

EXHIBIT 6
CALCULATION OF REVENUE DEFICIENCY
OR SUFFICIENCY
EB-2017-0073

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1 **Exhibit 6: Calculation of Revenue Deficiency or Sufficiency**

2 Sioux Lookout Hydro Inc.'s ("SLHI") revenue deficiency is \$112,317. This deficiency is calculated as
3 the difference between the 2018 Test Year Revenue Requirement of \$2,190,155 and the Forecast
4 2018 Test Year Revenue, based on 2017 approved rates, at \$2,077,838. Table 6-1 provides all of the
5 information in the calculation of the Revenue Deficiency, and excludes all energy costs and
6 revenues. Further details on these items are provided in the pdf version of the Revenue
7 Requirement Work Form ("RRWF") filed in Section 6.1. The live Microsoft Excel version of the
8 RRWF has also been filed with this Application.

9 **Table 6-1: Revenue Deficiency Calculation**

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application	
		At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$112,317
2	Distribution Revenue	\$1,942,641	\$1,942,641
3	Other Operating Revenue	\$135,197	\$135,197
	Offsets - net		
4	Total Revenue	\$2,077,838	\$2,190,155
5	Operating Expenses	\$1,814,925	\$1,814,925
6	Deemed Interest Expense	\$137,739	\$137,739
8	Total Cost and Expenses	\$1,952,664	\$1,952,664
9	Utility Income Before Income Taxes	\$125,174	\$237,491
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$99,076)	(\$99,076)
11	Taxable Income	\$26,098	\$138,415
12	Income Tax Rate	15.00%	15.00%
13	Income Tax on Taxable Income	\$3,915	\$20,762
14	Income Tax Credits	\$ -	\$ -
15	Utility Net Income	\$121,259	\$216,729
16	Utility Rate Base	\$6,171,100	\$6,171,100
17	Deemed Equity Portion of Rate Base	\$2,468,440	\$2,468,440
18	Income/(Equity Portion of Rate Base)	4.91%	8.78%
19	Target Return - Equity on Rate Base	8.78%	8.78%
20	Deficiency/Sufficiency in Return on Equity	-3.87%	0.00%
21	Indicated Rate of Return	4.20%	5.74%
22	Requested Rate of Return on Rate Base	5.74%	5.74%
23	Deficiency/Sufficiency in Rate of Return	-1.55%	0.00%
24	Target Return on Equity	\$216,729	\$216,729
25	Revenue Deficiency/(Sufficiency)	\$95,470	(\$0)
26	Gross Revenue Deficiency(Sufficiency)	\$112,317 ⁽¹⁾	

1 SLHI's Revenue Requirement consists of the following:

- 2 • Administration & General, Billing & Collecting Expense
- 3 • Operation & Maintenance Expense
- 4 • Depreciation Expense
- 5 • Property Taxes
- 6 • PILs
- 7 • Deemed Interest & Return on Equity

8 SLHI's revenue requirement is primarily received through electricity distribution rates with
9 supplemental revenue from Board-approved specific service charges such as late payment charges
10 and other miscellaneous charges.

11 **Cost Drivers on Revenue Deficiency**

12 Table 6-2 below outlines the contributors to the revenue deficiency by revenue requirement
13 component. Column A lists the 2013 approved amounts found in SLHI 2013 Revenue Requirement
14 Workform from EB-2012-0165. Column B lists the 2018 revenue at existing rates shown in Table 6-
15 1 allocated to revenue requirement component based on the proportions in Column A. It is SLHI's
16 view that Column B estimates the revenue requirement components for revenue at existing rates
17 based on the component assumed in existing rates. Column C lists SLHI's proposed components.
18 Finally, Column D represents the difference between Column C and Column B which provides an
19 estimate of the revenue requirement components for the revenue Deficiency of \$112,317.

20

1

Table 6-2: Revenue Deficiency by Revenue Requirement Component

Service Revenue Requirement	2013 Board Approved (A)	2018 Revenue at Existing Rates Allocated in Proportion of 2013 Board Approved (B)	2018 Proposed (C)	Revenue Deficiency (D) = (C) - (B)
OM&A	1,413,919	1,507,498	1,572,092	64,594
LEAP	2,340	2,495	2,600	105
Property Tax	4,986	5,316	5,394	78
Depreciation	182,961	195,070	234,839	39,769
Return on Rate Base	342,469	365,135	354,468	-10,667
PILs	2,180	2,324	20,762	18,438
Total	1,948,855	2,077,838	2,190,155	112,317
				Difference (D) = (C) - (A)
Rate Base	6,114,215		6,171,100	56,885

2

3 The revenue deficiency of \$112,317 for the 2018 Test Year relates to increases in OM&A,
 4 Depreciation, and PILs which are explained in detail in Exhibit 4. In summary the main contributors
 5 to the increases are:

- 6 • Increased costs of on-going consulting fees to respond to regulatory requirements and
 7 public policy direction adding \$40,000
- 8 • Costs incurred by SLHI for assistance in the preparation and support of this application, a
 9 total of \$120,000 amortized over five years for an additional \$24,000.
- 10 • Increase in depreciation expense of \$39,769
- 11 • Increase in PILs of \$18,542 largely due to not receiving the apprenticeship tax credit which
 12 was included in the 2013 COS Application.

13 As shown in Table 6-2, the increases are offset somewhat by a decrease in the return on rate base.
 14 This reflects a lower working capital allowance of 7.5% compared to the 13% included in current
 15 rates.

16

Appendix 6A - Revenue Requirement Work Form



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2018 Filers



Version 7.02

Utility Name	Sioux Lookout Hydro Inc.
Service Territory	Municipality of Sioux Lookout
Assigned EB Number	EB-2017-0073
Name and Title	Deanne Kulchyski, President/CEO
Phone Number	807-737-3800
Email Address	dkulchyski@tbaytel.net

The RRWF has been enhanced commencing with 2017 rate applications to provide estimated base distribution rates. The enhanced RRWF is not intended to replace a utility's formal rate generator model which should continue to be the source of the proposed rates as well as the final ones at the conclusion of the proceeding. The load forecasting addition made to this model is intended to be demonstrative only and does not replace the information filed in the utility's application. In an effort to minimize the incremental work required from utilities, the cost allocation and rate design additions to this model do in fact replace former appendices that were required to be filed as part of the cost of service (Chapter 2) filing requirements.

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your application. 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 the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.

While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2018 Filers

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[3. Data Input Sheet](#)

[4. Rate Base](#)

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[14. Tracking Sheet](#)

Notes:

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



Revenue Requirement Workform (RRWF) for 2018 Filers

Data Input ⁽¹⁾

	Initial Application ⁽²⁾			Per Board Decision
1 Rate Base				
Gross Fixed Assets (average)	9,843,337		\$ 9,843,337	\$9,843,337
Accumulated Depreciation (average)	4,557,291 ⁽⁵⁾		(\$4,557,291)	(\$4,557,291)
Allowance for Working Capital:				
Controllable Expenses	\$1,580,086		\$ 1,580,086	\$1,580,086
Cost of Power	\$10,220,621		\$ 10,220,621	\$10,220,621
Working Capital Rate (%)	7.50% ⁽⁹⁾			
2 Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$1,942,641			
Distribution Revenue at Proposed Rates	\$2,054,958			
Other Revenue:				
Specific Service Charges	\$18,000			
Late Payment Charges	\$49,498			
Other Distribution Revenue	\$66,199			
Other Income and Deductions	\$1,500			
Total Revenue Offsets	\$135,197 ⁽⁷⁾			
Operating Expenses:				
OM+A Expenses	\$1,572,092		\$ 1,572,092	\$1,572,092
Depreciation/Amortization	\$234,839		\$ 234,839	\$234,839
Property taxes	\$5,394		\$ 5,394	\$5,394
Other expenses	\$2,600		\$ 2,600	\$2,600
3 Taxes/PLS				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$99,076) ⁽³⁾			
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$17,648			
Income taxes (grossed up)	\$20,762			
Federal tax (%)	10.50%			
Provincial tax (%)	4.50%			
Income Tax Credits				
4 Capitalization/Cost of Capital				
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.0%			
Short-term debt Capitalization Ratio (%)	4.0% ⁽⁸⁾			
Common Equity Capitalization Ratio (%)	40.0%			
Preferred Shares Capitalization Ratio (%)				
	100.0%			
Cost of Capital				
Long-term debt Cost Rate (%)	3.86%			
Short-term debt Cost Rate (%)	1.76%			
Common Equity Cost Rate (%)	8.78%			
Preferred Shares Cost Rate (%)				

Notes:

General Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- (9) The default Working Capital Allowance factor is 7.5% (of Cost of Power plus controllable expenses), per the letter issued by the Board on June 3, 2015. Alternatively, a WCA factor based on lead-lag study, with supporting rationale could be provided.



Revenue Requirement Workform (RRWF) for 2018 Filers

Rate Base and Working Capital

Line No.	Particulars	Initial Application				Per Board Decision
1	Gross Fixed Assets (average) ⁽²⁾	\$9,843,337	\$ -	\$9,843,337	\$ -	\$9,843,337
2	Accumulated Depreciation (average) ⁽²⁾	(\$4,557,291)	\$ -	(\$4,557,291)	\$ -	(\$4,557,291)
3	Net Fixed Assets (average) ⁽²⁾	\$5,286,047	\$ -	\$5,286,047	\$ -	\$5,286,047
4	Allowance for Working Capital ⁽¹⁾	\$885,053	(\$885,053)	\$ -	\$ -	\$ -
5	Total Rate Base	\$6,171,100	(\$885,053)	\$5,286,047	\$ -	\$5,286,047

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$1,580,086	\$ -	\$1,580,086	\$ -	\$1,580,086
7	Cost of Power	\$10,220,621	\$ -	\$10,220,621	\$ -	\$10,220,621
8	Working Capital Base	\$11,800,707	\$ -	\$11,800,707	\$ -	\$11,800,707
9	Working Capital Rate % ⁽¹⁾	7.50%	-7.50%	0.00%	0.00%	0.00%
10	Working Capital Allowance	\$885,053	(\$885,053)	\$ -	\$ -	\$ -

Notes

⁽¹⁾ Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2018 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015.

⁽²⁾ Average of opening and closing balances for the year.



Revenue Requirement Workform (RRWF) for 2018 Filers

Utility Income

Line No.	Particulars	Initial Application		Per Board Decision	
Operating Revenues:					
1	Distribution Revenue (at Proposed Rates)	\$2,054,958	(\$2,054,958)	\$ -	\$ -
2	Other Revenue ⁽¹⁾	\$135,197	(\$135,197)	\$ -	\$ -
3	Total Operating Revenues	\$2,190,155	(\$2,190,155)	\$ -	\$ -
Operating Expenses:					
4	OM+A Expenses	\$1,572,092	\$ -	\$1,572,092	\$1,572,092
5	Depreciation/Amortization	\$234,839	\$ -	\$234,839	\$234,839
6	Property taxes	\$5,394	\$ -	\$5,394	\$5,394
7	Capital taxes	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$2,600	\$ -	\$2,600	\$2,600
9	Subtotal (lines 4 to 8)	\$1,814,925	\$ -	\$1,814,925	\$1,814,925
10	Deemed Interest Expense	\$137,739	(\$137,739)	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$1,952,664	(\$137,739)	\$1,814,925	\$1,814,925
12	Utility income before income taxes	\$237,491	(\$2,052,416)	(\$1,814,925)	(\$1,814,925)
13	Income taxes (grossed-up)	\$20,762	\$ -	\$20,762	\$20,762
14	Utility net income	\$216,729	(\$2,052,416)	(\$1,835,687)	(\$1,835,687)

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$18,000	\$ -	\$ -	\$ -
	Late Payment Charges	\$49,498	\$ -	\$ -	\$ -
	Other Distribution Revenue	\$66,199	\$ -	\$ -	\$ -
	Other Income and Deductions	\$1,500	\$ -	\$ -	\$ -
	Total Revenue Offsets	\$135,197	\$ -	\$ -	\$ -



Revenue Requirement Workform (RRWF) for 2018 Filers

Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$216,729	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$99,076)	\$ -	\$ -
3	Taxable income	<u>\$117,653</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Calculation of Utility Income Taxes</u>				
4	Income taxes	\$17,648	\$17,648	\$17,648
6	Total taxes	<u>\$17,648</u>	<u>\$17,648</u>	<u>\$17,648</u>
7	Gross-up of Income Taxes	\$3,114	\$3,114	\$3,114
8	Grossed-up Income Taxes	<u>\$20,762</u>	<u>\$20,762</u>	<u>\$20,762</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$20,762</u>	<u>\$20,762</u>	<u>\$20,762</u>
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	10.50%	10.50%	10.50%
12	Provincial tax (%)	4.50%	4.50%	4.50%
13	Total tax rate (%)	<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>

Notes



Revenue Requirement Workform (RRWF) for 2018 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
Initial Application					
	Debt				
1	Long-term Debt	56.00%	\$3,455,816	3.86%	\$133,394
2	Short-term Debt	4.00%	\$246,844	1.76%	\$4,344
3	Total Debt	60.00%	\$3,702,660	3.72%	\$137,739
	Equity				
4	Common Equity	40.00%	\$2,468,440	8.78%	\$216,729
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$2,468,440	8.78%	\$216,729
7	Total	100.00%	\$6,171,100	5.74%	\$354,468
Per Board Decision					
	Debt				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	\$ -
7	Total	0.00%	\$5,286,047	0.00%	\$ -
	Debt				
8	Long-term Debt	0.00%	\$ -	3.86%	\$ -
9	Short-term Debt	0.00%	\$ -	1.76%	\$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
11	Common Equity	0.00%	\$ -	8.78%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$5,286,047	0.00%	\$ -

Notes



Revenue Requirement Workform (RRWF) for 2018 Filers

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$112,317		(\$145,200)		\$2,135,206
2	Distribution Revenue	\$1,942,641	\$1,942,641	\$1,942,641	\$2,200,158	\$ -	(\$2,135,206)
3	Other Operating Revenue Offsets - net	\$135,197	\$135,197	\$ -	\$ -	\$ -	\$ -
4	Total Revenue	<u>\$2,077,838</u>	<u>\$2,190,155</u>	<u>\$1,942,641</u>	<u>\$2,054,958</u>	<u>\$ -</u>	<u>\$ -</u>
5	Operating Expenses	\$1,814,925	\$1,814,925	\$1,814,925	\$1,814,925	\$1,814,925	\$1,814,925
6	Deemed Interest Expense	\$137,739	\$137,739	\$ -	\$ -	\$ -	\$ -
8	Total Cost and Expenses	<u>\$1,952,664</u>	<u>\$1,952,664</u>	<u>\$1,814,925</u>	<u>\$1,814,925</u>	<u>\$1,814,925</u>	<u>\$1,814,925</u>
9	Utility Income Before Income Taxes	\$125,174	\$237,491	\$127,716	\$240,033	(\$1,814,925)	(\$1,814,925)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$99,076)	(\$99,076)	(\$99,076)	(\$99,076)	\$ -	\$ -
11	Taxable Income	\$26,098	\$138,415	\$28,640	\$140,957	(\$1,814,925)	(\$1,814,925)
12	Income Tax Rate	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
13	Income Tax on Taxable Income	\$3,915	\$20,762	\$4,296	\$21,144	\$ -	\$ -
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	<u>\$121,259</u>	<u>\$216,729</u>	<u>\$123,420</u>	<u>(\$1,835,687)</u>	<u>(\$1,814,925)</u>	<u>(\$1,835,687)</u>
16	Utility Rate Base	\$6,171,100	\$6,171,100	\$5,286,047	\$5,286,047	\$5,286,047	\$5,286,047
17	Deemed Equity Portion of Rate Base	\$2,468,440	\$2,468,440	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	4.91%	8.78%	0.00%	0.00%	0.00%	0.00%
19	Target Return - Equity on Rate Base	8.78%	8.78%	0.00%	0.00%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-3.87%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	4.20%	5.74%	2.33%	0.00%	-34.33%	0.00%
22	Requested Rate of Return on Rate Base	5.74%	5.74%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-1.55%	0.00%	2.33%	0.00%	-34.33%	0.00%
24	Target Return on Equity	\$216,729	\$216,729	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$95,470	(\$0)	(\$123,420)	\$ -	\$1,814,925	\$ -
26	Gross Revenue Deficiency/(Sufficiency)	<u>\$112,317 ⁽¹⁾</u>		<u>(\$145,200) ⁽¹⁾</u>		<u>\$2,135,206 ⁽¹⁾</u>	

Notes:

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



Revenue Requirement Workform (RRWF) for 2018 Filers

Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$1,572,092		\$1,572,092	
2	Amortization/Depreciation	\$234,839		\$234,839	
3	Property Taxes	\$5,394		\$5,394	
5	Income Taxes (Grossed up)	\$20,762		\$20,762	
6	Other Expenses	\$2,600		\$2,600	
7	Return				
	Deemed Interest Expense	\$137,739		\$ -	
	Return on Deemed Equity	\$216,729		\$ -	
8	Service Revenue Requirement (before Revenues)	<u>\$2,190,155</u>		<u>\$1,835,687</u>	
9	Revenue Offsets	\$135,197		\$ -	
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$2,054,958</u>		<u>\$1,835,687</u>	
11	Distribution revenue	\$2,054,958		\$ -	
12	Other revenue	\$135,197		\$ -	
13	Total revenue	<u>\$2,190,155</u>		<u>\$ -</u>	
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>(\$0)</u>	⁽¹⁾	<u>(\$1,835,687)</u>	⁽¹⁾ <u>(\$1,835,687)</u>

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application		Δ% ⁽²⁾	Per Board Decision	Δ% ⁽²⁾
Service Revenue Requirement	\$2,190,155	\$1,835,687	(\$0)	\$1,835,687	(\$1)
Grossed-Up Revenue Deficiency/(Sufficiency)	\$112,317	(\$145,200)	(\$2)	\$2,135,206	(\$1)
Base Revenue Requirement (to be recovered from Distribution Rates)	\$2,054,958	\$1,835,687	(\$0)	\$1,835,687	(\$1)
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	\$112,317	\$ -	(\$1)	\$ -	(\$1)

Notes

- ⁽¹⁾ Line 11 - Line 8
- ⁽²⁾ Percentage Change Relative to Initial Application



Revenue Requirement Workform (RRWF) for 2018 Filers

Load Forecast Summary

This spreadsheet provides a summary of the customer and load forecast on which the test year revenue requirement is derived. The amounts serve as the denominators for deriving the rates to recover the test year revenue requirement for purposes of this RRWF.

The information to be input is inclusive of any adjustments to kWh and kW to reflect the impacts of CDM programs up to and including CDM programs planned to be executed in the test year. i.e., the load forecast adjustments determined in **Appendix 2-1** should be incorporated into the entries. The inputs should correspond with the summary of the Load Forecast for the Test Year in **Appendix 2-1B** and in Exhibit 3 of the application.

Appendix 2-1B is still required to be filled out, as it also provides a year-over-year variance analysis of demand growth and trends from historical actuals to the Bridge and Test Year forecasts.

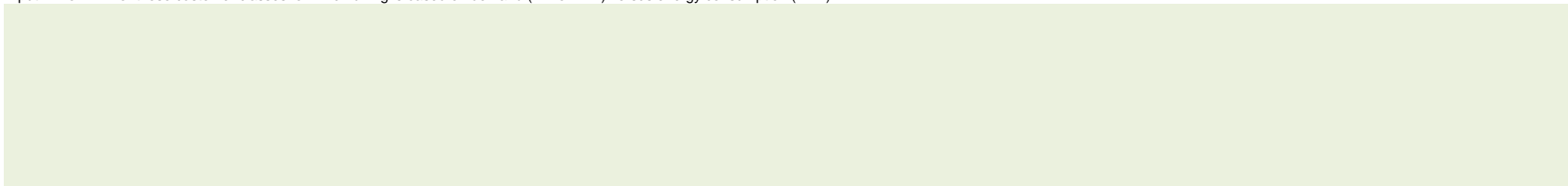
Stage in Process:

Initial Application

Customer Class		Initial Application			Initial Application			Per Board Decision		
Input the name of each customer class.		Customer / Connections	kWh	kW/kVA ⁽¹⁾	Customer / Connections	kWh	kW/kVA ⁽¹⁾	Customer / Connections	kWh	kW/kVA ⁽¹⁾
		Test Year average or mid-year	Annual	Annual	Test Year average or mid-year	Annual	Annual	Test Year average or mid-year	Annual	Annual
1	Residential	2,386	32,918,746							
2	General Service < 50 kW	402	11,931,508							
3	General Service > 50 Kw to 4,999 kW	53	27,063,250	72,183						
4	Street Lights	531	150,597	420						
5	Unmetered Scattered Loads	-	-							
6										
7										
8										
9										
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Total			72,064,101	72,603		-	-		-	-

Notes:

⁽¹⁾ Input kW or kVA for those customer classes for which billing is based on demand (kW or kVA) versus energy consumption (kWh)





Revenue Requirement Workform (RRWF) for 2018 Filers

Cost Allocation and Rate Design

This spreadsheet replaces **Appendix 2-P** and provides a summary of the results from the Cost Allocation spreadsheet, and is used in the determination of the class revenue requirement and, hence, ultimately, the determination of rates from customers in all classes to recover the revenue requirement.

Stage in Application Process: *Initial Application*

A) *Allocated Costs*

Name of Customer Class ⁽³⁾	Costs Allocated from Previous Study ⁽¹⁾	%	Allocated Class Revenue Requirement ⁽¹⁾	%
<i>From Sheet 10. Load Forecast</i>				
<i>(7A)</i>				
1 Residential	\$ 1,261,200	64.71%	\$ 1,511,920	69.03%
2 General Service < 50 kW	\$ 282,985	14.52%	\$ 358,131	16.35%
3 General Service > 50 Kw to 4,999 kW	\$ 264,820	13.59%	\$ 292,996	13.38%
4 Street Lights	\$ 139,019	7.13%	\$ 27,109	1.24%
5 Unmetered Scattered Loads	\$ 830	0.04%		
6				
7				
8				
9				
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17				
18				
19				
20				
Total	\$ 1,948,854	100.00%	\$ 2,190,156	100.00%
Service Revenue Requirement (from Sheet 9)			\$ 2,190,155.32	

- (1) Class Allocated Revenue Requirement, from Sheet O-1, Revenue to Cost || RR, row 40, from the Cost Allocation Study in this application. This excludes costs in deferral and variance accounts. For Embedded Distributors, Account 4750 - Low Voltage (LV) Costs are also excluded.
- (2) Host Distributors - Provide information on any embedded distributor(s) as a separate class, if applicable. If embedded distributors are billed in a General Service class, include the allocated costs and revenues of the embedded distributor(s) in the applicable class, and also complete Appendix 2-Q.
- (3) Customer Classes - If these differ from those in place in the previous cost allocation study, modify the customer classes to match the proposal in the current application as closely as possible.

B) **Calculated Class Revenues**

	Name of Customer Class	Load Forecast (LF) X current approved rates (7B)	LF X current approved rates X (1+d) (7C)	LF X Proposed Rates (7D)	Miscellaneous Revenues (7E)
1	Residential	\$ 1,215,666	\$ 1,285,953	\$ 1,346,837	\$ 94,628
2	General Service < 50 kW	\$ 307,924	\$ 325,727	\$ 343,565	\$ 20,998
3	General Service > 50 Kw to 4,999 kW	\$ 338,721	\$ 358,304	\$ 335,105	\$ 16,490
4	Street Lights	\$ 80,331	\$ 84,975	\$ 29,451	\$ 3,080
5	Unmetered Scattered Loads				
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20					
	Total	\$ 1,942,642	\$ 2,054,959	\$ 2,054,958	\$ 135,196

- (4) In columns 7B to 7D, LF means Load Forecast of Annual Billing Quantities (i.e., customers or connections, as applicable X 12 months, and kWh, kW or kVA as applicable. Revenue quantities should be net of the Transformer Ownership Allowance for applicable customer classes. Exclude revenues from rate adders and rate riders.
- (5) Columns 7C and 7D - Column Total should equal the Base Revenue Requirement for each.
- (6) Column 7C - The OEB-issued cost allocation model calculates "1+d" on worksheet O-1, cell C22. "d" is defined as Revenue Deficiency/Revenue at Current Rates.
- (7) Column 7E - If using the OEB-issued cost allocation model, enter Miscellaneous Revenues as it appears on worksheet O-1, row 19,

C) **Rebalancing Revenue-to-Cost Ratios**

Name of Customer Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios	Policy Range
	Most Recent Year: 2014 %	(7C + 7E) / (7A) %	(7D + 7E) / (7A) %	
1 Residential	96.35%	91.31%	95.34%	85 - 115
2 General Service < 50 kW	109.85%	96.82%	101.80%	80 - 120
3 General Service > 50 Kw to 4,999 kW	115.80%	127.92%	120.00%	80 - 120
4 Street Lights	83.08%	324.82%	120.00%	80 - 120
5 Unmetered Scattered Loads				
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- (8) Previously Approved Revenue-to-Cost (R/C) Ratios - For most applicants, the most recent year would be the third year (at the latest) of the Price Cap IR period. For example, if the applicant, rebased in 2012 with further adjustments to move within the range over two years, the Most Recent Year would be 2015. However, the ratios in 2015 would be equal to those after the adjustment in 2014.
- (9) Status Quo Ratios - The OEB-issued cost allocation model provides the Status Quo Ratios on Worksheet O-1. The Status Quo means "Before Rebalancing".
- (10) Ratios shown in red are outside of the allowed range. Applies to both Tables C and D.

