LakelandPower

200 – 395 Centre St N, Huntsville, ON P1H 2M2
Phone (705) 789-5442 Toll Free 1-888-282-7711
Fax (705) 789-3110 service@lakelandpower.on.ca

April 17, 2009

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: Lakeland Power Distribution Ltd.
Licence Number ED-2002-0540
<u>2009 Smart Meter Funding Adder Application EB-2008-0234</u>

Lakeland Power Distribution Ltd ("Lakeland") is filing this application with the Ontario Energy Board to request approval for the Standard $1.00 Smart Meter Funding Adder to be included in its 2009 distribution rates. Lakeland is submitting this funding adder request separate from its 2009 rate basing application due to timing of our smart meter implementation schedule and in an effort to compile costs that are more accurate. Lakeland had indicated in its response to Board Staff interrogatories of same.

Smart meter funding of $0.25 per meter is currently included in Lakeland's Monthly Service Charge in accordance with the Board's Decision RP-2005-0020/EB-2005-0388 and as approved in the Board's Decision and Rate Order that supports Lakeland's current rates. Lakeland is proposing that the current rate rider of $0.25 be removed and replaced with a funding adder of $1.00 to be incorporated into its 2009 rates. An application for full Smart Meter Cost Recovery will be deferred until Lakeland has achieved 100% completion of its SMI project.

Lakeland is a participating member of the Cornerstone Hydro Electric Concepts ("CHEC") and Ontario Utility Smart Meter ("OUSM") groups. Lakeland is scheduled to begin its installation of smart meters in June 2009 with full deployment to all residential and general service < 50kW customers expected by the end of October 2009.

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Lakeland has signed a contract with and procured its smart meters from Elster Metering Canada. This procurement is pursuant to and in compliance with the August 14, 2007 Request for Proposal issued by London Hydro Inc. and has been extended authorization pursuant to O. Reg. 427/06 as amended on June 25, 2008 to install smart meters within its service territory.

Lakeland plans to install 9,160 smart meters in the 2009 rate year at an estimated capital cost of $240 per meter for a total of $2,197,131. This total includes the estimated cost of the meters, collectors, repeaters, required computer hardware and software, professional and management fees, installation and all other integration fees required in Lakeland's SMI project. Stranded assets are not included in this cost submission at this time.

Lakeland has not purchased, and does not expect to purchase, smart meters or advanced metering infrastructure ("AMI") whose functionality exceeds the minimum functionality adopted in O. Reg. 425/06. Lakeland has not incurred, and does not expect to incur, costs associated with functions for which the SME has the exclusive authority to carry out pursuant to O. Reg. 393/07.

We would be pleased to provide any further information that you may require in regards to our application.

Yours truly,

Margaret Maw

Margaret Maw, CGA
CFO
Lakeland Holding Ltd.

Sheet 1 Utility Information Sheet

Name of LDC:	Lakeland Power Distribution Ltd
Licence Number:	ED-2002-0540
Date of Submission:	April 23, 2009

Contact Information

Name:	Margaret Maw
Title:	Chief Financial Officer
Phone Number:	705-789-5442
E-Mail Address:	mmaw@lakelandholding.com

Sheet 2. Smart Meter Capital Cost and Operational Expense Data

Smart Meter Unit Installation Plan:

assume calendar year installation

	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted	Total
Planned number of Residential smart meters to be installed	-	-	7,616	-	-	-	7,616
Planned number of General Service Less Than 50 kW smart meters	-	-	1,544	-	-	-	1,544
Planned Meter Installation (Residential and Less Than 50 kW only)	-	-	9,160	-	-	-	9,160
Percentage of Completion	0%	0%	100%	100%	100%	100%	
Planned number of General Service Greater Than 50 kW smart meters	-	-	-	76	-	-	76
Planned / Actual Meter Installations	-	-	9,160	76	-	-	9,236

Other Unit Installation Plan:

assume calendar year installation

	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted	Total
Planned number of Collectors to be installed	-	-	30	-	-	-	30
Planned number of Repeaters to be installed	-	-	27	-	-	-	27
Other : Please specify							
							-
							-
							-
							-

Capital Costs

1.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

	Asset Type	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted	Total
1.1.1 Smart Meter *may include new meters and modules, etc.*	Smart Meter	$ -	$ -	$ 1,236,813	$ 56,259	$ 13,167	$ 13,167	$ 1,319,405
1.1.2 Installation Cost *may include socket kits plus shipping, labour, benefits, vehicle, etc.*	Smart Meter	$ -	$ -	$ 131,632	$ -	$ -	$ -	$ 131,632
1.1.3a Workforce Automation Hardware *may include fieldworker handhelds, barcode hardware, etc.*	Comp. Hard.	$ -	$ -	$ 9,556	$ -	$ -	$ -	$ 9,556
1.1.3b Workforce Automation Software *may include fieldworker handhelds, barcode hardware, etc.*	Comp. Soft.	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Advanced Metering Communication Device (AMCD)		**$ -**	**$ -**	**$ 1,378,001**	**$ 56,259**	**$ 13,167**	**$ 13,167**	**$ 1,460,594**

1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)

	Asset Type	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted	Total
1.2.1 Collectors	Smart Meter	$ -	$ -	$ 132,747	$ -	$ -	$ -	$ 132,747
1.2.2 Repeaters *may include radio licence, etc.*	Smart Meter	$ -	$ -	$ 6,985	$ -	$ -	$ -	$ 6,985
1.2.3 Installation *may include meter seals and rings, collector computer hardware, etc.*	Smart Meter	$ -	$ -	$ 17,865	$ -	$ -	$ -	$ 17,865
Total Advanced Metering Regional Collector (AMRC) (includes LAN)		**$ -**	**$ -**	**$ 157,596**	**$ -**	**$ -**	**$ -**	**$ 157,596**

1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)

	Asset Type	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted	Total
1.3.1 Computer Hardware	Comp. Hard.	$ -	$ -	$ 18,144	$ -	$ -	$ -	$ 18,144
1.3.2 Computer Software	Comp. Soft.	$ -	$ -	$ 73,601	$ -	$ -	$ -	$ 73,601
1.3.3 Computer Software Licence & Installation (includes hardware & software) *may include AS/400 disc space, backup & recovery computer, UPS, etc*	Comp. Soft.	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Advanced Metering Control Computer (AMCC)		**$ -**	**$ -**	**$ 91,745**	**$ -**	**$ -**	**$ -**	**$ 91,745**

1.4 WIDE AREA NETWORK (WAN)

	Asset Type	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted	Total
1.4.1 Activation Fees	Tools & Equip	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Wide Area Network (WAN)		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Sheet 2. Smart Meter Capital Cost and Operational Expense Data

1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY		2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted	Total
1.5.1 Customer equipment (including repair of damaged equipment)	Other Equip.	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1.5.2 AMI Interface to CIS	Comp. Soft.	$ -	$ 14,904	$ -	$ -	$ -	$ -	$ 14,904
1.5.3 Professional Fees	Comp. Soft.	$ 38,216	$ 16,224	$ 75,180	$ 21,000	$ -	$ -	$ 150,620
1.5.4 Integration	Comp. Soft.	$ 3,774	$ 4,854	$ 103,530	$ 39,690	$ -	$ -	$ 151,848
1.5.5 Program Management	Comp. Soft.	$ -	$ -	$ 97,864	$ -	$ -	$ -	$ 97,864
1.5.6 Other AMI Capital	Comp. Soft.	$ -	$ 24,870	$ 26,315	$ 20,775	$ -	$ -	$ 71,960
Total Other AMI Capital Costs Related To Minimum Functionality		**$ 41,990**	**$ 60,851**	**$ 302,889**	**$ 81,465**	**$ -**	**$ -**	**$ 487,196**
Total Capital Costs		**$ 41,990**	**$ 60,851**	**$ 1,930,231**	**$ 137,724**	**$ 13,167**	**$ 13,167**	**$ 2,197,131**

Sheet 2. Smart Meter Capital Cost and Operational Expense Data

O M & A

2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted	Total
2.1.1 Maintenance *may include meter reverification costs, etc.*	$ -	$ -	$ 23,372	$ -	$ -	$ -	$ 23,372
Total Incremental AMI Operation Expenses	**$ -**	**$ -**	**$ 23,372**	**$ -**	**$ -**	**$ -**	**$ 23,372**
2.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)							
2.2.1 Maintenance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Advanced Metering Regional Collector (AMRC) (includes LAN)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
2.3 ADVANCED METERING CONTROL COMPUTER (AMCC)							
2.3.1 Hardware Maintenance *may include server support, etc*	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2.3.2 Software Maintenance *may include maintenance support, etc.*	$ -	$ -	$ 15,555	$ 15,555	$ 15,555	$ 15,555	$ 62,220
Total Advanced Metering Control Computer (AMCC)	**$ -**	**$ -**	**$ 15,555**	**$ 15,555**	**$ 15,555**	**$ 15,555**	**$ 62,220**
2.4 WIDE AREA NETWORK (WAN)							
2.4.1 WIDE AREA NETWORK (WAN) *may include serial to Ethernet hardware, etc.*	$ -	$ -	$ 3,572	$ 6,124	$ 6,124	$ 6,124	$ 21,943
Total Incremental Other Operation Expenses	**$ -**	**$ -**	**$ 3,572**	**$ 6,124**	**$ 6,124**	**$ 6,124**	**$ 21,943**
2.5 OTHER AMI OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY							
2.5.1 Business Process Redesign	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2.5.2 Customer Communication *may include project communication. etc.*	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2.5.3 Program Management	$ -	$ -	$ 189,116	$ 191,872	$ 194,711	$ 97,241	$ 672,941
2.5.4 Change Management *may include training, etc.*	$ -	$ 3,874	$ -	$ 3,402	$ 3,402	$ -	$ 10,678
2.5.5 Administration Cost	$ -	$ -	$ -	$ 22,680	$ 22,680	$ 22,680	$ 68,040
2.5.6 Other AMI Expenses	$ -	$ -	$ 54,758	$ 55,663	$ 56,678	$ 57,818	$ 224,918
Total 2.5 Other AMI OM&A Costs Related To Minimum Functionality	**$ -**	**$ 3,874**	**$ 243,874**	**$ 273,617**	**$ 277,472**	**$ 177,739**	**$ 976,576**
Total O M & A Costs	**$ -**	**$ 3,874**	**$ 286,373**	**$ 295,296**	**$ 299,150**	**$ 199,418**	**$ 1,084,111**

Sheet 3. LDC Assumptions and Data

Assumptions:

1. Planned meter installations occur evenly through the year.
2. Year assumed January to December
3. Amortization is straight line and has half year rule applied in first year

	2007	2008	2009	2010	2011	2012
Rate Base						
Deemed Short Term Debt %		0%	4%	4%	4%	4%
Deemed Debt (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 18)	53.3%	53.3%	52.7%	56.0%	56.0%	56.0%
Deemed Equity (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 19)	46.7%	46.7%	43.3%	40.0%	40.0%	40.0%
Deemed Short Term Debt Rate%	0.00%	0.00%	1.33%	1.33%	1.33%	1.33%
Weighted Debt Rate (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell C 25)	5.11%	5.11%	5.16%	5.16%	5.16%	5.16%
Proposed ROE (from 2006 EDR Sheet "3-2 COST OF CAPITAL (Input)" Cell E 32)	9.00%	9.00%	8.01%	8.01%	8.01%	8.01%
Weighted Average Cost of Capital	6.93%	6.93%	6.24%	6.15%	6.15%	6.15%
Working Capital Allowance %	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
2006 EDR Tax Rate						
Corporate Income Tax Rate	36.12%	33.50%	31.50%	30.50%	29.50%	28.50%

(from 2006 PILs Sheet "Test Year PILs,Tax Provision" Cell D 14)

Capital Data:	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted	Total
Smart Meter	$ -	$ -	$ 1,526,041	$ 56,259	$ 13,167	$ 13,167	$ 1,608,634
Computer Hardware	$ -	$ -	$ 27,700	$ -	$ -	$ -	$ 27,700
Computer Software	$ 41,990	$ 60,851	$ 376,490	$ 81,465	$ -	$ -	$ 560,797
Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Capital Costs	$ 41,990	$ 60,851	$ 1,930,231	$ 137,724	$ 13,167	$ 13,167	$ 2,197,131
	-	-	-	-	-	-	-

Operating Expense Data:	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted	Total
2.1 Advanced Metering Communication Device (AMCD)	$ -	$ -	$ 23,372	$ -	$ -	$ -	$ 23,372
2.2 Advanced Metering Regional Collector (AMRC) (includes LAN)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2.3 Advanced Metering Control Computer (AMCC)	$ -	$ -	$ 15,555	$ 15,555	$ 15,555	$ 15,555	$ 62,220
2.4 Wide Area Network (WAN)	$ -	$ -	$ 3,572	$ 6,124	$ 6,124	$ 6,124	$ 21,943
2.5 Other AMI OM&A Costs Related To Minimum Functionality	$ -	$ 3,874	$ 243,874	$ 273,617	$ 277,472	$ 177,739	$ 976,576
Total O M & A Costs	$ -	$ 3,874	$ 286,373	$ 295,296	$ 299,150	$ 199,418	$ 1,084,111
	-	-	-	-	-	-	-

Per Meter Cost Split:	Installed	Investment	% of Invest
Smart meter including installation	9,160	$ 1,608,634	49%
Computer Hardware Costs	9,160	$ 27,700	1%
Computer Software Costs	9,160	$ 560,797	17%
Tools & Equipment	9,160	$ -	0%
Other Equipment	9,160	$ -	0%
Smart meter incremental operating expenses	9,160	$ 1,084,111	33%
Total Smart Meter Capital Costs per meter		$ 3,281,241	100%

Depreciation Rates	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
Smart Meter (years)	15	15	15	15	15	15
Computer Hardware (years)	10	10	10	10	10	10
Computer Software (years)	5	5	5	5	5	5
Tools & Equipment (years)	10	10	10	10	10	10
Other Equipment (years)	10	10	10	10	10	10

CCA Rates	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
CCA Class	47	47	47	47	47	47
Smart Meter	8%	8%	8%	8%	8%	8%
CCA Class	50	50	50	50	50	50
Computer Equipment	55%	55%	55%	55%	55%	55%
CCA Class	8	8	8	8	8	8
General Equipment	20%	20%	20%	20%	20%	20%

