital taxes	\$ -	\$ -
6	Total taxes	\$ -	\$ -
7	Gross-up of Income Taxes	\$ -	\$ -
8	Grossed-up Income Taxes	\$ -	\$ -
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$ -	\$ -
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	0.00%	0.00%
12	Provincial tax (%)	0.00%	0.00%
13	Total tax rate (%)	0.00%	0.00%

**Notes**



## REVENUE REQUIREMENT WORK FORM

Name of LDC:

File Number:

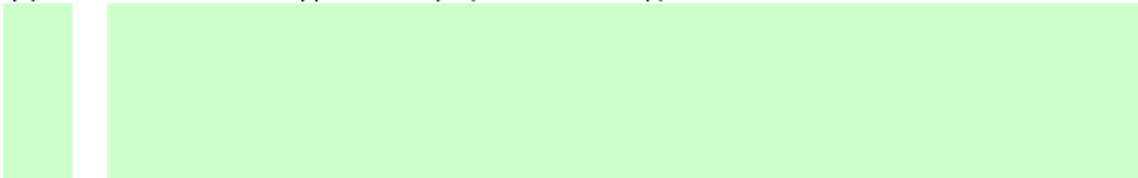
Rate Year:

### Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Application					
		(%)	(\$)	(%)	(\$)
<b>Debt</b>					
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	<b>Total Debt</b>	0.00%	\$ -	0.00%	\$ -
<b>Equity</b>					
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	0.00%	\$ -	0.00%	\$ -
7	<b>Total</b>	100%	\$ -	0.00%	\$ -
Per Board Decision					
		(%)	(\$)	(%)	
<b>Debt</b>					
8	Long-term Debt	0.00%	#VALUE!	0.00%	#VALUE!
9	Short-term Debt	0.00%	#VALUE!	0.00%	#VALUE!
10	<b>Total Debt</b>	0.00%	#VALUE!	0.00%	#VALUE!
<b>Equity</b>					
11	Common Equity	0.0%	#VALUE!	0.00%	#VALUE!
12	Preferred Shares	0.0%	#VALUE!	0.00%	#VALUE!
13	<b>Total Equity</b>	0.0%	#VALUE!	0.00%	#VALUE!
14	<b>Total</b>	100%	#VALUE!	0.00%	#VALUE!

**Notes**

(1) 4.0% unless an Applicant has proposed or been approved for another amount.





**REVENUE REQUIREMENT WORK FORM**

Name of LDC:

File Number:

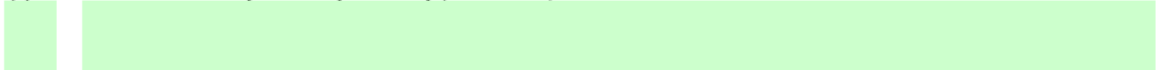
Rate Year:

**Revenue Sufficiency/Deficiency**

Line No.	Particulars	Per Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$ -		#VALUE!
2	Distribution Revenue	\$ -	\$ -	\$ -	#VALUE!
3	Other Operating Revenue Offsets - net	\$ -	\$ -	\$ -	\$ -
4	<b>Total Revenue</b>	\$ -	\$ -	\$ -	#VALUE!
5	Operating Expenses	\$ -	\$ -	\$ -	\$ -
6	Deemed Interest Expense	\$ -	\$ -	#VALUE!	#VALUE!
	<b>Total Cost and Expenses</b>	\$ -	\$ -	#VALUE!	#VALUE!
7	<b>Utility Income Before Income Taxes</b>	\$ -	\$ -	#VALUE!	#VALUE!
	Tax Adjustments to Accounting				
8	Income per 2009 PILs	\$ -	\$ -	\$ -	\$ -
9	<b>Taxable Income</b>	\$ -	\$ -	#VALUE!	#VALUE!
10	Income Tax Rate	0.00%	0.00%	0.00%	0.00%
11	Income Tax on Taxable Income	\$ -	\$ -	#VALUE!	#VALUE!
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
13	<b>Utility Net Income</b>	\$ -	\$ -	#VALUE!	#VALUE!
14	<b>Utility Rate Base</b>	\$ -	\$ -	#VALUE!	#VALUE!
	Deemed Equity Portion of Rate Base	\$ -	\$ -	#VALUE!	#VALUE!
15	Income/Equity Rate Base (%)	0.00%	0.00%	#VALUE!	#VALUE!
16	Target Return - Equity on Rate Base	0.00%	0.00%	0.00%	0.00%
	Sufficiency/Deficiency in Return on Equity	0.00%	0.00%	#VALUE!	#VALUE!
17	Indicated Rate of Return	0.00%	0.00%	#VALUE!	#VALUE!
18	Requested Rate of Return on Rate Base	0.00%	0.00%	0.00%	0.00%
19	Sufficiency/Deficiency in Rate of Return	0.00%	0.00%	#VALUE!	#VALUE!
20	Target Return on Equity	\$ -	\$ -	#VALUE!	#VALUE!
21	Revenue Sufficiency/Deficiency	\$ -	\$ -	#VALUE!	#VALUE!
22	<b>Gross Revenue Sufficiency/Deficiency</b>	\$ - (1)	\$ -	#VALUE! (1)	#VALUE!

**Notes:**

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





**REVENUE REQUIREMENT WORK FORM**

Name of LDC:

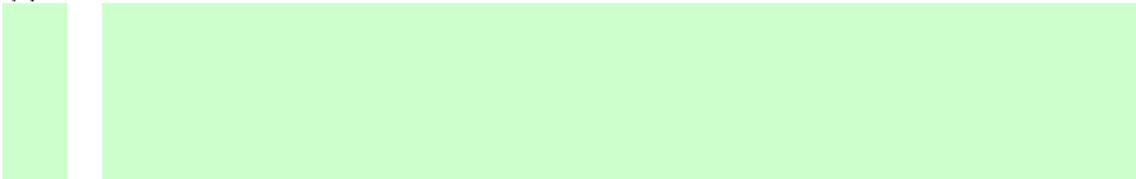
File Number:

Rate Year:

Line No.	Particulars	Revenue Requirement	
		Application	Per Board Decision
1	OM&A Expenses	\$ -	\$ -
2	Amortization/Depreciation	\$ -	\$ -
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$ -	\$ -
5	Income Taxes (Grossed up)	\$ -	\$ -
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$ -	#VALUE!
	Return on Deemed Equity	\$ -	#VALUE!
8	Distribution Revenue Requirement before Revenues	\$ -	#VALUE!
9	Distribution revenue	\$ -	\$ -
10	Other revenue	\$ -	\$ -
11	<b>Total revenue</b>	\$ -	\$ -
12	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	\$ - (1)	#VALUE! (1)

**Notes**

(1) Line 11 - Line 8





**REVENUE REQUIREMENT WORK FORM**

Name of LDC:  
 File Number:  
 Rate Year:

Selected Delivery Charge and Bill Impacts Per Draft Rate Order									
		Monthly Delivery Charge				Total Bill			
		Current	Per Draft Rate Order	Change		Current	Per Draft Rate Order	Change	
				\$	%			\$	%
Residential	800 kWh/month			\$ -				\$ -	
GS < 50kW	2000 kWh/month			\$ -				\$ -	

Notes: