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February 11, 2013

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto, ON
M4P 1E4

Dear Ms. Walli:

RE: Lakeland Power Distribution Ltd.
EB-2012-0145
2013 Cost of Service Rate Application

In accordance with Procedural Order No. 2, a Settlement Conference was convened in respect of this proceeding on January 21-22, 2013. Lakeland Power Distribution Ltd is pleased to advise the parties have achieved a complete settlement in this matter. Please find accompanying this letter a copy of the proposed Settlement Agreement. Each of the Parties have reviewed and approved the Agreement, and the Parties respectfully request the Board approve the Settlement Agreement. In addition, the Parties request that the Tariff Sheet provided in the documentation be used in place of a draft Rate Order Process. The Parties acknowledge with thanks the assistance of Mr. Paul Vlahos and Board Staff in this process.

An electronic copy of the following documents (pdf, and models in excel) will be submitted through the OEB e-Filing services and two hard copies via courier.

1. Proposed Settlement Agreement
2. Revenue Requirement Workform
3. Load Forecast
4. Cost Allocation model
5. PILs model
6. RTSR model
7. Filing Requirements – Chapter 2 Appendices

If you have any further questions, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Margaret Maw".

Margaret Maw
CFO
Lakeland Holding Ltd.

EB-2012-0145

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF an application by Lakeland Power Distribution Ltd. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2013.

**LAKELAND POWER DISTRIBUTION LTD. (“LPDL”)
PROPOSED SETTLEMENT AGREEMENT**

FILED: FEBRUARY 11, 2013

TABLE OF CONTENTS

1.	GENERAL.....	10
1.1	Has LPDL responded appropriately to all relevant Board directions from previous proceedings?	10
1.2	Are LPDL’s economic and business planning assumptions for 2013 appropriate?	10
1.3	Is service quality, based on the Board specified performance assumptions for 2013, appropriate?.....	11
1.4	What is the appropriate effective date for any new rates flowing from this Application? If that effective date is prior to the date new rates are actually implemented, what adjustments should be implemented to reflect the sufficiency or deficiency during the period from effective date to implementation date?	11
2.	RATE BASE.....	12
2.1	Is the proposed rate base for the test year appropriate?	12
2.2	Is the working capital allowance for the test year appropriate?.....	14
2.3	Is the capital expenditure forecast for the test year appropriate?.....	15
2.4	Is the capitalization policy and allocation procedure appropriate?.....	15
3.	LOAD FORECAST AND OPERATING REVENUE	16
3.1	Is the load forecast methodology including weather normalization appropriate?	16
3.2	Are the proposed customers/connections and load forecasts (both kWh and kW) for the test year appropriate?	17
3.3	Is the impact of CDM appropriately reflected in the load forecast?.....	18
3.4	Is the proposed forecast of test year throughput revenue appropriate?	21
3.5	Is the test year forecast of other revenues appropriate?.....	21
4.	OPERATING COSTS	22
4.1	Is the overall OM&A forecast for the test year appropriate?.....	22
4.2	Is the proposed level of depreciation/amortization expense for the test year appropriate?	23
4.3	Are the 2013 compensation costs and employee levels appropriate?.....	25
4.4	Is the test year forecast of property taxes appropriate?.....	25

4.5	Is the test year forecast of PILs appropriate?.....	26
5.	CAPITAL STRUCTURE AND COST OF CAPITAL	27
5.1	Is the proposed capital structure, rate of return on equity and short term debt rate appropriate?.....	27
5.2	Is the proposed long term debt rate appropriate?.....	29
6.	STRANDED METERS	30
6.1	Is the proposal related to Stranded Meters appropriate?.....	30
7.	COST ALLOCATION.....	31
7.1	Is LPDL’s cost allocation appropriate	31
7.2	Are the proposed revenue-to-cost ratios for each class appropriate?	33
8.	RATE DESIGN	34
8.1	Are the fixed-variable splits for each class appropriate?.....	34
8.2	Are the proposed retail transmission service rates (“RTSR”) appropriate?	35
8.3	Are the proposed LV rates appropriate?	36
8.4	Are the proposed loss factors appropriate?.....	37
9.	DEFERRAL AND VARIANCE ACCOUNTS	38
9.1	Are the account balances, cost allocation methodology and disposition period appropriate?.....	38
9.2	Are the proposed rate riders to dispose of the account balances appropriate?	40
10.	GREEN ENERGY ACT PLAN.....	43
10.1	Is LPDL’s Green Energy Act Plan, including the Smart Grid component of the plan appropriate?.....	43

Appendices:

- Appendix A – Summary of Significant Changes
- Appendix B – Continuity Tables
- Appendix C – Cost of Power Calculation (Updated)
- Appendix D – 2013 Customer Load Forecast (Updated)
- Appendix E – 2013 Other Revenue (Updated)
- Appendix F – 2013 PILS (Updated)
- Appendix G – 2013 Cost of Capital (Updated)
- Appendix H – 2013 Revenue Deficiency Changes (Updated)
- Appendix I – Proposed 2013 Schedule of Rates and Charges (Updated)
- Appendix J – 2013 Updated Customer Impacts (Updated)
- Appendix K – Cost Allocation Sheets O1 (Updated)
- Appendix L – Revenue Requirement Work Form (Updated)
- Appendix M – Throughput Revenue (Updated)

EB-2012-0145

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF an application by Lakeland Power Distribution Ltd. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2013.

LAKELAND POWER DISTRIBUTION LTD. (“LPDL”)

PROPOSED SETTLEMENT AGREEMENT

FILED: FEBRUARY 11, 2013

INTRODUCTION:

LPDL carries on the business of distributing electricity within the municipalities of Bracebridge, Huntsville, Burk’s Falls, Magnetawan and Sundridge as described in its distribution licence.

LPDL filed a complete application with the Ontario Energy Board (the “Board”) on October 3, 2012 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), seeking approval for changes to the rates that LPDL charges for electricity distribution, to be effective May 1, 2013 (the “Application”). The Board assigned the Application File Number EB-2012-0145.

Three parties requested and were granted intervenor status: the Vulnerable Energy Consumers’ Coalition (“VECC”), the Energy Probe Research Foundation (“Energy Probe”) and School Energy Coalition (“SEC”). These parties are referred to collectively as the “Intervenors”.

In Procedural Order No. 1, issued on November 7, 2012, the Board approved the Intervenors in this proceeding, set dates for interrogatories and interrogatory responses and made its determination regarding the cost eligibility of the Intervenors.

In Procedural Order No 2, issued on December 13, 2012, the Board set dates for Supplemental Interrogatories from Intervenors; dates for a Settlement Conference (January 21, 2013, continuing January 22, 2013 if necessary); and, the filing of any Settlement Proposal arising out of the Settlement Conference (February 11, 2013). There is no Board-approved Issues List for this proceeding.

The evidence in this proceeding (referred to herein as the “Evidence”) consists of the Application, including updates to the Application, and LPDL’s responses to the initial and supplemental interrogatories. The Appendices to this Settlement Agreement (the “Agreement”) are also included in the Evidence. The Settlement Conference was duly convened in accordance with the Procedural Order No. 2, with Mr. Paul Vlahos as facilitator. The Settlement Conference was held on January 21, 2013 and continued on January 22, 2013.

LPDL and the following Intervenors participated in the Settlement Conference:

- Energy Probe
- SEC; and
- VECC.

LPDL and the Intervenors are collectively referred to below as the “Parties”.

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Board’s *Settlement Conference Guidelines* (the “Guidelines”). The Parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Agreement.

The role adopted by Board Staff in the Settlement Conference is set out in page 5 of the Guidelines. Although Board staff is not a party to this Agreement, as noted in the Guidelines, Board staff who did participate in the Settlement Conference are bound by the same confidentiality standards that apply to the Parties to the proceeding.

A COMPLETE SETTLEMENT HAS BEEN REACHED ON ALL ISSUES IN THIS PROCEEDING:

The Parties are pleased to advise the Board that a complete settlement has been reached on all issues in this proceeding. This document comprises the Proposed Settlement Agreement and it is presented jointly by LPDL, SEC, Energy Probe and VECC to the Board. It identifies the settled matters and contains such references to the Evidence as are necessary to assist the Board in understanding the Agreement. The Parties confirm the Evidence filed to date in respect of each settled issue, as supplemented in some instances by additional information recorded in this Agreement, supports the settlement of the matters identified in this Agreement. In addition, the Parties agree the Evidence, supplemented where necessary by the additional information appended to this Agreement, contains sufficient detail, rationale and quality of information to allow the Board to make findings in keeping with the settlement reached by the Parties.

The Parties explicitly request the Board consider and accept this Proposed Settlement Agreement as a package. None of the matters in respect of which a settlement has been reached is severable. Numerous compromises were made by the Parties with respect to various matters to arrive at this comprehensive Agreement. The distinct issues addressed in this proposal are intricately interrelated and reductions or increases to the agreed-upon amounts may have financial consequences in other areas of this proposal which may be unacceptable to one or more of the Parties. If the Board does not accept the Agreement in its entirety, then there is no Agreement unless the Parties agree those portions of the Agreement the Board does accept may continue as a valid settlement.

It is further acknowledged and agreed that none of the Parties will withdraw from this Agreement under any circumstances, except as provided under Rule 32.05 of the *Board's Rules of Practice and Procedure*.

It is also agreed this Agreement is without prejudice to any of the Parties re-examining these issues in any subsequent proceeding and taking positions inconsistent with the resolution of these issues in this Agreement. However, none of the Parties will, in any subsequent proceeding, take the position the resolution therein of any issue settled in this Agreement, if contrary to the terms of this Agreement, should be applicable for all or any part of the 2013 Test Year.

References to the Evidence supporting this Agreement on each issue are set out in each section of the Agreement. The Appendices to the Agreement provide further evidentiary support. The Parties agree this Agreement and the Appendices form part of the record in EB-2012-0145. The Appendices were prepared by the Applicant. The Intervenors are relying on the accuracy and completeness of the Appendices in entering into this Agreement. Appendix I to this Agreement – Proposed Schedule of 2013 Tariff of Rates and Charges (Updated) – is a proposed schedule of Rates and Charges. If the Board approves the Agreement, LPDL expects to use the information in Appendix I as the basis for its draft Rate Order, following Board approval of this Agreement. Moreover, the Parties agree to forego the Draft Rate Order process should the Board find that this would be more efficient.

The Parties believe the Agreement represents a balanced proposal that protects the interests of LPDL's customers, employees and shareholder and promotes economic efficiency and cost effectiveness. It also provides the resources which will allow LPDL to manage its assets so that the highest standards of performance are achieved and customers' expectations for the safe and reliable delivery of electricity at reasonable prices are met.

The Parties have agreed the effective date of the rates resulting from this proposed Agreement is May 1, 2013 (referred to below as the "Effective Date").

ORGANIZATION AND SUMMARY OF THE SETTLEMENT AGREEMENT:

As noted above, there is no Board-approved Issues List for this proceeding. For the purposes of organizing this Agreement, the Parties have used the Issues List in the Guelph Hydro Electric Systems Inc. proceeding (EB-2011-0123) as a guide, as that Issues List addresses all of the revenue requirement components, load forecast, deferral and variance account dispositions, cost allocation and rate design and other issues that are also relevant to determining LPDL's 2013 distribution rates.

The following Appendices accompany this Settlement Agreement:

- Appendix A – Summary of Significant Changes (Updated)
- Appendix B – Continuity Tables
- Appendix C – Cost of Power Calculation (Updated)
- Appendix D – 2013 Customer Load Forecast (Updated)
- Appendix E – 2013 Other Revenue (Updated)
- Appendix F – 2013 PILS (Updated)
- Appendix G – 2013 Cost of Capital (Updated)
- Appendix H – 2013 Revenue Deficiency/Revenue Requirement Workform (Updated)
- Appendix I – Proposed 2013 Schedule of Rates and Charges (Updated)
- Appendix J – 2013 Updated Customer Impacts (Updated)
- Appendix K – Cost Allocation Sheets O1 (Updated)
- Appendix L – Revenue Requirement Work Form (Updated)
- Appendix M – Throughput Revenue (Updated)

UNSETTLED MATTERS:

There are no unsettled matters in this proceeding.

OVERVIEW OF THE SETTLED MATTERS:

This Agreement will allow LPDL to continue to make the necessary investments in maintenance and operation expenditures as well as capital investments to maintain the safety and reliability of the electricity distribution service that it provides.

This Agreement will also allow LPDL to: maintain current capital investment levels and, where required, appropriately increase capital investment levels in infrastructure to ensure a reliable distribution system; manage current and future staffing levels, skills and training to ensure regulatory compliance with Codes and Regulations; promote conservation programs including the Ministry of Energy directives as a condition of LPDL's distribution licence; and continue to provide the high level of customer service that LPDL's customers have come to expect.

The Parties agree no rate classes face bill impacts that require mitigation efforts as a result of this agreement.

In this Agreement, except where otherwise expressly stated, all dollar figures are calculated and expressed using Canadian Generally Accepted Accounting Principles ("CGAAP"). For the purposes of settlement, the Parties acknowledge that LPDL is not converting to International Financial Reporting Standards ("IFRS") in the 2013 Test Year and will remain on CGAAP until required by the Accounting Standards Board (the "AcSB") to move to IFRS. However, LPDL will comply with the Board's letter titled "Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies 2013" dated July 17, 2012. LPDL will implement the regulatory accounting changes for depreciation expense and capitalization policies effective January 1, 2013. As a result of these changes, LPDL expects that there will be no material adjustments when LPDL ultimately converts to IFRS.

In LPDL's initial evidence a Service Revenue Requirement for the 2013 Test Year was \$5,773,388 which included a Base Revenue Requirement of \$5,459,760 and Revenue Offsets of \$313,628 with a resulting Revenue Deficiency of \$392,906. Through the interrogatory and settlement process, LPDL made changes to the Service Revenue Requirement as shown in Settlement Table #1: Service Revenue Requirement as follows:

Settlement Table 1 - Service Revenue Requirement

Description		COS Application Filing	Interrogatory Adjustments up to January 11, 2013	Interrogatory Response Filing January 11, 2013	Settlement Adjustments	Settlement Submission
Service Revenue Requirement	A	5,773,388	57,867	5,831,255	(239,621)	5,591,634
Revenue Offsets	B	(313,628)	18,510	(295,118)	13,000	(282,118)
Base Revenue Requirement	C = A + B	5,459,760	76,377	5,536,137	(226,621)	5,309,516
Revenue at Existing Rates	D	5,066,854	(804)	5,066,050	31,089	5,097,139
Revenue Deficiency	E = C - D	392,906	77,181	470,087	(257,710)	212,377

The revised Service Revenue Requirement for the 2013 Test Year is \$5,591,634 which reflects the updated cost of capital parameters (ROE and Deemed Short Term Debt rates only) issued by the Board on November 15, 2012 applicable to applications for rebasing effective January 1, 2013. The long term debt rate was agreed to be 4.25%, for the purpose of settlement, as described in Section 5.2. Compared to the forecast 2013 revenue at current rates of \$5,097,139, the revised Service Revenue Requirement represents a deficiency of \$212,377 which is \$257,710 lower than the revenue deficiency of \$470,087 set out in LPDL's COS Application filing after interrogatory adjustments.

Through the settlement process, LPDL has agreed to certain adjustments from its original 2013 Application and subsequent updated Evidence. Any such changes are described in the sections below.

1. GENERAL

- 1.1 Has LPDL responded appropriately to all relevant Board directions from previous proceedings?

Status: Complete Settlement
Supporting Parties: LPDL, SEC, VECC, Energy Probe
Evidence: Application: Exhibit 1, Tab 1, Schedule 15

For the purposes of settlement the Parties accept the Evidence of the Applicant that there were no outstanding obligations or orders from previous Board decisions.

- 1.2 Are LPDL's economic and business planning assumptions for 2013 appropriate?

Status: Complete Settlement
Supporting Parties: LPDL, SEC, VECC, Energy Probe
Evidence: Application: Exhibit 1, Tab 2, Schedule 2

For the purposes of settlement, the Parties accept LPDL's economic and business planning assumptions for 2013.

- 1.3 Is service quality, based on the Board specified performance assumptions for 2013, appropriate?

Status: Complete Settlement
Supporting Parties: LPDL, SEC, VECC, Energy Probe
Evidence: Application: Exhibit 2, Tab 3, Schedule 5

For the purposes of settlement, the Parties accept LPDL's evidence with respect to the acceptability of its service quality, based on the Board-specified indicators.

- 1.4 What is the appropriate effective date for any new rates flowing from this Application? If that effective date is prior to the date new rates are actually implemented, what adjustments should be implemented to reflect the sufficiency or deficiency during the period from effective date to implementation date?

Status: Complete Settlement
Supporting Parties: LPDL, SEC, VECC, Energy Probe
Evidence: Application: Exhibit 1, Tab 1, Schedule 2

For the purpose of settlement, the Parties accept that the appropriate effective date of the new rates flowing from this Application is May 1, 2013.

2. RATE BASE

2.1 Is the proposed rate base for the test year appropriate?

Status:	Complete Settlement
Supporting Parties:	LPDL, SEC, VECC, Energy Probe
Evidence:	Application: Exhibit 2 Energy Probe # 5, 6, 7 Settlement Agreement, Section 3.2, Section 3.3, Section 4.1, Appendix C

For the purposes of settlement, the Parties agree that LPDL's Rate Base is \$20,006,245 for the 2013 Test Year under CGAAP. A full calculation of this agreed Rate Base is set out later in this section in Settlement Table #2 - Rate Base. The 2013 capital expenditures and amortization expense were accepted as proposed in LPDL's interrogatory responses then adjusted for contributed capital of \$40,000.

The revised Rate Base value reflects the following changes to the working capital allowance:

- With respect to Cost of Power, the Parties agree for the purposes of settlement to accept The Load Forecast in LPDL's Initial Application except for the following:
 - The CDM variable has been reduced from the gross variable to the net variable of 2,667,539 kWh;
 - The predicted annual kWh purchases have been adjusted to 226,000,000;
 - CDM Activity variable was adjusted to reflect the final 2011 CDM results;
 - RPP rates were updated to reflect changes in rates effective November 1, 2012;
 - RTSR and Low Voltage rates were adjusted to Hydro One Rates effective January 1, 2013;

The Cost of Power was therefore increased from \$21,097,956 to \$21,370,772 as a result of these changes.

Please see Appendix C for the detailed Cost of Power calculation.

- The Parties agree that the 2013 OM&A for the Test Year, not including property taxes should be \$3,194,000 (CGAAP), a decrease of \$122,827 from \$3,316,827 in the original Application. OM&A expenses are discussed in further detail under item 4.1.

The changes to working capital produces an increase in working capital base of \$149,989 and an increase to working capital allowance of \$19,499 over the level after supplementary interrogatory responses, as set out in Settlement Table #3: Allowance for Working Capital, under Section 2.2 below.

Agreed upon adjustments to LPDL's proposed Overall Rate Base under CGAAP is set out in Settlement Table #2: Rate Base, below.

Settlement Table 2 - Rate Base

Description	Initial Application Filing	Interrogatory Adjustments up to January 11, 2013	Interrogatory Response Filing January 11, 2013	Settlement Adjustments	Settlement Submission
Gross Fixed Assets (average)	29,147,289	(8,141)	29,139,148	(20,000)	29,119,148
Accumulated Depreciation (average)	(11,944,914)	(363,037)	(12,307,950)	235	(12,307,715)
Net Fixed Assets (average)	17,202,375	(371,177)	16,831,198	(19,765)	16,811,433
Allowance for Working Capital	3,168,385	6,928	3,175,313	19,499	3,194,812
Total Rate Base	20,370,760	(364,249)	20,006,511	(266)	20,006,245

2.2 Is the working capital allowance for the test year appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 2, Tab 4
 Energy Probe # 12
 Settlement Agreement, Section 2.1

For the purposes of settlement, the Parties agree to the following Working Capital Allowance calculated based on 13% of the OM&A expenses of \$3,194,000 (CGAAP), plus property tax of \$10,702 and Cost of Power of \$21,370,772. The Parties reserve the right to address the Working Capital Allowance rate in other proceedings for LDCs that bill ratepayers monthly. As discussed in Section 2.1 and this section, the Parties have agreed the adjustments shown below in Settlement Table #3: Allowance for Working Capital, reflecting the settled matters, will be made to LPDL’s Working Capital Allowance calculation:

Settlement Table 3 - Allowance for Working Capital

Description	Initial Application Filing	Interrogatory Adjustments up to January 11, 2013	Interrogatory Response Filing January 11, 2013	Settlement Adjustments	Settlement Submission
OM & A Expenses	3,316,827	0	3,316,827	(122,827)	3,194,000
Property Taxes	10,702	0	10,702	0	10,702
Cost of Power	21,044,660	53,296	21,097,956	272,816	21,370,772
Working Capital Base	24,372,189	53,296	24,425,485	149,989	24,575,474
Working Capital Rate %	13%	13%	13%	13%	13%
Working Capital Allowance	3,168,385	6,928	3,175,313	19,499	3,194,812

2.3 Is the capital expenditure forecast for the test year appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 2, Tabs 2 & 3
Board Staff IR # 2, 3, 36, 37
SEC IR # 5, 6, 7
VECC IR # 2, 3, 4, 5, 9, 35, 37
Energy Probe IR # 8, 9, 34

For the purposes of settlement, the Parties have accepted net capital expenditures of \$1,962,901 (\$2,245,000 in capital additions less \$282,099 in disposals) amended from LPDL's response to 2.0 Energy Probe #8 of \$2,002,901 (\$2,285,000 in capital additions less \$282,099 in disposals), an adjustment of \$40,000 for contributed capital related to non-demand projects.

2.4 Is the capitalization policy and allocation procedure appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 2, Tab 3, Schedule 4
SEC IR # 8, 9
VECC IR # 6, 7

For the purposes of settlement, the Parties have accepted LPDL's capitalization policy as it was set out on Exhibit 2, Tab 3, Schedule 4 of the original Application.

3. LOAD FORECAST AND OPERATING REVENUE

3.1 Is the load forecast methodology including weather normalization appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application, Exhibit 3, Tab 2
Board Staff IR # 11, 12, 13, 40
VECC IR #10, 13, 14
Energy Probe IR # 13, 14, 15, 35

For the purposes of settlement, the Parties accept LPDL's load forecast methodology, including weather normalization as modified through the settlement process as follows:

- Changes to the load forecast for the purposes of settlement, included the CDM manual adjustment from gross to net based on the 2011 Final OPA program results (detailed in Section 3.3 below), and an increase in the purchased kWh to 226,000,000 kWh from 224,251,456 kWh in response to 3.0-Board Staff-13 and 3.0-VECC-14 (detailed in Section 3.2 below).

This results in a billed consumption forecast of 206,643,153 kWh in the 2013 Test Year. The accepted CDM adjustment for 2012 and 2013 CDM programs is 2,667,539 kWh and 2,754 kW for the 2013 Test Year. This does not include the adjustment for the 2011 programs as the 2011 programs are already reflected in the load forecast.

3.2 Are the proposed customers/connections and load forecasts (both kWh and kW) for the test year appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application, Exhibit 3, Tab 2
Board Staff IR # 13, 16, 17
VECC IR # 14, 16

For the purposes of settlement, the Parties agree with LPDL's customers/connections and load forecasts (both kWh and kW) for the 2013 test year. Through the settlement process LPDL modified the purchased power and the movement of the CDM variable from gross to net consumption to exclude the free ridership. The change agreed to by all Parties was to increase the power purchased to 226,000,000 kWh. The changes made to the consumption for all classes reflect the CDM variable adjustment from gross to net consumption. Settlement Table #4: Load Forecast, details the above change which resulted in a \$28,394 reduction in LPDL's Revenue Deficiency and an increase in Rate Base of \$34,527 based on the progression of changes that are detailed in Appendix A.

Settlement Table 4 - Load Forecast

Description	Initial Application Filing	Interrogatory Adjustments up to January 11, 2013	Interrogatory Response Filing January 11, 2013	Settlement Adjustments	Settlement Submission
Residential - customers	8,063	0	8,063	0	8,063
- kWh	77,259,128	(43,643)	77,215,485	1,449,742	78,665,227
GS <50 kW - customers	1,591	0	1,591	0	1,591
- kWh	41,707,732	(23,560)	41,684,172	782,632	42,466,804
GS >50 kW - customers	102	1	103	0	103
- kWh	82,191,734	(19,550)	82,172,184	1,333,693	83,505,877
- kW	203,731	(48)	203,683	3,306	206,989
Sentinel - connections	44	0	44	0	44
- kWh	39,125	22	39,147	387	39,534
- kW	109	0	109	1	110
Street Lighting - connections	2,147	0	2,147	0	2,147
- kWh	1,839,258	1,068	1,840,326	18,166	1,858,492
- kW	5,035	3	5,038	49	5,087
USL - connections	35	0	35	0	35
- kWh	106,109	62	106,171	1,048	107,219
Total - Customers/Connections	11,982	1	11,983	0	11,983
- kWh	203,143,086	(85,601)	203,057,485	3,585,668	206,643,153
- kW	208,875	(45)	208,830	3,356	212,186

3.3 Is the impact of CDM appropriately reflected in the load forecast?

Status: Complete Settlement

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application, Exhibit 3, Tab 2
 Board Staff IR # 13, 14, 15, 35, 38, 39
 VECC IR # 11, 12, 14, 15, 17, 36
 Energy Probe IR # 16, 36

The Parties agree the CDM adjustment from gross to net produces an overall reasonable load forecast and as such, for the purposes of settlement, the net approach is accepted in this case. The CDM adjustment for 2012 and 2013 CDM programs to the 2013 test year load forecast has been allocated to each rate class based on the proportion of the class kWh to the total program results. The result is a reduction from

4,633,786 kWh under the gross method to 2,667,539 kWh under the net method. Settlement Table #5: CDM Adjusted Forecast, below provides the CDM impact on billed kW and kWh per customer class.

Settlement Table 5 - CDM Adjusted Forecast

Description	Billed Load Forecast before CDM Adjustment (kWh)	Billed Load Forecast after CDM Adjustment (kWh)	CDM Adjustment (kWh)
Residential	79,676,771	78,665,227	1,011,544
GS<50 kW	43,012,878	42,466,804	546,074
GS>50 kW	84,589,207	83,505,877	1,083,330
Sentinel	40,058	39,534	524
Street Lighting	1,883,138	1,858,492	24,646
USL	108,641	107,219	1,422
Total	209,310,693	206,643,153	2,667,540
Description	Billed Load Forecast before CDM Adjustment (kW)	Billed Load Forecast after CDM Adjustment (kW)	CDM Adjustment (kW)
GS>50 kW	209,674	206,989	2,685
Sentinel	111	110	1
Street Lighting	5,155	5,087	68
Total	214,940	212,186	2,754

For the purposes of settlement, the Parties agree the 2013 LRAMVA amount of 3,215,031 kWh and 3,319 kW has been calculated using the OPA's 2011-2014 CDM targets assigned to LPDL, which reflects the actual 2011 CDM results and the persistence of 2011 into 2013. The LRAMVA amount differs from the CDM adjustment, as the persistent savings from 2011 must be included in the calculation in order to capture the correct amount of targets assigned to LPDL for 2013. Therefore, the 2013 LRAMVA includes the 2011 persistent savings of 547,493 kWh as provided by the OPA's 2011 Final Annual Report, 2012 persistent savings of 1,333,769 kWh and 2013 forecasted savings of 1,333,769 kWh. Settlement Table #6: LRAMVA Calculation, below provides details of the 2013 kWh and kW savings which will be used in the calculation of the LRAMVA account.

Settlement Table 6 - LRAMVA Calculation

2011-2012 CDM Targets per Year				
2011	2012	2013	2,014	Total
5.4%	5.4%	5.4%	5.3%	21.4%
	13.1%	13.1%	13.1%	39.3%
		13.1%	13.1%	26.2%
			13.1%	13.1%
5.4%	18.5%	31.6%	44.6%	100.0%
2011-2012 CDM kWh Targets per Year				
547,493	547,493	547,493	534,906	2,177,384
	1,333,769	1,333,769	1,333,769	4,001,308
		1,333,769	1,333,769	2,667,539
			1,333,769	1,333,769
547,493	1,881,262	3,215,031	4,536,214	10,180,000

The Parties agree, for the purposes of settlement, the LRAMVA amount is to be allocated to the customer classes based on the percentages outlined in proportion of the class kWh to the total. Settlement Table #7: LRAMVA Allocation per Customer Class, below provides details of this allocation.

Settlement Table 7 - LRAMVA Allocation by Customer Class

Description	LRAMVA kWh	Allocation per Class	Total LRAMVA kWh Allocated per Class	Allocation per Class	Total LRAMVA kW Allocated per Class
Residential		38%	1,219,155		0
GS<50 kW		20%	658,151		0
GS>50 kW		41%	1,305,675	98%	3,236
Sentinel		0%	632	0%	2
Street Lighting		1%	29,704	2%	81
USL		0%	1,714		0
Total	3,215,031	100%	3,215,031	100%	3,319

3.4 Is the proposed forecast of test year throughput revenue appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application, Exhibit 3, Tab 2
Settlement Agreement, Section 3.2, Appendix M

For the purposes of settlement, the Parties agree on the throughput revenue as set out in Appendix M: Throughput Revenue.

3.5 Is the test year forecast of other revenues appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application, Exhibit 3, Tab 3
VECC IR # 18
Energy Probe IR # 17
Settlement Agreement, Appendix E

For the purposes of settlement, the Parties agreed upon a forecast of \$282,118 in Other Distribution Revenue, a decrease of \$13,000 from \$295,118 as set out in the supplementary IRs. Appendix E – 2013 Other Revenue provides additional detail.

The revised other revenue values reflect the following significant changes:

- The Parties agreed that it was appropriate to decrease miscellaneous operating revenue by \$13,000 to account for CDM revenues in the 2013 test year forecast that should not have been included.

4. OPERATING COSTS

4.1 Is the overall OM&A forecast for the test year appropriate?

Status: Complete Settlement

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 4, Tab 2
 Board Staff IR # 19, 20, 21
 SEC IR # 12, 15
 VECC IR # 19, 20, 21, 22, 23, 24
 Energy Probe IR # 18, 19, 20, 21, 23

For the purposes of settlement, the Parties agree the 2013 OM&A for the Test Year should be \$3,194,000 (CGAAP), a decrease of \$122,827 from the \$3,316,827 original Application Filing. The Parties relied on LPDL's view that it can safely and reliably operate the distribution system based on the total OM&A budget proposed. LPDL has provided, in Settlement Table #8: OM&A Expense Budget, below a revised OM&A budget based on this proposed total amount. The breakdown of the budget into categories is not intended by the Parties to be in any way a deviation from the normal rule that, once the budget is established, it is up to management to determine through the year how best to spend that budget given the actual circumstances and priorities of the company throughout the test year.

Settlement Table 8 - OM&A Expense Budget

Description	Initial Application Filing	Interrogatory Adjustments up to January 11, 2013	Interrogatory Response Filing January 11, 2013	Settlement Adjustments	Settlement Submission
Operations	197,000	0	197,000		197,000
Maintenance	921,046	0	921,046	(45,000)	876,046
Billing & Collecting	798,025	0	798,025	(77,827)	720,198
Community Relations	21,000	0	21,000		21,000
Administrative and General	1,379,756	0	1,379,756		1,379,756
Total	3,316,827	0	3,316,827	(122,827)	3,194,000

4.2 Is the proposed level of depreciation/amortization expense for the test year appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 2, Tab 2 – Exhibit 4, Tab 2, Schedule 7
Board Staff IR # 23, 41
Energy Probe IR # 24, 25

For the purposes of settlement, the Parties accept the useful lives proposed by LPDL in Settlement Table #9: Depreciation Useful Lives, below and the depreciation expense reported in the continuity schedules in Appendix B. The Parties have agreed the proposed level of depreciation/amortization expense of \$1,038,156 for the 2013 Test Year is appropriate.

As cited in LPDL's Application, the LDC adopted the revised depreciation periods as indicated by the Kinetics Study dated July 8, 2010 commissioned by the OEB. LPDL is implementing this depreciation approach effective from January, 2013 and has applied it to the Test Year in its evidence. The Settlement Table #9: Depreciation Useful Lives, below summarizes the depreciation useful lives LPDL has adopted.

It was agreed by all Parties that as LPDL is operating under CGAAP accounting principles in the Test Year (not Modified IFRS), LPDL is not required to calculate and apply a PP&E adjustment.

Settlement Table #9: Depreciation Useful Lives

Component	Previous Component	Proposed Useful Life	Existing Useful Life	Kinetic's Study
Overhead Systems				
Wood Poles	Poles, Towers, Fixtures	45	25	45
Concrete Poles	Poles, Towers, Fixtures	60	25	60
Steel Poles	Poles, Towers, Fixtures	60	25	60
Conductors	Poles, Towers, Fixtures	60	25	60
Transformers (Pole) & Voltage Regulators	Poles, Towers, Fixtures	40	25	40
Underground Systems				
PadMount Transformers	Transformers	40	25	40
Ducts	Underground Conduit	50	25	50
Primary Non-TR XLPE Cables Direct Buried	Underground Conductor	25	25	25
Transformer & Municipal Stations				
Power Transformers	Distribution Station Equipment	45	25	45
Station Metal Clad Switchgear	Distribution Station Equipment	40	25	40
Steel Structure	Distribution Station Equipment	25-75	25	50
DS Equipment - Other Components	Distribution Station Equipment	30	25	n/a
Civil Work, Site	Distribution Stations - parking, fencing & roof	25	25	25-30
Monitoring and Control				
Remote SCADA		20	15	20
Other Assets				
Office Equipment	Office Equipment	10	10	5-15
Vehicles - Trucks & Buckets	Vehicles	8	8	5-15
Vehicles - Trailers	Vehicles	8	5	5-20
Vehicles - Vans / Cars	Vehicles	8	5	5-10
Administrative Buildings	Buildings	50	20	50-75
Computer Hardware	Computer Hardware	5	5	3-5
Computer Software	Computer Software	5	5	2-5
Equipment - Power, Stores, Tools, Shop, Measure, Test	Tools, Shop and Garage Equipment	10	10	5-10
Residential Energy Meters	Meters	25	25	25-35
Industrial / Commercial Energy Meters	Meters	25	25	25-35
Wholesale Energy Meters	Meters	25	25	15-30
Smart Meters	Meters	15	15	5-15

4.3 Are the 2013 compensation costs and employee levels appropriate?

Status: Complete Settlement

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 4, Tab 2
Board Staff IR #18
SEC IR # 11, 13, 14
Energy Probe IR # 22
Settlement Agreement, Section 4.1

For the purpose of settlement and subject to the overall reduction in 2013 Test Year OM&A discussed above in Section 4.1, the Parties accept LPDL's forecast 2013 Test Year compensation costs and employee levels.

4.4 Is the test year forecast of property taxes appropriate?

Status: Complete Settlement

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 4, Tab 2

LPDL has forecasted an amount of \$10,702 in property taxes that will be payable in the 2013 Test Year.

For the purposes of settlement, the Parties accept LPDL's 2013 Test Year forecast of property taxes.

4.5 Is the test year forecast of PILs appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 4, Tab 3
Board Staff IR # 22
Energy Probe IR # 26, 27, 28
Settlement Agreement, Appendix F

For the purpose of settlement, the parties accept LPDL's 2013 Test Year PILs forecast as set out in Appendix F to this Settlement Agreement with the addition of the Apprenticeship Tax Credit of \$12,000.

Please see Appendix F – 2013 PILs (Updated), for additional details.

5. CAPITAL STRUCTURE AND COST OF CAPITAL

5.1 Is the proposed capital structure, rate of return on equity and short term debt rate appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 5, Tab 1
 Energy Probe # 32
 Settlement Agreement, Appendix G

For the purposes of settlement, the Parties have agreed that LPDL's proposed capital structure of 56% long term debt, 4% short term debt, and 40% equity is appropriate.

This Settlement Agreement has been prepared using the Board's updated Cost of Capital Parameters for ROE (8.93%) and short term debt (2.08%) for cost of service applications for rates effective January 1, 2013, issued on November 15, 2012. For the purposes of settlement, Parties have agreed these rates will be applied for the May 1, 2013 implementation date. These updated parameters will also be incorporated into the Draft Rate Order to be prepared following the issuance of the Board's Decision on the Settlement Agreement. (Long-term debt is addressed separately in Section 5.2.)

Settlement Table #10: Deemed Capital Structure for 2013, below provides details of the above-noted parameters. Please also refer to Appendix G – 2013 Cost of Capital.

Settlement Table 10 - Deemed Capital Structure for 2013

Description	Rate Base	% of Rate Base	Rate of Return	Return
Long Term Debt	11,203,497	56%	4.25%	476,149
Unfunded Short term Debt	800,250	4%	2.08%	16,645
Total Debt	12,003,747	60%		492,794
Common Share Equity	8,002,498	40%	8.93%	714,623
Total Equity	8,002,498	40%		714,623
Total	20,006,245	100%	6.04%	1,207,417

5.2 Is the proposed long term debt rate appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 5, Tab 1
SEC IR # 16
VECC IR # 25
Energy Probe IR # 29, 30, 31
Settlement Agreement, Appendix G

For the purposes of settlement, the Parties agreed to LPDL's long term debt rate of 4.25%, which is a reduction from the originally proposed rate of 5.16%. LPDL has two, third party long term debt instruments, both of which expire in March 2013. The 4.25% agreed to, reflects the weighted average of the rates applicable to these two debt instruments for the remainder of their term in 2013, along with the Board's deemed long term rate of 4.03%. This deemed rate reflects the updated cost of capital parameters issued by the Board on November 15, 2012 applicable to applications for rebasing effective January 1, 2013. The calculation of the long term debt rate is set out in Appendix G to this Agreement.

6. STRANDED METERS

6.1 Is the proposal related to Stranded Meters appropriate?

Status: Complete Settlement

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 9, Tab 3
 VECC IR # 33, 39
 Settlement Agreement, Section 1.4

For the purposes of settlement, the Parties accept the stranded meter net book value of \$446,409 as presented in Settlement Table #11: Stranded Meter Customer Class Rate Rider, below. As LPDL uses pooled assets for recording of meter costs, the Parties accepted a split of costs 55% to Residential and 45% to GS <50 kW based on the results seen in other proceedings. The Parties accept the proposal for recovery of the amount through a rate rider of \$1.27 per metered Residential customer per month, and a rate rider of \$5.26 metered General Service < 50 kW customer per month. LPDL will recover costs over a two year period, commencing May 1, 2013. These rates are a revision from the original application of \$1.70 per meter per month for Residential customers and \$3.09 per meter per month for GS<50 kW customers over the same period of recovery.

Settlement Table 11 - Stranded Meter Customer Class Rate Rider

Description	Gross Asset Value	Residential	GS < 50 kW
Gross Asset Value	1,006,849		
Accumulated Amortization	(560,440)		
Residual Net Book Value	446,409		
Allocation %		55%	45%
Allocated costs		245,525	200,884
Number of customers		8,063	1,591
Monthly Rate Rider - 2 yr recovery		\$ 1.27	\$ 5.26

7. COST ALLOCATION

7.1 Is LPDL's cost allocation appropriate?

Status:	Complete Settlement
Supporting Parties:	LPDL, SEC, VECC, Energy Probe
Evidence:	Application: Exhibit 7 Board Staff IR # 26 VECC IR # 26, 27, 38 Settlement Agreement, Appendix K

For the purposes of settlement, the Parties accept the revenue-to-cost ratios for the 2013 Test Year, reflecting the agreed-upon 2013 Test Year Revenue Requirement, will be as set out in Settlement Table #12: 2013 Test Year Revenue to Cost Ratios, below. Please see Appendix K – Cost Allocation Sheet O1 for additional information.

Settlement Table 12 - 2013 Test Year Revenue to Cost Ratios

Class	Revenue Requirement - 2013 Cost Allocation Model - Line 40 from O1 in CA	2013 Base Revenue Allocated based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2013 Cost Allocation Model - Line 19 from O1 in CA	Total Revenue	Revenue Cost Ratio	Proposed Revenue to Cost Ratio	Proposed Revenue	Miscellaneous Revenue	Proposed Base Revenue	Board Target Low	Board Target High
Residential	3,329,186	3,031,755	169,105	3,200,860	96.1%	96.2%	3,203,083	169,105	3,033,978	85%	115%
GS < 50 kW	1,235,264	1,184,728	56,930	1,241,658	100.5%	100.5%	1,241,657	56,930	1,184,727	80%	120%
GS >50 to 999 kW	826,341	871,580	40,993	912,573	110.4%	110.4%	912,573	40,993	871,580	80%	120%
Sentinel Lights	6,210	4,625	437	5,062	81.5%	96.2%	5,975	437	5,538	80%	120%
Street Lighting	189,520	207,955	14,260	222,214	117.3%	117.3%	222,214	14,260	207,954	70%	120%
Unmetered and Scattered	5,111	8,874	393	9,266	181.3%	120.0%	6,133	393	5,740	80%	120%
TOTAL	5,591,631	5,309,516	282,118	5,591,635			5,591,635	282,118	5,309,517		

7.2 Are the proposed revenue-to-cost ratios for each class appropriate?

Status:	Complete Settlement
Supporting Parties:	LPDL, EP, VECC, Energy Probe
Evidence:	Application: Exhibit 7 Board Staff IR # 25 VECC IR # 28 Energy Probe IR # 33 Settlement Agreement, Section 7.1

For the purposes of settlement, the Parties accept that the revenue-to-cost ratios for the 2013 Test Year, as set out under issue 7.1, above, are appropriate.

8. RATE DESIGN

8.1 Are the fixed-variable splits for each class appropriate?

Status: Complete Settlement

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 8, Tab 1, Schedule 1
 VECC IR # 29, 31

For the purposes of settlement, the Parties accept the customer charges and the fixed-variable splits for each class presented in Settlement Table #13: Fixed Charge Analysis, below. In accordance with the settlement discussion, the GS >50 kW class fixed portion will be reduced to \$300 per month per customer.

Settlement Table 13 - Fixed Charge Analysis

Customer Class	Current Volumetric Split	Current Fixed Charge Split	Total	Fixed Rate Based on Current Fixed/Variable Revenue Proportions	2012 Rates From OEB Approved Tariff (incl SMIRR)	Minimum System with PLCC Adjustment (Ceiling Fixed Charge From Cost Allocation Model)	Proposed Fixed Rate
Residential	37.30%	62.70%	100.00%	19.66	18.86	22.61	\$19.66
GS < 50 kW	31.36%	68.64%	100.00%	42.59	40.89	31.24	\$42.59
GS >50 to 999 kW	28.09%	71.91%	100.00%	507.76	487.45	51.37	\$300.00
Sentinel Lights	41.90%	58.10%	100.00%	6.10	4.89	11.73	\$6.10
Street Lighting	37.67%	62.33%	100.00%	5.03	4.83	7.10	\$5.03
Unmetered and Scattered	10.32%	89.68%	100.00%	12.18	18.08	1.33	\$12.18

The parties agree to the fixed and variable rates as set out in Settlement Table #14: 2013 Revenue Distribution Rates, below.

Settlement Table 14 - 2013 Distribution Rates

Customer Class	Total Net Rev. Requirement	Rev Requirement %	Proposed Fixed Rate	Proposed Variable Rate	Total Fixed Revenue	Total Variable Revenue	Transformer Allowance	Gross Distribution Revenue
Residential	3,033,978	57.14%	19.66	\$0.0144	\$ 1,902,337	\$ 1,131,641		3,033,978
GS < 50 kW	1,184,727	22.31%	42.59	\$0.0087	\$ 813,143	\$ 371,584		1,184,727
GS >50 to 999 kW	871,580	16.42%	300.00	\$2.6976	\$ 370,329	\$ 501,250	\$ 57,129	928,708
GS >1000 to 4999 kW	0	0.00%		#DIV/0!	\$ -	\$ -	\$ -	0
Large Use	0	0.00%		#DIV/0!	\$ -	\$ -	\$ -	0
Sentinel Lights	5,538	0.10%	6.10	\$21.1229	\$ 3,217	\$ 2,321		5,538
Street Lighting	207,954	3.92%	5.03	\$15.3996	\$ 129,613	\$ 78,341		207,954
Unmetered and Scattered	5,740	0.11%	12.18	\$0.0055	\$ 5,148	\$ 592		5,740
TOTAL	5,309,517	100.00%			\$ 3,223,787	\$ 2,085,730	\$ 57,129	\$ 5,366,646

8.2 Are the proposed retail transmission service rates (“RTSR”) appropriate?

Status: Complete Settlement

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 8, Schedule 1

For the purposes of settlement the Parties accept the following Retail Transmission Service Rates (“RTSRs”), based on the updated Uniform Transmission Rates and sub-Transmission Rates issued by the Board on December 20, 2012 in EB-2012-0031 and EB-2012-0136 are appropriate, and are as set out in Settlement Table #15: RTSR Network and RTSR Connection Rates, below.

Settlement Table 15 - RTSR Network and RTSR Connection rates

Rate Class	Unit	Proposed RTSR Network	Proposed RTSR Connection
Residential	kWh	\$ 0.0062	\$ 0.0045
General Service Less Than 50 kW	kWh	\$ 0.0057	\$ 0.0042
General Service 50 to 4,999 kW	kW	\$ 2.4430	\$ 1.7808
Sentinel Lighting	kW	\$ 1.8255	\$ 1.3124
Street Lighting	kW	\$ 1.7794	\$ 1.2997
Unmetered Scattered Load	kWh	\$ 0.0057	\$ 0.0042

8.3 Are the proposed LV rates appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 8, Schedule 1
 Board Staff IR # 27
 VECC IR # 30

For the purposes of settlement, the Parties accept the total LV charges should be forecasted to total \$684,486, method as set out in the original Application adjusted for the load forecast increases as set out under Section 3 of this Settlement Agreement. For the purposes of settlement, the Parties have agreed that the adjusted LV Rates set out in Settlement Table #16: LV Rates 2013, below are appropriate.

Settlement Table 16 - LV Rates - 2013

2013 Data for ST/LV Charges				
Number of Monthly Service Charges	14			
Number of Meter Points	14			
Common ST kW	31,470.2			
LVDS kW	12,754.3			
Hydro One Sub Transmission Charges based on		Units	Months	Total
Service charge	295.68 per month		14	12 \$ 49,674
Meter Charge	471.17 per meter per month		14	12 \$ 79,157
Facility charge for connection to Specific ST lines	0.675 per kW	31,470.2		12 \$ 254,909
Facility charge for connection to low voltage	1.965 per kW	12,754.3		12 \$ 300,747
Total				\$ 684,486

Customer Class	LV Adj. Allocated	Calculated kWh	Calculated kW	Volumetric Rate Type	LV/ Adj. Rates/kWh	LV Adj. Rates/ kW
Residential	264,576	78,665,227		kWh	0.0034	
GS < 50 kW	127,635	42,466,804		kWh	0.0030	
GS >50 to 999 kW	287,102	83,505,877	206,989	kW		1.3870
GS >1000 to 4999 kW						
Large Use						
Sentinel Lights	105	39,534	110	kW		0.9526
Street Lighting	4,746	1,858,492	5,087	kW		0.9330
Unmetered and Scattered	322	107,219		kWh	0.0030	
TOTALS	684,486	206,643,153	212,186			

8.4 Are the proposed loss factors appropriate?

Status: Complete Settlement

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 8, Tab1, Schedule 1
Board Staff IR # 28

For the purposes of settlement, the Parties accept the Distribution Loss Factor of 1.039 calculated using a 5 year average for the period 2007 to 2011 inclusive as shown in Settlement Table #17: Loss Factors, below adjusted for the loss factor improvements expected from the implementation of SCADA.

When the Supply Facility Loss Factor of 1.034 is applied to the Distribution Loss Factor the resulting Total Loss Factor for secondary metered customers is 1.0743 as shown in Settlement Table #17: Loss Factors, below:

Settlement Table 17 - Loss factors

		Historical Years					5-Year Average
		2007	2008	2009	2010	2011	
Losses Within Distributor's System							
A(1)	"Wholesale" kWh delivered	230,101,605	233,194,447	225,969,773	221,209,083	221,759,892	226,446,960
A(2)	"Wholesale" kWh delivered	223,391,038	228,102,047	219,902,138	215,461,717	216,447,244	220,660,837
B	Portion of "Wholesale"	0	0	0	0	0	0
C	Net "Wholesale"	223,391,038	228,102,047	219,902,138	215,461,717	216,447,244	220,660,837
D	"Retail" kWh delivered by	218,579,500	219,166,243	210,190,317	206,701,676	205,943,133	212,116,174
E	Portion of "Retail" kWh	0	0	0	0	0	0
F	Net "Retail" kWh delivered	218,579,500	219,166,243	210,190,317	206,701,676	205,943,133	212,116,174
G	Loss Factor in Distributor's	1.02201276	1.040771808	1.046204892	1.042380116	1.051004913	1.0390
Losses Upstream of Distributor's System							
H	Supply Facilities Loss Factor	1.034	1.034	1.034	1.034	1.034	1.034
Total Losses							
I	Total Loss Factor = G x H	1.057	1.076	1.082	1.078	1.087	1.0743

9. DEFERRAL AND VARIANCE ACCOUNTS

9.1 Are the account balances, cost allocation methodology and disposition period appropriate?

Status:	Complete Settlement
Supporting Parties:	LPDL, SEC, VECC, Energy Probe
Evidence:	Application: Exhibit 9 Board Staff IR # 29, 30, 31, 33, 34, 35 VECC IR # 32, 34 Settlement Agreement, Section 6.1

For the purposes of settlement, the Parties accept the account balances, cost allocation methodology and disposition period for the deferral and variance accounts as presented in the evidence cited above, adjusted for the matters discussed below, are appropriate.

- The Parties have agreed for the purposes of settlement, that LPDL has appropriately calculated the Stranded Meter Net Book Value as \$446,409. The parties have further agreed to recovery of the Stranded Meter Net Book Value through Rate Riders in the amount of \$1.27 per metered Residential customer, per month and \$5.26 per General Service < 50 kW customer, per month over a two year period, based on a 55/45 split, as discussed in item 6.1, above.
- The Parties have agreed for the purposes of settlement, the valuation of the deferral and variance accounts for disposal include interest accrued until April 30, 2013.
- The Parties have agreed to the disposition of all other Group 1 and Group 2 accounts as proposed in LPDL's original Application except for those changes discussed above.

Settlement Table #18: Group 1 & Group 2 Deferral and Variance Accounts, below summarizes the Parties' agreement with respect to the disposal of the balances of the accounts:

Settlement Table 18 - Group 1 & Group 2 Deferral and Variance Accounts

		Amounts from Sheet 2	Allocator
LV Variance Account	1550	176,676	kWh
RSVA - Wholesale Market Service Charge	1580	(655,531)	kWh
RSVA - Retail Transmission Network	1584	44,825	kWh
RSVA - Retail Transmission Connection	1586	19,527	kWh
RSVA - Power (excluding Global Adjustment)	1588	938,993	kWh
RSVA - Power - Sub-account - Global Adjustment	1588	(115,709)	Non-RPP kWh
Recovery of Regulatory Asset Balance	1590	219,150	kWh
Disposition and Recovery/Refund of Regulatory Assets	1595	28,619	kWh
Disposition and Recovery/Refund of Regulatory Assets	1595	(20,958)	kWh
Disposition and Recovery/Refund of Regulatory Assets	1595	(51,597)	Non-RPP kWh
Total of Group 1 Accounts		583,995	

Other Regulatory Assets - Sub-Account	1508	7,254	kWh
Retail Cost Variance Account - Retail	1518	(72,664)	kWh
Retail Cost Variance Account - STR	1548	95,095	kWh
Total of Group 2 Accounts		29,685	

PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	(13,145)	kWh
Total of Account 1562 and Account 1592		(13,145)	

LRAM Variance Account (Enter dollar amount for each class)	1568	5,779	
(Account 1568 - total amount allocated to classes)		5,779	

Total Balance Allocated to each class (excluding 1588 sub-account)		773,620	
Total Balance in Account 1588 - sub account		(167,306)	
Total Balance Allocated to each class (including 1588 sub-account)		606,314	

9.2 Are the proposed rate riders to dispose of the account balances appropriate?

Status: **Complete Settlement**

Supporting Parties: LPDL, SEC, VECC, Energy Probe

Evidence: Application: Exhibit 9
Board Staff IR # 32

For the purposes of settlement, the Parties accept the proposed rate riders to dispose of those account balances that are the subject of disposition at this time on a final basis. The Parties have agreed to a disposition period of 12 months. The Parties' acceptance of a 12 month recovery on DVA balances, except for Stranded Meter recoveries, will allow LPDL to maintain an appropriate cash flow position through recovery of outstanding amounts from its customers. As noted in section 6.1 above, the Parties have agreed, for the purposes of settlement that the Stranded Meter recovery period will be over two years, commencing May 1, 2013.

All Parties agree that a disposition period of 12 months is applied to the period of May 1, 2013 to April 30, 2014. Settlement Table #19: Deferral and Variance Account Disposition Balances, below reflects the balances of the accounts being disposed.

Settlement Table 19 - Deferral and Variance Account Disposition Balances

	Amount	Allocator	Residential	General Service <50 kW	General Service >50 kW	Sentinel Lighting	Street Lighting	USL	
LV Variance Account	1550	176,676	kWh	67,257	36,308	71,396	34	1,589	92
RSVA - Wholesale Market Service Ch	1580	(655,531)	kWh	(249,549)	(134,717)	(264,905)	(125)	(5,896)	(340)
RSVA - Retail Transmission Network	1584	44,825	kWh	17,064	9,212	18,114	9	403	23
RSVA - Retail Transmission Connecti	1586	19,527	kWh	7,434	4,013	7,891	4	176	10
RSVA - Power (excluding Global Adju	1588	938,993	kWh	357,457	192,971	379,453	180	8,445	487
RSVA - Power - Sub-account - Global	1588	(115,709)	Non-RPP kWh	(23,911)	(21,724)	(69,088)	(2)	(978)	(6)
Recovery of Regulatory Asset Balanc	1590	219,150	kWh	83,426	45,037	88,560	42	1,971	114
Disposition and Recovery/Refund of R	1595	28,619	kWh	10,895	5,881	11,565	5	257	15
Disposition and Recovery/Refund of R	1595	(20,958)	kWh	(7,978)	(4,307)	(8,469)	(4)	(188)	(11)
Disposition and Recovery/Refund of R	1595	(51,597)	Non-RPP kWh	(10,662)	(9,687)	(30,808)	(1)	(436)	(3)
Total of Group 1 Accounts (excluding 1588 sub-acc	751,300			286,006	154,398	303,606	144	6,757	390
Other Regulatory Assets - Sub-Accou	1508	7,254	kWh	2,761	1,491	2,931	1	65	4
Retail Cost Variance Account - Retail	1518	(72,664)	kWh	(27,662)	(14,933)	(29,364)	(14)	(654)	(38)
Retail Cost Variance Account - STR	1548	95,095	kWh	36,201	19,543	38,428	18	855	49
Total of Group 2 Accounts	29,685			11,300	6,100	11,996	6	267	15
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)	1592	(13,145)	kWh	(5,004)	(2,701)	(5,312)	(3)	(118)	(7)
Total of Account 1562 and Account 1592	(13,145)			(5,004)	(2,701)	(5,312)	(3)	(118)	(7)
LRAM Variance Account (Enter dollar amount for each class)	1568	5,779		2,677	3,102				
(Account 1568 - total amount allocated to classes)		5,779							
Total Balance Allocated to each class (excluding 1588 sub-account)	773,620			294,980	160,899	310,289	147	6,906	398
Total Balance in Account 1588 - sub account	(167,306)			(34,573)	(31,411)	(99,896)	(4)	(1,414)	(9)
Total Balance Allocated to each class (including 1588 sub-account)	606,314			260,407	129,488	210,393	143	5,492	390

Settlement Table #20: Deferral and Variance Account Disposition Rate Riders, below reflects the rate riders for disposition over a period of 12 months.

Settlement Table 20 - Deferral and Variance Account Disposition Rate Riders

Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.)

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1588)	Rate Rider for Deferral/Vari	
Residential	kWh	78,665,227	\$ 294,980	0.0037	\$/kWh
General Service <50 kW	kWh	42,466,804	\$ 160,899	0.0038	\$/kWh
General Service >50 kW	kW	206,989	\$ 310,289	1.4991	\$/kW
Sentinel Lighting	kW	110	\$ 147	1.3355	\$/kW
Street Lighting	kW	5,087	\$ 6,906	1.3575	\$/kW
USL	kWh	107,219	\$ 398	0.0037	\$/kWh
Total			\$ 773,620		

Rate Rider Calculation for RSVA - Power - Sub-account - Global Adjustment

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of RSVA - Power - Sub- account - Global	Rate Rider for RSVA - Power - Sub-	
Residential	kWh	9,975,569	-\$ 34,573	- 0.0035	\$/kWh
General Service <50 kW	kWh	9,063,146	-\$ 31,411	- 0.0035	\$/kWh
General Service >50 kW	kW	71,446	-\$ 99,896	- 1.3982	\$/kW
Sentinel Lighting	kW	3	-\$ 4	- 1.2456	\$/kW
Street Lighting	kW	1,116	-\$ 1,414	- 1.2662	\$/kW
USL	kWh	2,468	-\$ 9	- 0.0035	\$/kWh
Total			-\$ 167,306		

10. GREEN ENERGY ACT PLAN

10.1 Is LPDL's Green Energy Act Plan, including the Smart Grid component of the plan appropriate?

Status:	Complete Settlement
Supporting Parties:	LPDL, SEC, VECC, Energy Probe
Evidence:	Application: Exhibit 2, Tab 6 Board Staff IR # 4, 5, 6, 7, 8, 9 VECC IR # 8 Energy Probe IR # 11

For the purposes of settlement, the Parties accept LPDL's basic Green Energy Act Plan as set out in LPDL's original Application. There is no cost recovery associated with the Green Energy Act Plan as part of this application. LPDL's plan for future recovery is to do so in accordance with the guidelines in place at the time for renewable enabling improvement projects, currently 6% direct to LPDL ratepayers and 94% to the province.

Appendix A – Summary of Significant Changes

	Initial Application	(2)	Adjustments	Settlement Agreement
Rate Base				
Gross Fixed Assets (average)	\$29,012,788		\$106,360	\$ 29,119,148
Accumulated Depreciation (average)	(\$11,925,786)	(5)	(\$381,929)	(\$12,307,715)
Allowance for Working Capital:				
Controllable Expenses	\$3,327,529		(\$122,827)	\$ 3,204,702
Cost of Power	\$21,097,956		\$272,816	\$ 21,370,772
Working Capital Rate (%)	13.00%	(9)		13.00%
Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$5,066,044		\$31,095	\$5,097,139
Distribution Revenue at Proposed Rates	\$5,499,869		(\$190,353)	\$5,309,516
Other Revenue:				
Specific Service Charges	\$55,000		\$0	\$55,000
Late Payment Charges	\$78,000		\$0	\$78,000
Other Distribution Revenue	\$136,020		(\$13,000)	\$123,020
Other Income and Deductions	\$26,098		\$0	\$26,098
Total Revenue Offsets	\$295,118	(7)	(\$13,000)	\$282,118
Operating Expenses:				
OM+A Expenses	\$3,316,827		(\$122,827)	\$ 3,194,000
Depreciation/Amortization	\$995,905	(10)	\$42,251	\$ 1,038,156
Property taxes	\$10,702		\$ -	\$ 10,702
Other expenses				
Taxes/PILs				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$153,528)	(3)		(\$114,112)
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$116,114			\$112,135
Income taxes (grossed up)	\$145,799			\$141,356
Federal tax (%)	15.00%			15.00%
Provincial tax (%)	5.36%			5.6720%
Income Tax Credits	incl			(\$12,000)
Capitalization/Cost of Capital				
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.0%			56.0%
Short-term debt Capitalization Ratio (%)	4.0%	(8)		4.0%
Common Equity Capitalization Ratio (%)	40.0%			40.0%
Preferred Shares Capitalization Ratio (%)	100.0%			100.0%
Cost of Capital				
Long-term debt Cost Rate (%)	5.16%			4.25%
Short-term debt Cost Rate (%)	2.08%			2.08%
Common Equity Cost Rate (%)	8.93%			8.93%
Preferred Shares Cost Rate (%)				

Appendix A (Continued): Summary of Significant Changes

Exhibit	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance	Amortization	PILs (grossed-up)	OM&A	Service Revenue Requirement	Base Revenue Requirement	Gross Revenue Deficiency
Original Submission	\$ 1,348,327	6.62%	\$ 20,370,760	\$ 24,372,189	\$ 3,168,385	\$ 952,081	\$ 160,968	\$ 3,316,827	\$ 5,773,388	\$ 5,459,760	\$ 392,906
3.0-Staff-13 Update Load Forecast with 2011 Final CDM results	3 \$ 1,348,253 -\$ 74	6.62% 0.00%	\$ 20,369,647 1,113	\$ 24,363,622 8,567	\$ 3,167,271 1,114	\$ 952,081 -	\$ 160,953 15	\$ 3,316,827 -	\$ 5,773,300 88	\$ 5,459,672 88	\$ 393,628 722
2.0-Energy Probe - 12 change Cost of Power - Oct/12 RPP report + SME	2 \$ 1,348,776 \$ 523	6.62% 0.00%	\$ 20,377,689 8,042	\$ 24,425,485 61,863	\$ 3,175,313 8,042	\$ 952,081 -	\$ 161,052 99	\$ 3,316,827 -	\$ 5,773,922 -	\$ 5,460,294 622	\$ 394,250 622
3.0-VECC-18 (b) Remove carry charges on Reg Assets from revenue offsets	3 \$ 1,348,776 \$ -	6.62% 0.00%	\$ 20,377,689 -	\$ 24,425,485 -	\$ 3,175,313 -	\$ 952,081 -	\$ 161,052 -	\$ 3,316,827 -	\$ 5,773,922 -	\$ 5,480,294 20,000	\$ 414,250 20,000
3.0-Energy Probe - 17 (d) Add in MicroFit and change for rate increase	3 \$ 1,348,776 \$ -	6.62% 0.00%	\$ 20,377,689 -	\$ 24,425,485 -	\$ 3,175,313 -	\$ 952,081 -	\$ 161,052 -	\$ 3,316,827 -	\$ 5,773,922 -	\$ 5,478,803 1,491	\$ 412,760 1,490
Cost of Capital Parameters updates ROE % change to 8.93%	5 \$ 1,333,298 -\$ 15,478	6.54% -0.08%	\$ 20,377,689 -	\$ 24,425,485 -	\$ 3,175,313 -	\$ 952,081 -	\$ 155,472 5,580	\$ 3,316,827 -	\$ 5,752,863 21,059	\$ 5,457,745 21,058	\$ 391,701 21,059
2.0-Energy Probe - 8 & 9 2012 Capital forecast update - 2013 Capital revision	2 \$ 1,325,750 -\$ 7,548	6.54% 0.00%	\$ 20,262,315 115,374	\$ 24,425,485 -	\$ 3,175,313 -	\$ 937,564 14,517	\$ 157,975 2,503	\$ 3,316,827 -	\$ 5,733,555 19,308	\$ 5,438,437 19,308	\$ 372,393 19,308
4.0-VECC-22 2012 OM&A forecast update	4 \$ 1,325,750 \$ -	6.54% 0.00%	\$ 20,262,315 -	\$ 24,425,485 -	\$ 3,175,313 -	\$ 937,564 -	\$ 157,975 -	\$ 3,316,827 -	\$ 5,733,555 -	\$ 5,438,437 -	\$ 372,393 -
2.0-Energy Probe-10/2-SEC-10/4-Staff-23 Removal of PP&E deferral amount-accounting change	2 \$ 1,325,750 \$ -	6.54% 0.00%	\$ 20,262,315 -	\$ 24,425,485 -	\$ 3,175,313 -	\$ 995,905 58,341	\$ 157,975 -	\$ 3,316,827 -	\$ 5,807,159 73,604	\$ 5,512,040 73,603	\$ 445,997 73,604
4.0-Staff-22 Correction of effective tax rate to match tax workform	2 \$ 1,325,750 \$ -	6.54% 0.00%	\$ 20,262,315 -	\$ 24,425,485 -	\$ 3,175,313 -	\$ 995,905 -	\$ 145,803 12,172	\$ 3,316,827 -	\$ 5,794,987 12,172	\$ 5,499,868 12,172	\$ 433,825 12,172
Proposed at December 3, 2012	\$ 1,325,750	6.54%	\$ 20,262,315	\$ 24,425,485	\$ 3,175,313	\$ 995,905	\$ 145,803	\$ 3,316,827	\$ 5,794,987	\$ 5,499,868	\$ 433,825
Net change to initial application	-\$ 22,577	-0.08%	\$ 108,445	\$ 53,296	\$ 6,928	\$ 43,824	\$ 15,165	\$ -	\$ 21,599	\$ 40,108	\$ 40,919
2.0-Staff-36 Correction of starting point for 2013 CGAAP - Kinetrics lives	2 \$ 1,309,013 -\$ 16,737	6.54% 0.00%	\$ 20,006,511 255,804	\$ 24,425,485 -	\$ 3,175,313 -	\$ 1,038,627 42,722	\$ 156,088 10,285	\$ 3,316,827 -	\$ 5,831,255 36,268	\$ 5,536,137 36,269	\$ 470,087 36,262
Proposed at January 11, 2013	\$ 1,309,013	6.54%	\$ 20,006,511	\$ 24,425,485	\$ 3,175,313	\$ 1,038,627	\$ 156,088	\$ 3,316,827	\$ 5,831,255	\$ 5,536,137	\$ 470,087
Net change to initial application	-\$ 39,314	-0.08%	\$ 364,249	\$ 53,296	\$ 6,928	\$ 86,546	\$ 4,880	\$ -	\$ 57,867	\$ 76,377	\$ 77,181
Adjustment to load forecast and change CDM from gross to net	3 \$ 1,311,272 \$ 2,259	6.54% 0.00%	\$ 20,041,038 34,527	\$ 24,691,074 265,589	\$ 3,209,840 34,527	\$ 1,038,627 -	\$ 156,523 435	\$ 3,316,827 -	\$ 5,833,957 2,702	\$ 5,538,838 2,701	\$ 441,693 28,394
Adjustment for 2013 contributed capital for non-demand projects	2 \$ 1,309,955 -\$ 1,317	6.54% 0.00%	\$ 20,021,273 19,765	\$ 24,691,074 -	\$ 3,209,840 -	\$ 1,038,156 471	\$ 156,657 134	\$ 3,316,827 -	\$ 5,832,327 1,630	\$ 5,537,208 1,630	\$ 440,039 1,654
CDM program net revenues - not part of revenue deficiency calculation	3 \$ 1,309,955 \$ -	6.54% 0.00%	\$ 20,021,273 -	\$ 24,691,074 -	\$ 3,209,840 -	\$ 1,038,156 -	\$ 156,657 -	\$ 3,316,827 -	\$ 5,832,327 -	\$ 5,550,208 13,000	\$ 453,039 13,000
Reduction of OM&A expenses - envelope change	4 \$ 1,308,934 -\$ 1,021	6.54% 0.00%	\$ 20,005,305 15,968	\$ 24,568,247 122,827	\$ 3,193,872 15,968	\$ 1,038,156 -	\$ 156,471 186	\$ 3,194,000 122,827	\$ 5,708,269 124,058	\$ 5,426,151 124,057	\$ 329,006 124,033
Change in long term debt rate to 4.25%	5 \$ 1,207,360 -\$ 101,574	6.04% -0.50%	\$ 20,005,305 -	\$ 24,568,247 -	\$ 3,193,872 -	\$ 1,038,156 -	\$ 156,471 -	\$ 3,194,000 -	\$ 5,606,696 101,573	\$ 5,324,577 101,574	\$ 227,432 101,574
Update H1 RTSR rates	5 \$ 1,207,415 \$ 55	6.04% 0.00%	\$ 20,006,245 940	\$ 24,575,474 7,227	\$ 3,194,812 940	\$ 1,038,156 -	\$ 156,482 11	\$ 3,194,000 -	\$ 5,606,754 58	\$ 5,324,645 58	\$ 227,497 65
Update PILs for Apprentice Tax Credit	5 \$ 1,207,415 \$ -	6.04% 0.00%	\$ 20,006,245 -	\$ 24,575,474 -	\$ 3,194,812 -	\$ 1,038,156 -	\$ 141,359 15,123	\$ 3,194,000 -	\$ 5,591,634 15,120	\$ 5,309,516 15,120	\$ 212,377 15,120
Net change to initial application	-\$ 140,912	-0.58%	\$ 364,515	\$ 203,285	\$ 26,427	\$ 86,075	\$ 19,609	\$ 122,827	\$ 181,754	\$ 150,244	\$ 180,529
Proposed settlement	\$ 1,207,415	6.04%	\$ 20,006,245	\$ 24,575,474	\$ 3,194,812	\$ 1,038,156	\$ 141,359	\$ 3,194,000	\$ 5,591,634	\$ 5,309,516	\$ 212,377

Appendix B – 2013 Continuity Tables

		Cost				Accumulated Depreciation				
OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
1611	Computer Software	523,930	35,000		558,930	302,050	104,681		406,731	152,199
1612	Land Rights	516,004	5,000		521,004	15,147			15,147	505,858
1805	Land	0			0	0			0	0
1806	Land Rights	0			0	0			0	0
1808	Buildings and Fixtures	1,846,093		1,111	1,844,982	236,521	77,383	441	313,463	1,531,519
1810	Leasehold Improvements	0			0	0			0	0
1815	Transformer Station Equipment - Normally Prima	0			0	0			0	0
1820	Distribution Station Equipment - Normally Prima	3,270,410	205,000		3,475,410	1,037,193	73,413		1,110,606	2,364,804
1825	Storage Battery Equipment	0			0	0			0	0
1830	Poles, Towers and Fixtures	6,192,824	147,400	7,373	6,332,851	3,163,249	220,380	3,884	3,379,745	2,953,106
1835	Overhead Conductors and Devices	3,616,140	123,000	3,972	3,735,168	1,177,514	169,206	2,565	1,344,155	2,391,013
1840	Underground Conduit	3,347,741	155,500		3,503,241	1,635,852	51,051		1,686,903	1,816,338
1845	Underground Conductors and Devices	2,335,165	404,500	27,724	2,711,940	610,010	90,752	18,718	682,044	2,029,896
1850	Line Transformers	6,719,647	297,800		7,017,447	2,576,220	229,399		2,805,619	4,211,827
1855	Services	704,805	111,800		816,605	147,415	17,417		164,832	651,773
1860	Meters	1,976,751	100,000	51,852	2,024,899	309,068	136,748	8,642	437,174	1,587,726
1860-S	Meters - Stranded	0			0	0		0	0	0
1905	Land	278,455			278,455	0			0	278,455
1906	Land Rights	0			0	0			0	0
1908	Buildings and Fixtures	179,606			179,606	57,432	5,874		63,306	116,301
1910	Leasehold Improvements	0			0	0			0	0
1915	Office Furniture and Equipment	232,043			232,043	140,357	22,864		163,221	68,822
1920	Computer Equipment - Hardware	419,304	10,000		429,304	376,431	12,541		388,972	40,332
1925	Computer Software	0			0	0			0	0
1930	Transportation Equipment	1,214,067	395,000	190,067	1,419,000	815,506	104,012	190,067	729,451	689,549
1935	Stores Equipment	10,960			10,960	9,404	646		10,050	910
1940	Tools, Shop and Garage Equipment	261,688	95,000		356,688	188,136	29,598		217,734	138,953
1945	Measurement and Testing Equipment	0			0	0			0	0
1950	Power Operated Equipment	0			0	0			0	0
1955	Communication Equipment	599,304			599,304	347,500	41,467		388,967	210,337
1960	Miscellaneous Equipment	0			0	0			0	0
1970	Load Management Controls - Customer Premise	0			0	0			0	0
1975	Load Management Controls - Utility Premises	0			0	0			0	0
1980	System Supervisory Equipment	0	200,000		200,000	0	5,000		5,000	195,000
1985	Sentinel Lighting Rentals	0			0	0			0	0
1990	Other Tangible Property	0			0	0			0	0
1995	Contributions and Grants	(6,107,238)	(40,000)		(6,147,238)	(1,296,216)	(250,264)		(1,546,480)	(4,600,759)
2005	Property under Capital Lease	0			0	0			0	0
	Total before Work in Process	28,137,698	2,245,000	282,099	30,100,599	11,848,789	1,142,168	224,317	12,766,641	17,333,958
	Work in Process	0			0	0			0	0
	Total after Work in Process	28,137,698	2,245,000	282,099	30,100,599	11,848,789	1,142,168	224,317	12,766,641	17,333,958
						Less: Fully Allocated Depreciation				
						Transportation	104,012			
						Deferred PP&E				
						Net Depreciation	1,038,156			

Appendix C – Cost of Power Calculation (Updated)

2013 Load Forecast	kWh	kW	2012 %RPP
Residential	78,665,227		89.7381%
General Service < 50 kW	42,466,804		89.09%
General Service 50 to 4,999 kW	83,505,877	206,989	0.00%
Street Lighting	1,858,492	5,087	71.43%
Sentinel Lighting	39,534	110	100.00%
Unmetered Scattered Load	107,219		89.47%
TOTAL	206,643,153	212,186	

Electricity - Commodity RPP	2013 Forecasted	2013 Loss Factor	2013		
Residential	70,592,681	1.0585	74,722,353	\$0.07932	\$5,926,977
General Service < 50 kW	37,835,539	1.0585	40,048,918	\$0.07932	\$3,176,680
General Service 50 to 4,999 kW	0	1.0585	0	\$0.07932	\$0
Street Lighting	1,327,494	1.0585	1,405,153	\$0.07932	\$111,457
Sentinel Lighting	39,534	1.0585	41,847	\$0.07932	\$3,319
Unmetered Scattered Load	95,933	1.0585	101,545	\$0.07932	\$8,055
TOTAL	109,891,181		116,319,815		\$9,226,488

Electricity - Commodity Non-RPP	2013 Forecasted	2013 Loss Factor	2013		
Residential	8,072,546	1.0585	8,544,790	\$0.08001	\$683,669
General Service < 50 kW	4,631,265	1.0585	4,902,194	\$0.08001	\$392,225
General Service 50 to 4,999 kW	83,505,877	1.0585	88,390,971	\$0.08001	\$7,072,162
Street Lighting	530,998	1.0585	562,061	\$0.08001	\$44,971
Sentinel Lighting	0	1.0585	0	\$0.08001	\$0
Unmetered Scattered Load	11,286	1.0585	11,946	\$0.08001	\$956
TOTAL	96,751,972		102,411,962		\$8,193,981

Transmission - Network	Volume Metric	2013		
Residential	kWh	83,267,143	\$0.0051	\$424,662
General Service < 50 kW	kW	44,951,112	\$0.0047	\$211,270
General Service 50 to 4,999 kW	kW	206,989	\$1.9996	\$413,895
Street Lighting	kWh	5,087	\$1.4565	\$7,410
Sentinel Lighting	kW	110	\$1.4942	\$164
Unmetered Scattered Load	kW	113,491	\$0.0047	\$533
TOTAL				\$1,057,934

Transmission - Connection	Volume Metric	2013		
Residential	kWh	83,267,143	\$0.0040	\$333,069
General Service < 50 kW	kW	44,951,112	\$0.0037	\$166,319
General Service 50 to 4,999 kW	kW	206,989	\$1.5659	\$324,124
Street Lighting	kWh	5,087	\$1.1429	\$5,814
Sentinel Lighting	kW	110	\$1.1540	\$127
Unmetered Scattered Load	kW	113,491	\$0.0037	\$420
TOTAL				\$829,872

Wholesale Market Service	2013			
Residential		83,267,143	\$0.0052	\$432,989
General Service < 50 kW		44,951,112	\$0.0052	\$233,746
General Service 50 to 4,999 kW		88,390,971	\$0.0052	\$459,633
Street Lighting		1,967,214	\$0.0052	\$10,230
Sentinel Lighting		41,847	\$0.0052	\$218
Unmetered Scattered Load		113,491	\$0.0052	\$590
TOTAL		218,731,777		\$1,137,405

Rural Rate Assistance	2013			
Residential		83,267,143	\$0.0011	\$91,594
General Service < 50 kW		44,951,112	\$0.0011	\$49,446
General Service 50 to 4,999 kW		88,390,971	\$0.0011	\$97,230
Street Lighting		1,967,214	\$0.0011	\$2,164
Sentinel Lighting		41,847	\$0.0011	\$46
Unmetered Scattered Load		113,491	\$0.0011	\$125
TOTAL		218,731,777		\$240,605

Cost of Power Calculation	2013
4705-Power Purchased	\$17,420,469
4708-Charges-WMS	\$1,137,405
4714-Charges-NW	\$1,057,934
4716-Charges-CN	\$829,872
4730-Rural Rate Assistance	\$240,605
4750-Low Voltage	\$684,486
TOTAL	21,370,772

Appendix C – Cost of Power Calculation (Updated) – Cont’d

2013 Data for ST/LV Charges					
Number of Monthly Service Charges					14
Number of Meter Points					14
Common ST kW					31,470.2
LVDS kW					12,754.3
Hydro One Sub Transmission Charges based on					
		Units	Months	Total	
Service charge	295.68 per month		14	12 \$	49,674
Meter Charge	471.17 per meter per n		14	12 \$	79,157
Facility charge for connection to Specific ST lines	0.675 per kW	31,470.2		12 \$	254,909
Facility charge for connection to low voltage	1.965 per kW	12,754.3		12 \$	300,747
Total				\$	684,486

Appendix D – 2013 Customer Load Forecast (Updated)

	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Weather Normal	2013 Weather Normal
Actual kWh Purchases	238,718,386	246,525,602	242,100,886	236,047,562	229,437,606	230,101,605	233,194,447	225,969,773	221,209,083	221,759,892		
Predicted kWh Purchases	239,686,711	241,609,920	241,373,803	237,546,880	232,391,095	231,620,755	232,173,284	225,826,989	222,193,729	220,641,676	224,576,442	226,000,000
% Difference	0.4%	-2.0%	-0.3%	0.6%	1.3%	0.7%	-0.4%	-0.1%	0.4%	-0.5%		
Billed kWh	215,965,041	217,934,353	220,249,773	222,682,516	215,882,598	218,579,500	219,166,243	210,190,317	206,701,676	205,943,133	206,658,489	206,643,153
By Class												
Residential												
Customers	7,105	7,212	7,274	7,326	7,374	7,393	7,519	7,637	7,728	7,880	7,971	8,063
kWh	79,135,152	81,325,470	81,449,395	82,557,208	78,169,630	79,398,441	80,889,261	80,642,283	79,053,122	77,622,641	78,301,912	78,665,227
GS<50												
Customers	1,469	1,461	1,465	1,474	1,478	1,509	1,535	1,549	1,553	1,568	1,579	1,591
kWh	47,266,056	46,156,410	46,865,416	47,637,155	45,481,306	46,091,929	45,412,234	43,415,770	42,988,016	42,681,473	42,661,021	42,466,804
GS>50												
Customers	93	97	95	98	92	96	98	100	100	101	102	103
kWh	87,393,552	88,224,269	89,703,215	90,288,216	90,034,006	90,911,555	90,745,868	84,055,244	82,607,939	83,596,624	83,672,275	83,505,877
kW	208,333	219,818	224,392	219,273	228,996	234,298	226,242	208,394	203,586	202,662	207,401	206,989
Sentinels												
Connections	50	49	48	46	45	44	45	44	45	45	44	44
kWh	41,970	44,229	42,373	41,443	41,334	40,100	39,860	40,502	40,765	40,399	39,966	39,534
kW	116	123	118	115	115	112	111	112	112	113	111	110
Streetlights												
Connections	2,056	2,058	2,058	2,058	2,058	2,058	2,130	2,130	2,130	2,130	2,138	2,147
kWh	1,812,496	1,881,086	1,891,353	1,884,914	1,885,256	1,884,914	1,872,292	1,870,097	1,870,098	1,870,092	1,864,387	1,858,492
kW	5,146	5,152	5,152	5,152	5,153	5,152	5,111	5,075	5,075	5,075	5,103	5,087
USL												
Connections	71	70	70	68	66	65	50	43	41	40	38	35
kWh	315,815	302,889	298,021	273,581	271,066	252,561	206,728	166,421	141,736	131,903	118,929	107,219
Total of Above												
Customer/Connections	10,844	10,947	11,010	11,070	11,113	11,165	11,377	11,503	11,597	11,764	11,873	11,983
kWh	215,965,041	217,934,353	220,249,773	222,682,516	215,882,598	218,579,500	219,166,243	210,190,317	206,701,676	205,943,133	206,658,489	206,643,153
kW from applicable classes	213,595	225,093	229,662	224,541	234,265	239,562	231,464	213,581	208,773	207,850	212,616	212,186

Appendix E – 2013 Other Revenue (Updated)

USoA #	USoA Description	2009 BA	2009 Actual	2010 Actual	2011 Actual ²	Bridge Year ³		Test Year
						2012	2012	2013
<i>Reporting Basis</i>						CGAAP	MIFRS	CGAAP
4235	Specific Service Charges	\$ 86,522	\$ 53,211	\$ 56,418	\$ 54,578	\$ 55,000	\$ 55,000	\$ 55,000
4225	Late Payment Charges	\$ 122,814	\$ 78,645	\$ 77,869	\$ 78,974	\$ 78,000	\$ 78,000	\$ 78,000
4080	SSS Admin Charge	\$ 28,000	\$ 28,611	\$ 29,133	\$ 30,099	\$ 30,674	\$ 30,674	\$ 31,020
4210	Rent from Electric Property	\$ 110,000	\$ 106,523	\$ 105,875	\$ 104,188	\$ 105,000	\$ 105,000	\$ 105,000
4355	Gain on Disposal		\$ 14,274	\$ 13,274	\$ -	\$ 10,536	\$ 10,536	\$ 15,000
4362	Loss on Retirement		\$ -	\$ -	\$ -	\$ -	-\$ 75,429	-\$ 57,782
4375	Revenues from Non-Utility	\$ 15,500	\$ 51,159	\$ 409,084	\$ 256,159	\$ 15,000	\$ 15,000	\$ 15,000
4380	Expenses from Non-Utility		-\$ 20,001	-\$ 340,950	-\$ 207,363	-\$ 8,000	-\$ 8,000	-\$ 8,000
4390	Misc Non-Operating Income	\$ 44,500	\$ 81,692	\$ 81,157	\$ 63,853	\$ 47,000	\$ 47,000	\$ 48,880
4405	Interest and Dividend Income	\$ 27,740	\$ 36,587	\$ 22,433	\$ 48,188	\$ 20,000	\$ 20,000	\$ -
Specific Service Charges		\$ 86,522	\$ 53,211	\$ 56,418	\$ 54,578	\$ 55,000	\$ 55,000	\$ 55,000
Late Payment Charges		\$ 122,814	\$ 78,645	\$ 77,869	\$ 78,974	\$ 78,000	\$ 78,000	\$ 78,000
Other Operating Revenues		\$ 138,000	\$ 135,134	\$ 135,008	\$ 134,287	\$ 135,674	\$ 135,674	\$ 136,020
Other Income or Deductions		\$ 87,740	\$ 163,711	\$ 184,998	\$ 160,837	\$ 84,536	\$ 9,107	\$ 13,098
Total		\$ 435,076	\$ 430,701	\$ 454,293	\$ 428,676	\$ 353,210	\$ 277,781	\$ 282,118

Appendix G – 2013 Cost of Capital (Updated)

Weighted Debt Cost

Description	Debt Holder	Affiliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Bank Loan - 9520026-03	TD Bank	No	March 11, 2009	1,162,500	5	5.41%	2009	62,891
Bank Loan - 9520026-05	TD Bank	No	March 13, 2008	2,325,000	5	5.03%	2009	116,948
								0
Bank Loan - 9520026-03	TD Bank	No	March 11, 2009	1,162,500	5	5.41%	2010	62,891
Bank Loan - 9520026-05	TD Bank	No	March 13, 2008	2,325,000	5	5.03%	2010	116,948
								0
Bank Loan - 9520026-03	TD Bank	No	March 11, 2009	1,162,500	5	5.41%	2011	62,891
Bank Loan - 9520026-05	TD Bank	No	March 13, 2008	2,325,000	5	5.03%	2011	116,948
								0
Bank Loan - 9520026-03	TD Bank	No	March 11, 2009	1,162,500	5	5.41%	2012	62,891
Bank Loan - 9520026-05	TD Bank	No	March 13, 2008	2,325,000	5 - extended 1 yr	5.03%	2012	116,948
								0
Bank Loan - 9520026-03	TD Bank	No	March 11, 2013	1,162,500	5	4.25%	2013	49,406
Bank Loan - 9520026-05	TD Bank	No	March 13, 2013	2,325,000	5	4.25%	2013	98,813
								0

2009 Total Long Term Debt	3,487,500	Total Interest Cost for 2009	179,839
		Weighted Debt Cost Rate for 2009	5.16%
2010 Total Long Term Debt	3,487,500	Total Interest Cost for 2010	179,839
		Weighted Debt Cost Rate for 2010	5.16%
2011 Total Long Term Debt	3,487,500	Total Interest Cost for 2011	179,839
		Weighted Debt Cost Rate for 2011	5.16%
2012 Total Long Term Debt	3,487,500	Total Interest Cost for 2012	179,839
		Weighted Debt Cost Rate for 2012	5.16%
2013 Total Long Term Debt	3,487,500	Total Interest Cost for 2013	148,219
		Weighted Debt Cost Rate for 2013	4.25%

Appendix G – 2013 Cost of Capital (Updated) – Cont’d

Deemed Capital Structure for 2013 (CGAAP)				
Description	\$	% of Rate Base	Rate of Return	Return
Long Term Debt	11,203,497	56.00%	4.25%	476,149
Unfunded Short Term Debt	800,250	4.00%	2.08%	16,645
Total Debt	12,003,747	60.00%		492,794
Common Share Equity	8,002,498	40.00%	8.93%	714,623
Total equity	8,002,498	40.00%		714,623
Total Rate Base	20,006,245	100.00%	6.04%	1,207,417

Appendix H – 2013 Revenue Deficiency/Revenue Requirement Workform Changes

(Updated)

	Initial Application	(2)	Adjustments	Settlement Agreement
Rate Base				
Gross Fixed Assets (average)	\$29,147,291		(\$28,143)	\$ 29,119,148
Accumulated Depreciation (average)	(\$11,944,915)	(5)	(\$362,800)	(\$12,307,715)
Allowance for Working Capital:				
Controllable Expenses	\$3,327,529		(\$122,827)	\$ 3,204,702
Cost of Power	\$21,044,660		\$326,112	\$ 21,370,772
Working Capital Rate (%)	13.00%	(9)		13.00%
Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$5,066,854		\$30,285	\$5,097,139
Distribution Revenue at Proposed Rates	\$5,459,760		(\$150,244)	\$5,309,516
Other Revenue:				
Specific Service Charges	\$55,000		\$0	\$55,000
Late Payment Charges	\$78,000		\$0	\$78,000
Other Distribution Revenue	\$134,530		(\$11,510)	\$123,020
Other Income and Deductions	\$46,098		(\$20,000)	\$26,098
Total Revenue Offsets	\$313,628	(7)	(\$31,510)	\$282,118
Operating Expenses:				
OM+A Expenses	\$3,316,827		(\$122,827)	\$ 3,194,000
Depreciation/Amortization	\$952,081	(10)	\$86,075	\$ 1,038,156
Property taxes	\$10,702		\$ -	\$ 10,702
Other expenses				
Taxes/PILs				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$164,592)	(3)		(\$114,112)
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$118,311			\$112,135
Income taxes (grossed up)	\$160,967			\$141,356
Federal tax (%)	15.00%			15.00%
Provincial tax (%)	11.50%			5.6720%
Income Tax Credits	(\$35,000)			(\$12,000)
Capitalization/Cost of Capital				
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.0%			56.0%
Short-term debt Capitalization Ratio (%)	4.0%	(8)		4.0%
Common Equity Capitalization Ratio (%)	40.0%			40.0%
Preferred Shares Capitalization Ratio (%)				
	100.0%			100.0%
Cost of Capital				
Long-term debt Cost Rate (%)	5.16%			4.25%
Short-term debt Cost Rate (%)	2.08%			2.08%
Common Equity Cost Rate (%)	9.12%			8.93%
Preferred Shares Cost Rate (%)				
Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS (\$)	(\$15,517)	(11)	\$15,517	\$ -

Appendix I – Proposed 2013 Schedule of Rates and Charges (Updated)

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

This schedule supersedes and replaces all previously
Approved schedules of Rates, Charges and Loss Factors

EB-2012-0145

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to residential customers residing in detached, semi-detached, town house (freehold or condominium) dwelling units, duplexes or triplexes. Supply will be limited up to a maximum of 200 amp @ 240/120 volt. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	19.66
Distribution Volumetric Rate	\$/kWh	0.0144
Low Voltage Service Rate	\$/kWh	0.0034
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	(0.0035)
Rate Rider for Disposition of Deferral/Variance Accounts (2013) – effective until April 30, 2014	\$/kWh	0.0037
Rate Rider for Recovery of Stranded Meter Assets – effective until April 30, 2015	\$	1.27
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

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 Approved schedules of Rates, Charges and Loss Factors**

EB-2012-0145

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly peak demand is less than, or is expected to be less than, 50 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	42.59
Distribution Volumetric Rate	\$/kWh	0.0087
Low Voltage Service Rate	\$/kWh	0.0030
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kWh	(0.0035)
Rate Rider for Disposition of Deferral/Variance Accounts (2013) – effective until April 30, 2014	\$/kWh	0.0038
Rate Rider for Recovery of Stranded Meter Assets – effective until April 30, 2015	\$	5.26
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

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EB-2012-0145

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is expected to be equal to or greater than 50 kW but less than 5,000 kW.
Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	300.00
Distribution Volumetric Rate	\$/kW	2.6976
Low Voltage Service Rate	\$/kW	1.3870
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) – effective until April 30, 2014 Applicable only for Non-RPP Customers	\$/kW	(1.3982)
Rate Rider for Disposition of Deferral/Variance Accounts (2013) – effective until April 30, 2014	\$/kW	1.4991
Retail Transmission Rate – Network Service Rate	\$/kW	2.4430
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7808

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

**This schedule supersedes and replaces all previously
 Approved schedules of Rates, Charges and Loss Factors**

EB-2012-0145

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 240/120 or 120 volts whose monthly peak demand is less than or expected to be less than 50 kW and is unmetered. A detailed calculation of the load will be calculated for billing purposes. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	12.18
Distribution Volumetric Rate	\$/kWh	0.0055
Low Voltage Service Rate	\$/kWh	0.0030
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) – effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kWh	(0.0035)
Rate Rider for Disposition of Deferral/Variance Accounts (2013) – effective until April 30, 2014	\$/kWh	0.0037
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

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 Approved schedules of Rates, Charges and Loss Factors**

EB-2012-0145

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	6.10
Distribution Volumetric Rate	\$/kW	21.1229
Low Voltage Service Rate	\$/kW	0.9526
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) – effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kW	(1.2456)
Rate Rider for Disposition of Deferral/Variance Accounts(2013) – effective until April 30, 2014	\$/kW	1.3355
Retail Transmission Rate – Network Service Rate	\$/kW	1.8255
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3124

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

This schedule supersedes and replaces all previously
Approved schedules of Rates, Charges and Loss Factors

EB-2012-0145

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts concerning roadway lighting with a Municipality, Regional Municipality, and/or the Ministry of Transportation. This lighting will be controlled by photo cells. The consumption for these customers will be based on the calculated connected load times as established in the approved OEB Street Lighting Load Shape Template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	5.03
Distribution Volumetric Rate	\$/kW	15.3996
Low Voltage Service Rate	\$/kW	0.9330
Rate Rider for Disposition of Global Adjustment Sub-Account (2013) – effective until April 30, 2014		
Applicable only for Non-RPP Customers	\$/kW	(1.2662)
Rate Rider for Disposition of Deferral/Variance Accounts (2013) – effective until April 30, 2014	\$/kW	1.3575
Retail Transmission Rate – Network Service Rate	\$/kW	1.7794
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2997

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

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EB-2012-0145

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.40
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Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

**This schedule supersedes and replaces all previously
 Approved schedules of Rates, Charges and Loss Factors**

EB-2012-0145

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Customer Administration		
Arrears certificate	\$	15.00
Statement of account	\$	15.00
Request for other billing information	\$	15.00
Income tax letter	\$	15.00
Returned Cheque charge (plus bank charges)	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Non-Payment of Account		
Late Payment – per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Collection of account charge – no disconnection – after regular hours	\$	165.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Specific Charge for Access to Power Poles \$/pole/year	\$	22.35
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Temporary service install & remove – overhead – no transformer	\$	500.00

Lakeland Power Distribution Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2013

**This schedule supersedes and replaces all previously
 Approved schedules of Rates, Charges and Loss Factors**

EB-2012-0145

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0743
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0637
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A

Appendix J - Updated Customer Impact - General Service > 50 kW (Updated)

Customer Class: GS >50 kW		Consumption		100 kW <input type="radio"/> May 1 - October 31		36000 kWh							
Charge Unit		Current Board-Approved		Proposed		Impact							
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change				
Monthly Service Charge	Monthly	\$ 487.45	1	\$ 487.45	\$ 300.00	1	\$ 300.00	\$ 187.45	-38.46%				
Smart Meter Rate Adder	Monthly	\$ -	1	\$ -	\$ -	1	\$ -	\$ -					
Smart Meter Inc Rev Req Rider	Monthly	\$ -	1	\$ -	\$ -	1	\$ -	\$ -					
Smart Meter Disposition Rider	Monthly	\$ -	1	\$ -	\$ -	1	\$ -	\$ -					
Stranded Meter Disposition	Monthly	\$ -	1	\$ -	\$ -	1	\$ -	\$ -					
Distribution Volumetric Rate	per kW	\$ 1.4113	100	\$ 141.13	\$ 2.6976	100	\$ 269.76	\$ 128.63	91.14%				
Smart Meter Disposition Rider		\$ -	100	\$ -	\$ -	100	\$ -	\$ -					
LRAM & SSM Rate Rider	per kW	\$ 0.0054	100	\$ 0.54	\$ -	100	\$ -	\$ 0.54	-100.00%				
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Appendix K – Cost Allocation Sheet O1 (Updated)

	Total	1	2	3	7	8	9
		Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load
Distribution Revenue at Existing Rates	\$5,097,139	\$2,910,487	\$1,137,339	\$836,718	\$199,637	\$4,440	\$8,519
Miscellaneous Revenue (mi)	\$282,118	\$169,105	\$56,930	\$40,993	\$14,260	\$437	\$393
Miscellaneous Revenue Input equals Output							
Total Revenue at Existing Rates	\$5,379,258	\$3,079,592	\$1,194,270	\$877,711	\$213,896	\$4,877	\$8,911
Factor required to recover deficiency (1 + D)	1.0417						
Distribution Revenue at Status Quo Rates	\$5,309,513	\$3,031,753	\$1,184,727	\$871,580	\$207,954	\$4,625	\$8,874
Miscellaneous Revenue (mi)	\$282,118	\$169,105	\$56,930	\$40,993	\$14,260	\$437	\$393
Total Revenue at Status Quo Rates	\$5,591,631	\$3,200,858	\$1,241,657	\$912,573	\$222,214	\$5,062	\$9,266
Expenses							
Distribution Costs (di)	\$1,011,006	\$561,559	\$265,999	\$138,629	\$43,218	\$885	\$717
Customer Related Costs (cu)	\$706,080	\$574,447	\$116,838	\$11,915	\$421	\$1,365	\$1,094
General and Administration (ad)	\$1,388,958	\$914,591	\$309,804	\$125,289	\$36,010	\$1,808	\$1,456
Depreciation and Amortization (dep)	\$1,038,156	\$562,949	\$227,708	\$198,078	\$47,621	\$975	\$825
PILs (INPUT)	\$141,356	\$75,001	\$31,990	\$28,113	\$6,021	\$123	\$107
Interest	\$492,794	\$261,470	\$111,524	\$98,009	\$20,989	\$430	\$372
Total Expenses	\$4,778,350	\$2,950,017	\$1,063,863	\$600,033	\$154,280	\$5,587	\$4,571
Direct Allocation	\$98,658	\$0	\$9,675	\$84,180	\$4,803	\$0	\$0
Allocated Net Income (NI)	\$714,623	\$379,169	\$161,725	\$142,127	\$30,438	\$624	\$540
Revenue Requirement (includes NI)	\$5,591,631	\$3,329,186	\$1,235,264	\$826,341	\$189,520	\$6,210	\$5,111
Revenue Requirement Input equals Output							
Rate Base Calculation							
Net Assets							
Distribution Plant - Gross	\$31,254,563	\$16,660,144	\$7,062,646	\$5,829,384	\$1,640,732	\$33,603	\$28,055
General Plant - Gross	\$3,991,824	\$2,134,676	\$905,551	\$751,852	\$192,461	\$3,942	\$3,341
Accumulated Depreciation	(\$12,307,715)	(\$6,494,840)	(\$2,752,466)	(\$2,327,923)	(\$706,123)	(\$14,460)	(\$11,902)
Capital Contribution	(\$6,127,238)	(\$3,373,024)	(\$1,410,240)	(\$927,556)	(\$401,544)	(\$8,222)	(\$6,652)
Total Net Plant	\$16,811,433	\$8,926,956	\$3,805,491	\$3,325,756	\$725,526	\$14,863	\$12,842
Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Power (COP)	\$21,370,772	\$8,135,458	\$4,391,863	\$8,636,071	\$192,203	\$4,089	\$11,088
OM&A Expenses	\$3,106,044	\$2,050,597	\$692,642	\$275,833	\$79,649	\$4,058	\$3,266
Directly Allocated Expenses	\$98,658	\$0	\$9,675	\$84,180	\$4,803	\$0	\$0
Subtotal	\$24,575,474	\$10,186,054	\$5,094,179	\$8,996,084	\$276,654	\$8,147	\$14,355
Working Capital	\$3,194,812	\$1,324,187	\$662,243	\$1,169,491	\$35,965	\$1,059	\$1,866
Total Rate Base	\$20,006,245	\$10,251,143	\$4,467,734	\$4,495,247	\$761,491	\$15,922	\$14,708
Rate Base Input equals Output							
Equity Component of Rate Base	\$8,002,498	\$4,100,457	\$1,787,094	\$1,798,099	\$304,596	\$6,369	\$5,883
Net Income on Allocated Assets	\$714,623	\$250,842	\$168,119	\$228,359	\$63,132	(\$524)	\$4,696
Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$714,623	\$250,842	\$168,119	\$228,359	\$63,132	(\$524)	\$4,696
RATIOS ANALYSIS							
REVENUE TO EXPENSES STATUS QUO%	100.00%	96.15%	100.52%	110.44%	117.25%	81.52%	181.31%
EXISTING REVENUE MINUS ALLOCATED COSTS	(\$212,373)	(\$249,593)	(\$40,994)	\$51,370	\$24,376	(\$1,333)	\$3,801
Deficiency Input equals Output							
STATUS QUO REVENUE MINUS ALLOCATED COSTS	\$0	(\$128,327)	\$6,393	\$86,232	\$32,694	(\$1,148)	\$4,156
RETURN ON EQUITY COMPONENT OF RATE BASE	8.93%	6.12%	9.41%	12.70%	20.73%	-8.23%	79.81%

Appendix L – Revenue Requirement Work Form (Updated)

	Initial Application	(2)	Adjustments	Settlement Agreement
Rate Base				
Gross Fixed Assets (average)	\$29,147,291		(\$28,143)	\$ 29,119,148
Accumulated Depreciation (average)	(\$11,944,915)	(5)	(\$362,800)	(\$12,307,715)
Allowance for Working Capital:				
Controllable Expenses	\$3,327,529		(\$122,827)	\$ 3,204,702
Cost of Power	\$21,044,660		\$326,112	\$ 21,370,772
Working Capital Rate (%)	13.00%	(9)		13.00%
Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$5,066,854		\$30,285	\$5,097,139
Distribution Revenue at Proposed Rates	\$5,459,760		(\$150,244)	\$5,309,516
Other Revenue:				
Specific Service Charges	\$55,000		\$0	\$55,000
Late Payment Charges	\$78,000		\$0	\$78,000
Other Distribution Revenue	\$134,530		(\$11,510)	\$123,020
Other Income and Deductions	\$46,098		(\$20,000)	\$26,098
Total Revenue Offsets	\$313,628	(7)	(\$31,510)	\$282,118
Operating Expenses:				
OM+A Expenses	\$3,316,827		(\$122,827)	\$ 3,194,000
Depreciation/Amortization	\$952,081	(10)	\$86,075	\$ 1,038,156
Property taxes	\$10,702		\$ -	\$ 10,702
Other expenses				
Taxes/PILs				
Taxable Income:				
Adjustments required to arrive at taxable income	(\$164,592)	(3)		(\$114,112)
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$118,311			\$112,135
Income taxes (grossed up)	\$160,967			\$141,356
Federal tax (%)	15.00%			15.00%
Provincial tax (%)	11.50%			5.6720%
Income Tax Credits	(\$35,000)			(\$12,000)
Capitalization/Cost of Capital				
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.0%			56.0%
Short-term debt Capitalization Ratio (%)	4.0%	(8)		4.0%
Common Equity Capitalization Ratio (%)	40.0%			40.0%
Preferred Shares Capitalization Ratio (%)	100.0%			100.0%
Cost of Capital				
Long-term debt Cost Rate (%)	5.16%			4.25%
Short-term debt Cost Rate (%)	2.08%			2.08%
Common Equity Cost Rate (%)	9.12%			8.93%
Preferred Shares Cost Rate (%)				
Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS (\$)	(\$15,517)	(11)	\$15,517	\$ -

Rate Base

Particulars		Initial Application		Adjustments		Settlement Agreement
Gross Fixed Assets (average)	(3)	\$29,147,291		(\$28,143)		\$29,119,148
Accumulated Depreciation (average)	(3)	(\$11,944,915)		(\$362,800)		(\$12,307,715)
Net Fixed Assets (average)	(3)	\$17,202,376		(\$390,943)		\$16,811,433
Allowance for Working Capital	(1)	\$3,168,385		\$26,427		\$3,194,812
Total Rate Base		\$20,370,761		(\$364,516)		\$20,006,245

Allowance for Working Capital - Derivation

Controllable Expenses		\$3,327,529		(\$122,827)		\$3,204,702
Cost of Power		\$21,044,660		\$326,112		\$21,370,772
Working Capital Base		\$24,372,189		\$203,285		\$24,575,474
Working Capital Rate %	(2)	13.00%		0.00%		13.00%
Working Capital Allowance		\$3,168,385		\$26,427		\$3,194,812

Utility Income

Particulars	Initial Application	Adjustments	Settlement Agreement
Operating Revenues:			
Distribution Revenue (at Proposed Rates)	\$5,459,760	(\$150,244)	\$5,309,516
Other Revenue	(1) \$313,628	(\$31,510)	\$282,118
Total Operating Revenues	\$5,773,388	(\$181,754)	\$5,591,634
Operating Expenses:			
OM+A Expenses	\$3,316,827	(\$122,827)	\$3,194,000
Depreciation/Amortization	\$952,081	\$86,075	\$1,038,156
Property taxes	\$10,702	\$ -	\$10,702
Capital taxes	\$ -	\$ -	\$ -
Other expense	\$ -	\$ -	\$ -
Subtotal (lines 4 to 8)	\$4,279,610	(\$36,752)	\$4,242,858
Deemed Interest Expense	\$605,202	(\$112,408)	\$492,794
Total Expenses (lines 9 to 10)	\$4,884,812	(\$149,160)	\$4,735,652
Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$15,517)	\$15,517	\$ -
Utility income before income taxes	\$904,093	(\$48,111)	\$855,982
Income taxes (grossed-up)	\$160,967	(\$19,611)	\$141,356
Utility net income	\$743,126	(\$28,500)	\$714,626
Revenue Offsets			
Specific Service Charges	\$55,000	\$ -	\$55,000
Late Payment Charges	\$78,000	\$ -	\$78,000
Other Distribution Revenue	\$134,530	(\$11,510)	\$123,020
Other Income and Deductions	\$46,098	(\$20,000)	\$26,098
Total Revenue Offsets	\$313,628	(\$31,510)	\$282,118

Taxes/PILs

<u>Particulars</u>	<u>Application</u>	<u>Settlement Agreement</u>
<u>Determination of Taxable Income</u>		
Utility net income before taxes	\$743,125	\$714,623
Adjustments required to arrive at taxable utility income	(\$164,592)	(\$114,112)
Taxable income	<u>\$578,533</u>	<u>\$600,511</u>
<u>Calculation of Utility income Taxes</u>		
Income taxes	<u>\$118,311</u>	<u>\$112,135</u>
Total taxes	<u>\$118,311</u>	<u>\$112,135</u>
Gross-up of Income Taxes	<u>\$42,656</u>	<u>\$29,221</u>
Grossed-up Income Taxes	<u>\$160,967</u>	<u>\$141,356</u>
PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$160,967</u>	<u>\$141,356</u>
Other tax Credits	(\$35,000)	(\$12,000)
<u>Tax Rates</u>		
Federal tax (%)	15.00%	15.00%
Provincial tax (%)	<u>11.50%</u>	<u>5.67%</u>
Total tax rate (%)	<u>26.50%</u>	<u>20.67%</u>

Capitalization/Cost of Capital

Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application				
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$11,407,626	5.16%	\$588,253
Short-term Debt	4.00%	\$814,830	2.08%	\$16,948
Total Debt	60.00%	\$12,222,456	4.95%	\$605,202
Equity				
Common Equity	40.00%	\$8,148,304	9.12%	\$743,125
Preferred Shares	0.00%	\$ -	0.00%	\$ -
Total Equity	40.00%	\$8,148,304	9.12%	\$743,125
Total	100.00%	\$20,370,761	6.62%	\$1,348,327
Settlement Agreement				
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$11,203,497	4.25%	\$476,149
Short-term Debt	4.00%	\$800,250	2.08%	\$16,645
Total Debt	60.00%	\$12,003,747	4.11%	\$492,794
Equity				
Common Equity	40.00%	\$8,002,498	8.93%	\$714,623
Preferred Shares	0.00%	\$ -	0.00%	\$ -
Total Equity	40.00%	\$8,002,498	8.93%	\$714,623
Total	100.00%	\$20,006,245	6.04%	\$1,207,417

Revenue Deficiency/Sufficiency

Particulars	Initial Application		Settlement Agreement	
	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below Distribution Revenue	\$5,066,854	\$392,906 \$5,066,854	\$5,097,139	\$212,377 \$5,097,139
Other Operating Revenue Offsets - net	\$313,628	\$313,628	\$282,118	\$282,118
Total Revenue	<u>\$5,380,482</u>	<u>\$5,773,388</u>	<u>\$5,379,257</u>	<u>\$5,591,634</u>
Operating Expenses	\$4,279,610	\$4,279,610	\$4,242,858	\$4,242,858
Deemed Interest Expense	\$605,202	\$605,202	\$492,794	\$492,794
Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$15,517) (2)	(\$15,517)	\$ - (2)	\$ -
Total Cost and Expenses	<u>\$4,869,295</u>	<u>\$4,869,295</u>	<u>\$4,735,652</u>	<u>\$4,735,652</u>
Utility Income Before Income Taxes	\$511,187	\$904,093	\$643,605	\$855,982
Tax Adjustments to Accounting Income per 2013 PILs model	(\$164,592)	(\$164,592)	(\$114,112)	(\$114,112)
Taxable Income	\$346,595	\$739,501	\$529,493	\$741,870
Income Tax Rate	26.50%	26.50%	20.67%	20.67%
Income Tax on Taxable Income	\$91,848	\$195,968	\$109,457	\$153,359
Income Tax Credits	(\$35,000)	(\$35,000)	(\$12,000)	(\$12,000)
Utility Net Income	<u>\$454,340</u>	<u>\$743,126</u>	<u>\$546,148</u>	<u>\$714,626</u>
Utility Rate Base	\$20,370,761	\$20,370,761	\$20,006,245	\$20,006,245
Deemed Equity Portion of Rate Base	\$8,148,304	\$8,148,304	\$8,002,498	\$8,002,498
Income/(Equity Portion of Rate Base)	5.58%	9.12%	6.82%	8.93%
Target Return - Equity on Rate Base	9.12%	9.12%	8.93%	8.93%
Deficiency/Sufficiency in Return on Equity	-3.54%	0.00%	-2.11%	0.00%
Indicated Rate of Return	5.20%	6.62%	5.19%	6.04%
Requested Rate of Return on Rate Base	6.62%	6.62%	6.04%	6.04%
Deficiency/Sufficiency in Rate of Return	-1.42%	0.00%	-0.84%	0.00%
Target Return on Equity	\$743,125	\$743,125	\$714,623	\$714,623
Revenue Deficiency/(Sufficiency)	\$288,786	\$1	\$168,475	\$3
Gross Revenue Deficiency/(Sufficiency)	<u>\$392,906 (1)</u>		<u>\$212,377 (1)</u>	

Revenue Requirement

Particulars	Application	Settlement Agreement
OM&A Expenses	\$3,316,827	\$3,194,000
Amortization/Depreciation	\$952,081	\$1,038,156
Property Taxes	\$10,702	\$10,702
Income Taxes (Grossed up)	\$160,967	\$141,356
Other Expenses	\$ -	
Return		
Deemed Interest Expense	\$605,202	\$492,794
Return on Deemed Equity	\$743,125	\$714,623
Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$15,517)	\$ -
Service Revenue Requirement (before Revenues)	<u>\$5,773,387</u>	<u>\$5,591,631</u>
Revenue Offsets	\$313,628	\$282,118
Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)	<u>\$5,459,759</u>	<u>\$5,309,513</u>
Distribution revenue	\$5,459,760	\$5,309,516
Other revenue	\$313,628	\$282,118
Total revenue	<u>\$5,773,388</u>	<u>\$5,591,634</u>
Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$1</u>	<u>\$3</u>

Appendix M – Throughput Revenue (Updated)

Rate Class	Customers/ Connections	Number of			Test Year Consumption		Proposed Rates			Revenues at Proposed Rates	Class Specific Revenue Requirement	Transformer Allowance Credit	Total	Difference
		Start of Test Year	End of Test Year	Average	kWh	kW	Monthly Service Charge	Volumetric						
Residential	Customers	8,063	8,063	8,063	78,665,227		\$ 19.66	\$ 0.0144		\$ 3,033,956	\$ 3,033,978		\$ 3,033,978	\$ 21
GS < 50 kW	Customers	1,591	1,591	1,591	42,466,804		\$ 42.59	\$ 0.0087		\$ 1,184,656	\$ 1,184,727		\$ 1,184,727	\$ 70
GS > 50 to 4,999 kW	Customers	103	103	103		206,989	\$ 300.00		\$ 2.6976	\$ 928,708	\$ 871,580	\$ 57,129	\$ 928,708	\$ -
Large Use				-						\$ -			\$ -	\$ -
Streetlighting	Connections	2,147	2,147	2,147		5,087	\$ 5.03		\$15.3996	\$ 207,922	\$ 207,954		\$ 207,954	\$ 32
Sentinel Lighting	Connections	44	44	44		110	\$ 6.10		\$21.1229	\$ 5,538	\$ 5,538		\$ 5,538	-\$ 1
Unmetered Scattered Load	Connections	35	35	35	107,219		\$ 12.18	\$ 0.0055		\$ 5,739	\$ 5,740		\$ 5,740	\$ 1
Standby Power				-						\$ -			\$ -	\$ -
Embedded Distributor Class				-						\$ -			\$ -	\$ -
etc.				-						\$ -			\$ -	\$ -
				-						\$ -			\$ -	\$ -
				-						\$ -			\$ -	\$ -
				-						\$ -			\$ -	\$ -
Total										\$ 5,366,521	\$ 5,309,517	\$ 57,129	\$ 5,366,646	\$ 125