Sheet 4. Smart Meter Rev Req (

Smart Meter Revenue Requirement Calculation

Average Asset Values	2007 Audited Actual			2008 Audited Actual			2009 Forecasted		
Net Fixed Assets Smart Meters	$ -			$ -			$ 737,586.65		
Net Fixed Assets Computer Hardware	$ -			$ -			$ 13,157.39		
Net Fixed Assets Computer Software	$ 18,895.67			$ 60,975.39			$ 243,295.88		
Net Fixed Assets Tools & Equipment	$ -			$ -			$ -		
Net Fixed Assets Other Equipment	$ -			$ -			$ -		
Total Net Fixed Assets	$ 18,895.67	$ 18,895.67		$ 60,975.39	$ 60,975.39		$ 994,039.91	$ 994,039.91	
Working Capital									
Operation Expense	$ -			$ 3,874.00			$ 286,372.80		
Working Capital %	$ -	$ -		$ 581.10	$ 581.10		$ 42,955.92	$ 42,955.92	
Smart Meters included in Rate Base		$ 18,895.67			$ 61,556.49			$ 1,036,995.83	
Return on Rate Base									
Deemed Short Term Debt %	0.00%	$ -		0.00%	$ -		4.00%	$ 41,479.83	
Deemed Long Term Debt %	53.30%	$ 10,071.39		53.30%	$ 32,809.61		52.70%	$ 546,496.80	
Deemed Equity %	46.70%	$ 8,824.28		46.70%	$ 28,746.88		43.30%	$ 449,019.20	
		$ 18,895.67			$ 61,556.49			$ 1,036,995.83	
Deemed Short Term Debt Rate%	0.00%	$ -		0.00%	$ -		1.33%	$ 551.68	
Weighted Debt Rate *(3. LDC Assumptions and Data)*	5.11%	$ 514.65		5.11%	$ 1,676.57		5.16%	$ 28,199.24	
Proposed ROE *(3. LDC Assumptions and Data)*	9.00%	$ 794.18		9.00%	$ 2,587.22		8.01%	$ 35,966.44	
Return on Rate Base		$ 1,308.83	$ 1,308.83		$ 4,263.79	$ 4,263.79		$ 64,717.35	$ 64,717.35
Operating Expenses									
Incremental Operating Expenses *(3. LDC Assumptions and Data)*			$ -			$ 3,874.00			$ 286,372.80
Amortization Expenses									
Amortization Expenses - Smart Meters		$ -			$ -			$ 50,868.05	
Amortization Expenses - Computer Hardware		$ -			$ -			$ 1,384.99	
Amortization Expenses - Computer Software		$ 4,199.04			$ 14,483.21			$ 58,217.36	
Amortization Expenses - Tools & Equipment		$ -			$ -			$ -	
Amortization Expenses - Other Equipment		$ -			$ -			$ -	
Total Amortization Expenses			$ 4,199.04			$ 14,483.21			$ 110,470.39
Revenue Requirement Before PILs			$ 5,507.87			$ 22,621.00			$ 461,560.55
Calculation of Taxable Income									
Incremental Operating Expenses			$ -			-$ 3,874.00			-$ 286,372.80
Depreciation Expenses			-$ 4,199.04			-$ 14,483.21			-$ 110,470.39
Interest Expense			-$ 514.65			-$ 1,676.57			-$ 28,199.24
Taxable Income For PILs			$ 794.18			$ 2,587.22			$ 36,518.12
Grossed up PILs *(5. PILs)*			-$ 3,620.91			-$ 8,076.00			-$ 21,929.93
Revenue Requirement Before PILs			$ 5,507.87			$ 22,621.00			$ 461,560.55
Grossed up PILs *(5. PILs)*			-$ 3,620.91			-$ 8,076.00			-$ 21,929.93
Revenue Requirement for Smart Meters			**$ 1,886.96**			**$ 14,545.00**			**$ 439,630.62**

Average Asset Values	2010 Forecasted			2011 Forecasted			2012 Forecasted		
Net Fixed Assets Smart Meters	$ 1,451,497.05			$ 1,381,441.44			$ 1,288,243.83		
Net Fixed Assets Computer Hardware	$ 24,929.78			$ 22,159.81			$ 19,389.83		
Net Fixed Assets Computer Software	$ 391,158.30			$ 323,804.63			$ 211,645.27		
Net Fixed Assets Tools & Equipment	$ -			$ -			$ -		
Net Fixed Assets Other Equipment	$ -			$ -			$ -		
Total Net Fixed Assets	$ 1,867,585.13	$ 1,867,585.13		$ 1,727,405.87	$ 1,727,405.87		$ 1,519,278.94	$ 1,519,278.94	
Working Capital									
Operation Expense	$ 295,295.91			$ 299,150.20			$ 199,417.86		
Working Capital %	$ 44,294.39	$ 44,294.39		$ 44,872.53	$ 44,872.53		$ 29,912.68	$ 29,912.68	
Smart Meters included in Rate Base		$ 1,911,879.52			$ 1,772,278.40			$ 1,549,191.62	
Return on Rate Base									
Deemed Short Term Debt %	4.00%	$ 76,475.18		4.00%	$ 70,891.14		4.00%	$ 61,967.66	
Deemed Long Term Debt %	56.00%	$ 1,070,652.53		56.00%	$ 992,475.91		56.00%	$ 867,547.31	
Deemed Equity %	40.00%	$ 764,751.81		40.00%	$ 708,911.36		40.00%	$ 619,676.65	
		$ 1,911,879.52			$ 1,772,278.40			$ 1,549,191.62	
Deemed Short Term Debt Rate%	1.33%	$ 1,017.12		1.33%	$ 942.85		1.33%	$ 824.17	
Weighted Debt Rate *(3. LDC Assumptions and Data)*	5.16%	$ 55,245.67		5.16%	$ 51,211.76		5.16%	$ 44,765.44	
Proposed ROE *(3. LDC Assumptions and Data)*	8.01%	$ 61,256.62		8.01%	$ 56,783.80		8.01%	$ 49,636.10	
Return on Rate Base		$ 117,519.41	$ 117,519.41		$ 108,938.41	$ 108,938.41		$ 95,225.71	$ 95,225.71
Operating Expenses									
Incremental Operating Expenses *(3. LDC Assumptions and Data)*			$ 295,295.91			$ 299,150.20			$ 199,417.86
Amortization Expenses									
Amortization Expenses - Smart Meters		$ 103,611.39			$ 105,925.58			$ 106,803.37	
Amortization Expenses - Computer Hardware		$ 2,769.98			$ 2,769.98			$ 2,769.98	
Amortization Expenses - Computer Software		$ 104,012.87			$ 112,159.36			$ 112,159.36	
Amortization Expenses - Tools & Equipment		$ -			$ -			$ -	
Amortization Expenses - Other Equipment		$ -			$ -			$ -	
Total Amortization Expenses			$ 210,394.23			$ 220,854.91			$ 221,732.70
Revenue Requirement Before PILs			$ 623,209.55			$ 628,943.52			$ 516,376.27
Calculation of Taxable Income									
Incremental Operating Expenses			-$ 295,295.91			-$ 299,150.20			-$ 199,417.86
Depreciation Expenses			-$ 210,394.23			-$ 220,854.91			-$ 221,732.70
Interest Expense			-$ 55,245.67			-$ 51,211.76			-$ 44,765.44
Taxable Income For PILs			$ 62,273.74			$ 57,726.65			$ 50,460.27
Grossed up PILs *(5. PILs)*			-$ 15,481.12			$ 26,441.22			$ 49,951.39
Revenue Requirement Before PILs			$ 623,209.55			$ 628,943.52			$ 516,376.27
Grossed up PILs *(5. PILs)*			-$ 15,481.12			$ 26,441.22			$ 49,951.39
Revenue Requirement for Smart Meters			**$ 607,728.43**			**$ 655,384.74**			**$ 566,327.66**

PILs Calculation

	2007	2008	2009	2010	2011	2012
INCOME TAX	Audited Actual	Audited Actual	Forecasted	Forecasted	Forecasted	Forecasted
Net Income	$ 794.18	$ 2,587.22	$ 36,518.12	$ 62,273.74	$ 57,726.65	$ 50,460.27
Amortization	$ 4,199.04	$ 14,483.21	$ 110,470.39	$ 210,394.23	$ 220,854.91	$ 221,732.70
CCA - Smart Meters	$ -	$ -	-$ 61,041.65	-$ 119,450.33	-$ 112,671.33	-$ 104,710.98
CCA - Computers	-$ 11,547.35	-$ 33,477.78	-$ 142,951.35	-$ 197,883.19	-$ 111,450.28	-$ 50,152.62
CCA - Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -
Change in taxable income	-$ 6,554.13	-$ 16,407.35	-$ 57,004.50	-$ 44,665.55	$ 54,459.95	$ 117,329.37
Tax Rate *(3. LDC Assumptions and Data)*	36.12%	33.50%	31.50%	30.50%	29.50%	28.50%
Income Taxes Payable	-$ 2,367.35	-$ 5,496.46	-$ 17,956.42	-$ 13,622.99	$ 16,065.69	$ 33,438.87

ONTARIO CAPITAL TAX						
Smart Meters	$ -	$ -	$ 1,475,173.31	$ 1,427,820.79	$ 1,335,062.08	$ 1,241,425.58
Computer Hardware	$ -	$ -	$ 26,314.77	$ 23,544.80	$ 20,774.82	$ 18,004.84
Computer Software	$ 37,791.33	$ 84,159.46	$ 402,432.30	$ 379,884.31	$ 267,724.95	$ 155,565.60
Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -
Rate Base	$ 37,791.33	$ 84,159.46	$ 1,903,920.37	$ 1,831,249.89	$ 1,623,561.85	$ 1,414,996.02
Less: Exemption	$ -	$ -	$ -	$ -	$ -	$ -
Deemed Taxable Capital	$ 37,791.33	$ 84,159.46	$ 1,903,920.37	$ 1,831,249.89	$ 1,623,561.85	$ 1,414,996.02
Ontario Capital Tax Rate	0.225%	0.225%	0.225%	0.225%	0.225%	0.225%
Net Amount (Taxable Capital x Rate)	$ 85.03	$ 189.36	$ 4,283.82	$ 4,120.31	$ 3,653.01	$ 3,183.74

Gross Up

	PILs Payable	PILs Payable	PILs Payable	PILs Payable	PILs Payable	PILs Payable
Change in Income Taxes Payable	-$ 2,367.35	-$ 5,496.46	-$ 17,956.42	-$ 13,622.99	$ 16,065.69	$ 33,438.87
Change in OCT	$ 85.03	$ 189.36	$ 4,283.82	$ 4,120.31	$ 3,653.01	$ 3,183.74
PIL's	-$ 2,282.32	-$ 5,307.10	-$ 13,672.60	-$ 9,502.68	$ 19,718.70	$ 36,622.61
	Gross Up	Gross Up	Gross Up	Gross Up	Gross Up	Gross Up
	36.12%	33.50%	31.50%	30.50%	29.50%	28.50%
	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs
Change in Income Taxes Payable	-$ 3,705.94	-$ 8,265.36	-$ 26,213.75	-$ 19,601.43	$ 22,788.21	$ 46,767.65
Change in OCT	$ 85.03	$ 189.36	$ 4,283.82	$ 4,120.31	$ 3,653.01	$ 3,183.74
PIL's	**-$ 3,620.91**	**-$ 8,076.00**	**-$ 21,929.93**	**-$ 15,481.12**	**$ 26,441.22**	**$ 49,951.39**

Sheet 6. Avg Net Fixed Assets &UCC

Smart Meter Average Net Fixed Assets

Net Fixed Assets - Smart Meters

	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
Opening Capital Investment	$ -	$ -	$ -	$ 1,526,041.35	$ 1,582,300.22	$ 1,595,467.09
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ -	$ 1,526,041.35	$ 56,258.87	$ 13,166.87	$ 13,166.87
Closing Capital Investment	$ -	$ -	$ 1,526,041.35	$ 1,582,300.22	$ 1,595,467.09	$ 1,608,633.96
Opening Accumulated Amortization	$ -	$ -	$ -	$ 50,868.05	$ 154,479.43	$ 260,405.01
Amortization (15 Years Straight Line)	$ -	$ -	$ 50,868.05	$ 103,611.39	$ 105,925.58	$ 106,803.37
Closing Accumulated Amortization	$ -	$ -	$ 50,868.05	$ 154,479.43	$ 260,405.01	$ 367,208.38
Opening Net Fixed Assets	$ -	$ -	$ -	$ 1,475,173.31	$ 1,427,820.79	$ 1,335,062.08
Closing Net Fixed Assets	$ -	$ -	$ 1,475,173.31	$ 1,427,820.79	$ 1,335,062.08	$ 1,241,425.58
Average Net Fixed Assets	$ -	$ -	$ 737,586.65	$ 1,451,497.05	$ 1,381,441.44	$ 1,288,243.83

Net Fixed Assets - Computer Hardware

	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
Opening Capital Investment	$ -	$ -	$ -	$ 27,699.76	$ 27,699.76	$ 27,699.76
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ -	$ 27,699.76	$ -	$ -	$ -
Closing Capital Investment	$ -	$ -	$ 27,699.76	$ 27,699.76	$ 27,699.76	$ 27,699.76
Opening Accumulated Amortization	$ -	$ -	$ -	$ 1,384.99	$ 4,154.96	$ 6,924.94
Amortization (10 Years Straight Line)	$ -	$ -	$ 1,384.99	$ 2,769.98	$ 2,769.98	$ 2,769.98
Closing Accumulated Amortization	$ -	$ -	$ 1,384.99	$ 4,154.96	$ 6,924.94	$ 9,694.92
Opening Net Fixed Assets	$ -	$ -	$ -	$ 26,314.77	$ 23,544.80	$ 20,774.82
Closing Net Fixed Assets	$ -	$ -	$ 26,314.77	$ 23,544.80	$ 20,774.82	$ 18,004.84
Average Net Fixed Assets	$ -	$ -	$ 13,157.39	$ 24,929.78	$ 22,159.81	$ 19,389.83

Net Fixed Assets - Computer Software

	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
Opening Capital Investment	$ -	$ 41,990.37	$ 102,841.70	$ 479,331.90	$ 560,796.78	$ 560,796.78
Capital Investment *(3. LDC Assumptions and Data)*	$ 41,990.37	$ 60,851.33	$ 376,490.20	$ 81,464.88	$ -	$ -
Closing Capital Investment	$ 41,990.37	$ 102,841.70	$ 479,331.90	$ 560,796.78	$ 560,796.78	$ 560,796.78
Opening Accumulated Amortization	$ -	$ 4,199.04	$ 18,682.24	$ 76,899.60	$ 180,912.47	$ 293,071.83
Amortization Year 1 (5 Years Straight Line)	$ 4,199.04	$ 14,483.21	$ 58,217.36	$ 104,012.87	$ 112,159.36	$ 112,159.36
Closing Accumulated Amortization	$ 4,199.04	$ 18,682.24	$ 76,899.60	$ 180,912.47	$ 293,071.83	$ 405,231.18
Opening Net Fixed Assets	$ -	$ 37,791.33	$ 84,159.46	$ 402,432.30	$ 379,884.31	$ 267,724.95
Closing Net Fixed Assets	$ 37,791.33	$ 84,159.46	$ 402,432.30	$ 379,884.31	$ 267,724.95	$ 155,565.60
Average Net Fixed Assets	$ 18,895.67	$ 60,975.39	$ 243,295.88	$ 391,158.30	$ 323,804.63	$ 211,645.27

Sheet 6. Avg Net Fixed Assets &UCC

Net Fixed Assets - Tools & Equipment

	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
Opening Capital Investment	$ -	$ -	$ -	$ -	$ -	$ -
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ -	$ -	$ -	$ -	$ -
Closing Capital Investment	$ -	$ -	$ -	$ -	$ -	$ -
Opening Accumulated Amortization	$ -	$ -	$ -	$ -	$ -	$ -
Amortization Year 1 (10 Years Straight Line)	$ -	$ -	$ -	$ -	$ -	$ -
Closing Accumulated Amortization	$ -	$ -	$ -	$ -	$ -	$ -
Opening Net Fixed Assets	$ -	$ -	$ -	$ -	$ -	$ -
Closing Net Fixed Assets	$ -	$ -	$ -	$ -	$ -	$ -
Average Net Fixed Assets	$ -	$ -	$ -	$ -	$ -	$ -

Net Fixed Assets - Other Equipment

	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
Opening Capital Investment	$ -	$ -	$ -	$ -	$ -	$ -
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ -	$ -	$ -	$ -	$ -
Closing Capital Investment	$ -	$ -	$ -	$ -	$ -	$ -
Opening Accumulated Amortization	$ -	$ -	$ -	$ -	$ -	$ -
Amortization Year 1 (10 Years Straight Line)	$ -	$ -	$ -	$ -	$ -	$ -
Closing Accumulated Amortization	$ -	$ -	$ -	$ -	$ -	$ -
Opening Net Fixed Assets	$ -	$ -	$ -	$ -	$ -	$ -
Closing Net Fixed Assets	$ -	$ -	$ -	$ -	$ -	$ -
Average Net Fixed Assets	$ -	$ -	$ -	$ -	$ -	$ -

Sheet 6. Avg Net Fixed Assets &UCC

For PILs Calculation

UCC - Smart Meters

	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
Opening UCC	$ -	$ -	$ -	$ 1,464,999.70	$ 1,401,808.24	$ 1,302,303.77
Capital Additions	$ -	$ -	$ 1,526,041.35	$ 56,258.87	$ 13,166.87	$ 13,166.87
UCC Before Half Year Rule	$ -	$ -	$ 1,526,041.35	$ 1,521,258.57	$ 1,414,975.11	$ 1,315,470.64
Half Year Rule (1/2 Additions - Disposals)	$ -	$ -	$ 763,020.68	$ 28,129.44	$ 6,583.44	$ 6,583.44
Reduced UCC	$ -	$ -	$ 763,020.68	$ 1,493,129.13	$ 1,408,391.67	$ 1,308,887.21
CCA Rate Class	47	47	47	47	47	47
CCA Rate	8%	8%	8%	8%	8%	8%
CCA	$ -	$ -	$ 61,041.65	$ 119,450.33	$ 112,671.33	$ 104,710.98
Closing UCC	$ -	$ -	$ 1,464,999.70	$ 1,401,808.24	$ 1,302,303.77	$ 1,210,759.67

UCC - Computer Equipment

	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
Opening UCC	$ -	$ 30,443.02	$ 57,816.57	$ 319,055.18	$ 202,636.87	$ 91,186.59
Capital Additions Computer Hardware	$ -	$ -	$ 27,699.76	$ -	$ -	$ -
Capital Additions Computer Software	$ 41,990.37	$ 60,851.33	$ 376,490.20	$ 81,464.88	$ -	$ -
UCC Before Half Year Rule	$ 41,990.37	$ 91,294.35	$ 462,006.53	$ 400,520.06	$ 202,636.87	$ 91,186.59
Half Year Rule (1/2 Additions - Disposals)	$ 20,995.19	$ 30,425.67	$ 202,094.98	$ 40,732.44	$ -	$ -
Reduced UCC	$ 20,995.19	$ 60,868.68	$ 259,911.55	$ 359,787.62	$ 202,636.87	$ 91,186.59
CCA Rate Class	50	50	50	50	50	50
CCA Rate	55%	55%	55%	55%	55%	55%
CCA	$ 11,547.35	$ 33,477.78	$ 142,951.35	$ 197,883.19	$ 111,450.28	$ 50,152.62
Closing UCC	$ 30,443.02	$ 57,816.57	$ 319,055.18	$ 202,636.87	$ 91,186.59	$ 41,033.97

UCC - General Equipment

	2007 Audited Actual	2008 Audited Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	2012 Forecasted
Opening UCC	$ -	$ -	$ -	$ -	$ -	$ -
Capital Additions Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -
Capital Additions Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -
UCC Before Half Year Rule	$ -	$ -	$ -	$ -	$ -	$ -
Half Year Rule (1/2 Additions - Disposals)	$ -	$ -	$ -	$ -	$ -	$ -
Reduced UCC	$ -	$ -	$ -	$ -	$ -	$ -
CCA Rate Class	8	8	8	8	8	8
CCA Rate	20%	20%	20%	20%	20%	20%
CCA	$ -	$ -	$ -	$ -	$ -	$ -
Closing UCC	$ -	$ -	$ -	$ -	$ -	$ -

Sheet 6. Avg Net Fixed Assets &UCC

Smart Meter Funding Adder

	Opening		Fund Adder		Int. Rate	Interest		Closing	
Jan-06	$	-	$	-	0.00%	$	-	$	-
Feb-06	$	-	$	-	0.00%	$	-	$	-
Mar-06	$	-	$	-	0.00%	$	-	$	-
Apr-06	$	-	$	-	4.14%	$	-	$	-
May-06	$	-	-$	255	4.14%	$	-	-$	255
Jun-06	-$	255	-$	2,004	4.14%	-$	1	-$	2,259
Jul-06	-$	2,259	-$	2,249	4.59%	-$	9	-$	4,517
Aug-06	-$	4,517	-$	2,261	4.59%	-$	17	-$	6,796
Sep-06	-$	6,796	-$	2,249	4.59%	-$	26	-$	9,071
Oct-06	-$	9,071	-$	2,249	4.59%	-$	35	-$	11,354
Nov-06	-$	11,354	-$	2,252	4.59%	-$	43	-$	13,650
Dec-06	-$	13,650	-$	2,253	4.59%	-$	52	-$	15,955
Jan-07	-$	15,955	-$	2,262	4.59%	-$	61	-$	18,279
Feb-07	-$	18,279	-$	2,261	4.59%	-$	70	-$	20,609
Mar-07	-$	20,609	-$	2,261	4.59%	-$	79	-$	22,949
Apr-07	-$	22,949	-$	2,258	4.59%	-$	88	-$	25,295
May-07	-$	25,295	-$	2,236	4.59%	-$	97	-$	27,628
Jun-07	-$	27,628	-$	2,259	4.59%	-$	106	-$	29,993
Jul-07	-$	29,993	-$	2,256	4.59%	-$	115	-$	32,363
Aug-07	-$	32,363	-$	2,258	4.59%	-$	124	-$	34,745
Sep-07	-$	34,745	-$	2,264	4.59%	-$	133	-$	37,142
Oct-07	-$	37,142	-$	2,263	5.14%	-$	159	-$	39,564
Nov-07	-$	39,564	-$	2,270	5.14%	-$	169	-$	42,003
Dec-07	-$	42,003	-$	2,261	5.14%	-$	180	-$	44,444
Jan-08	-$	44,444	-$	2,281	5.14%	-$	190	-$	46,915
Feb-08	-$	46,915	-$	2,275	5.14%	-$	201	-$	49,391
Mar-08	-$	49,391	-$	2,284	5.14%	-$	212	-$	51,887
Apr-08	-$	51,887	-$	2,297	4.08%	-$	176	-$	54,360
May-08	-$	54,360	-$	2,286	4.08%	-$	185	-$	56,831
Jun-08	-$	56,831	-$	2,286	4.08%	-$	193	-$	59,311
Jul-08	-$	59,311	-$	2,292	3.35%	-$	166	-$	61,768
Aug-08	-$	61,768	-$	2,286	3.35%	-$	172	-$	64,226
Sep-08	-$	64,226	-$	2,302	3.35%	-$	179	-$	66,708
Oct-08	-$	66,708	-$	2,310	3.35%	-$	186	-$	69,204
Nov-08	-$	69,204	-$	2,314	3.35%	-$	193	-$	71,711
Dec-08	-$	71,711	-$	2,319	3.35%	-$	200	-$	74,230

	Approved Deferral and Variance Accounts	**CWIP Account**
	Prescribed Interest Rate (per the Bankers' Acceptances-3 months Plus 0.25 Spread)	**Prescribed Interest Rate (per the DEX Mid Term Corporate Bond Index Yield 2)**
Q2 2006	**4.14**	**4.68**
Q3 2006	**4.59**	**5.05**
Q4 2006	**4.59**	**4.72**
Q1 2007	**4.59**	**4.72**
Q2 2007	**4.59**	**4.72**
Q3 2007	**4.59**	**5.18**
Q4 2007	**5.14**	**5.18**
Q1 2008	**5.14**	**5.18**
Q2 2008	**4.08**	**5.18**
Q3 2008	**3.35**	**5.43**
Q4 2008	**3.35**	**5.43**
Q1 2009	**2.45**	**6.61**
Q2 2009	**1**	**6.61**