(D) Proposed Revenue-to-Cost Ratios ⁽¹¹⁾

Name of Customer Class	Proposed Revenue-to-Cost Ratio			Policy Range
	Test Year 2018	Price Cap IR Period 2019 2020		
1 Residential	95.34%	95.34%	95.34%	85 - 115
2 General Service < 50 kW	101.80%	101.80%	101.80%	80 - 120
3 General Service > 50 Kw to 4,999 kW	120.00%	120.00%	120.00%	80 - 120
4 Street Lights	120.00%	120.00%	120.00%	80 - 120
5 Unmetered Scattered Loads				
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(11) The applicant should complete Table D if it is applying for approval of a revenue-to-cost ratio in 2018 that is outside of the OEB's policy range for any customer class. Table D will show that the distributor is likely to enter into the 2019 and 2020 Price Cap IR models, as necessary. For 2019 and 2020, enter the planned revenue-to-cost ratios that will be "Change" or "No Change" in 2017 (in the current Revenue/Cost Ratio Adjustment Workform, Worksheet C1.1 'Decision - Cost Revenue Adjustment, column d), and enter TBD for class(es) that will be entered as 'Rebalance'.



Revenue Requirement Workform (RRWF) for 2018 Filers

New Rate Design Policy For Residential Customers

Please complete the following tables.

A Data Inputs (from Sheet 10. Load Forecast)

Test Year Billing Determinants for Residential Class	
Customers	2,386
kWh	32,918,746

Proposed Residential Class Specific Revenue Requirement ¹	\$ 1,346,837.00
--	-----------------

Residential Base Rates on Current Tariff	
Monthly Fixed Charge (\$)	\$ 35.56
Distribution Volumetric Rate (\$/kWh)	\$ 0.0060

B Current Fixed/Variable Split

	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed	35.56	2,386	\$ 1,018,153.92	83.75%
Variable	0.006	32,918,746	\$ 197,512.48	16.25%
TOTAL	-	-	\$ 1,215,666.40	-

C Calculating Test Year Base Rates

Number of Remaining Rate Design Policy Transition Years ²	2
--	---

	Test Year Revenue @ Current F/V Split	Test Year Base Rates @ Current F/V Split	Reconciliation - Test Year Base Rates @ Current F/V Split
Fixed	\$ 1,128,012.90	39.4	\$ 1,128,100.80
Variable	\$ 218,824.10	0.0066	\$ 217,263.72
TOTAL	\$ 1,346,837.00	-	\$ 1,345,364.52

	New F/V Split	Revenue @ new F/V Split	Final Adjusted Base Rates	Revenue Reconciliation @ Adjusted Rates
Fixed	91.88%	\$ 1,237,424.95	\$ 43.22	\$ 1,237,475.04
Variable	8.12%	\$ 109,412.05	\$ 0.0033	\$ 108,631.86
TOTAL	-	\$ 1,346,837.00	-	\$ 1,346,106.90

Checks ³	
Change in Fixed Rate	\$ 3.82
Difference Between Revenues @ Proposed Rates and Class Specific Revenue Requirement	(\$730.10) -0.05%

Notes:

- The final residential class specific revenue requirement, excluding allocated Miscellaneous Revenues, as shown on Sheet 11. Cost Allocation, should be used (i.e. the revenue requirement after any proposed adjustments to R/C ratios).
- The distributor should enter the number of years remaining before the transition to fully fixed rates is completed. A distributor transitioning to fully fixed rates over a four year period and began the transition in 2016 would input the number "3" into cell D40. A distributor transitioning over a five-year period would input the number "4". Where the change in the residential rate design will result in the fixed charge increasing by more than \$4/year, a distributor may propose an additional transition year.
- Change in fixed rate due to rate design policy should be less than \$4. The difference between the proposed class revenue requirement and the revenue at calculated base rates should be minimal (i.e. should be reasonably considered as a rounding error)

Revenue Requirement Workform (RRWF) for 2018 Filers

Rate Design and Revenue Reconciliation

This sheet replaces Appendix 2-V, and provides a simplified model for calculating the standard monthly and volumetric rates based on the allocated class revenues and fixed/variable split resulting from the cost allocation study and rate design and as proposed by the applicant. However, the RRWF does not replace the rate generator model that an applicant distributor may use in support of its application. The RRWF provides a demonstrative check on the derivation of the revenue requirement and on the proposed base distribution rates to recover the revenue requirement, based on summary information from a more detailed rate generator model and other models that applicants use for cost allocation, load forecasting, taxes/PILs, etc.

Stage in Process:		Initial Application		Class Allocated Revenues			Fixed / Variable Splits ²			Distribution Rates		Revenue Reconciliation					
Customer and Load Forecast				From Sheet 11, Cost Allocation and Sheet 12, Residential Rate Design			Percentage to be entered as a fraction between 0 and 1										
Customer Class	Volumetric Charge Determinant	Customers / Connections	kWh	kw or kVA	Total Class Revenue Requirement	Monthly Service Charge	Volumetric	Fixed	Variable	Transformer Ownership Allowance ¹ (\$)	Monthly Service Charge Rate	No. of decimals	Volumetric Rate	No. of decimals	MSC Revenues	Volumetric revenues	Revenues less Transformer Ownership Allowance
1 Residential	kWh	2,386	32,918,746	-	\$ 1,346,837	\$ 1,237,474	\$ 109,363	91.88%	8.12%		\$43.22	2	\$0.0033 /kWh	4	\$ 1,237,475.04	\$ 108,631.8618	\$ 1,346,106.90
2 General Service < 50 kW	kWh	402	11,931,508	-	\$ 343,565	\$ 234,414	\$ 109,151	68.23%	31.77%		\$48.59		\$0.0091 /kWh		\$ 234,398.16	\$ 108,576.7228	\$ 342,974.88
3 General Service > 50 Kw to 4,999 kW	kW	53	27,063,250	72,183	\$ 335,105	\$ 243,487	\$ 91,618	72.66%	27.34%	\$ 4,702	\$382.84		\$1.3344 /kW		\$ 243,486.24	\$ 98,320.9952	\$ 335,105.24
4 Street Lights	kW	531	150,597	420	\$ 29,451	\$ 25,089	\$ 4,362	85.19%	14.81%		\$3.94		\$10.3850 /kW		\$ 25,105.68	\$ 4,361.7000	\$ 29,467.38
5 Unmetered Scattered Loads		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
6		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
7		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
8		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
9		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
10		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
11		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
12		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
13		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
14		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
15		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
16		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
17		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
18		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
19		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
20		-	-	-	-	-	-	-	-						\$ -	\$ -	\$ -
Total Transformer Ownership Allowance										\$ 4,702					Total Distribution Revenues		
													Rates recover revenue requirement		Base Revenue Requirement		
															Difference		
															% Difference		

Notes:

¹ Transformer Ownership Allowance is entered as a positive amount, and only for those classes to which it applies.

² The Fixed/Variable split, for each customer class, drives the "rate generator" portion of this sheet of the RRWF. Only the "fixed" fraction is entered, as the sum of the "fixed" and "variable" portions must sum to 100%. For a distributor that may set the Monthly Service Charge, the "fixed" ratio is calculated as: [MSC x (average number of customers or connections) x 12 months] / (Class Allocated Revenue Requirement).

Revenue Requirement Workform (RRWF) for 2018 Filers

Tracking Form

The first row shown, labelled "Original Application", summarizes key statistics based on the data inputs into the RRWF. After the original application filing, the applicant provides key changes in capital and operating expenses, load forecasts, cost of capital, etc., as revised through the processing of the application. This could be due to revisions or responses to interrogatories. The last row shown is the most current estimate of the cost of service data reflecting the original application and any updates provided by the applicant distributor (for updated evidence, responses to interrogatories, undertakings, etc.)

Please ensure a Reference (Column B) and/or Item Description (Column C) is entered. Please note that unused rows will automatically be hidden and the PRINT AREA set when the PRINT BUTTON on Sheet 1 is activated.

⁽¹⁾ Short reference to evidence material (interrogatory response, undertaking, exhibit number, Board Decision, Code, Guideline, Report of the Board, etc.)

⁽²⁾ Short description of change, issue, etc.

Summary of Proposed Changes

Reference ⁽¹⁾	Item / Description ⁽²⁾	Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement			
		Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency
	Original Application	\$ 354,468	5.74%	\$ 6,171,100	\$ 11,800,707	\$ 885,053	\$ 234,839	\$ 20,762	\$ 1,572,092	\$ 2,190,155	\$ 135,197	\$ 2,054,958	\$ 112,317