



Lakefront Utilities Inc.

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Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

February 21, 2012

Dear Ms. Walli,

Re: Lakefront Utilities Inc. Interrogatory Responses to the Board Staff in the proceeding EB-2011-0250

Lakefront Utilities Inc. (LUI) hereby submits its responses to the Board Staff Interrogatories to the Ontario Energy Board ("the Board")

Please find attached to this cover letter:

- 2 paper copies of the Interrogatory Responses to the OEB Board Staff in proceeding EB-2011-0250;
- 1 electronic copy of the Interrogatory Responses to OEB Board Staff in proceeding EB-2011-0250

A copy of the Responses to the Board Staff has also been filed through the Web Portal and electronic copies forwarded to all intervenors in EB-2011-0250.

In the event of any additional information, questions or concerns, please contact Jennifer Theoret, Director, Finance and Compliance, at jtheoret@lusi.on.ca or (905) 372-2193.

Sincerely,

{Original Signed By}

Jennifer Theoret, CA
Director, Finance and Compliance
Lakefront Utilities Inc.

Cc: Dereck Paul, President, LUI
James C. Sidlofsky, Borden Ladner Gervais, LLP
Intervenors in proceeding EB-2011-0250

Lakefront Utilities Inc. ("LUI")
2012 Electricity Distribution Rates
EB-2011-0250
Board Staff Interrogatories

1. Responses to Letters of Comment

Following publication of the Notice of Application, has the Applicant received any letters of comment in respect of this application? If so, please confirm whether a reply was sent by the Applicant in response to such comments and if so, please file copies of such responses with the Board. If not, please explain why a response was not sent and advise whether the Applicant intends to respond and file a copy of the response if and when such response is given.

LUI's RESPONSE:

LUI has not received any letters of comment with respect to the Application.

2. Conditions of Service

- a) Please identify any rates and charges that are included in the applicant's conditions of service, but do not appear on the Board-approved tariff sheet, and provide an explanation for the nature of the costs being recovered.

LUI's RESPONSE:

LUI does not have any rates or charges included in the Conditions of Service that do not appear on our Board Approved Tariff Sheet.

- b) If applicable, please provide a schedule outlining the revenues recovered from these rates and charges from LUI's last rate re-basing year 2008 to 2010 and the revenue forecasted for the 2011 bridge and 2012 test years.

LUI's RESPONSE:

Not applicable

- c) If applicable, please explain whether in the applicant's view, these rates and charges should be included on the applicant's tariff sheet.

LUI's RESPONSE:

Not applicable

3. Updated RRWF

Upon completing all interrogatories from Board staff and intervenors, please provide an updated RRWF with any corrections or adjustments that the applicant wishes to make to the amounts in the previous version of the RRWF included in the middle column. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note.

4. Low Income Energy Assistance Program (LEAP)

Ref: Exhibit 1/p13, Exhibit 4/p 46-47, Exhibit 4/p 60 and Exhibit 4/p 66

The application states that the Applicant has included an amount of \$5,000 for the emergency financial assistance component of the LEAP. Board staff notes that section

2.7.2.3 of Chapter 2 of the Filing Requirements¹ for Transmission and Distribution Applications stipulate that the Board has determined that the greater of 0.12% of a distributor's forecasted service revenue requirement or \$2,000, is a reasonable commitment by all distributors to emergency financial assistance. Board staff further notes that 0.12% of the Applicant's forecasted service revenue requirement yields \$6,157.

a) Please explain the reason for the discrepancy.

LUI's RESPONSE:

When LUI prepared the Rate Application, the LEAP funding was calculated at a rate of 0.12% of our total revenue requirement however when the OM&A exhibit was written, the amount was typed in at \$5000 and should have stated \$6160.

LUI has included the \$6160 amount into our actual budgeted expenses for LEAP.

The only adjustment therefore to make, is to page 66 of Exhibit 4, which should read as follows:

LUI has included the cost of the Winter Warmth Assistance Program (LEAP) in account 5410 – Community Relations calculated as an average assistance amount of \$6160 yearly.

b) Please state whether or not the applicant has included (in addition to the \$5,000 amount discussed above) an amount in its 2012 Test year revenue requirement for any legacy program(s), such as Winter Warmth. If so, please identify the amount and provide a breakdown identifying the cost of each program along with a description of each program.

LUI's RESPONSE:

LUI has included an amount of \$6160 into our 2012 Test Year Revenue Requirement for Winter Warmth. LUI is a continual supporter of Winter Warmth and provides assistance to the local Help Centre in this amount, annually. LUI has not included any other amounts for legacy programs.

5. Schedule of Proposed Rates and Charges

Ref: Exhibit 8/p. 21

Please provided the Schedule of Proposed Rates and Charges which Board staff notes is missing in the application.

LUI's RESPONSE:

Please find below, the Schedule of Proposed Rates and Charges that was omitted in the Application on page 21 of Exhibit 8.

RATES SCHEDULE (Part 1)
Schedule of Distribution Rates and Charges
Effective May 1, 2012

Customer Class	Item Description	Unit	Rate (\$)
Residential	Monthly Service Charge	per month	12.25
	Distribution Volumetric Rate	per kWh	0.0177
	Low Voltage Rider	per kWh	0.0013
	LRAM and SSM Rate Rider	per kWh	0.0002
	Stranded meter Rate Rider	per month	2.37
	Smart Meter Rate Rider	per month	0.05
	Deferral and Variance Account Rider	per kWh	(0.0009)
GS < 50 kW	Monthly Service Charge	per month	28.02
	Distribution Volumetric Rate	per kWh	0.0101
	Low Voltage Rider	per kWh	0.0012
	LRAM and SSM Rate Rider	per kWh	0.0002
	Stranded Meter Rate Rider	per month	2.37
	Smart Meter Rate Rider	per month	0.05
	Deferral and Variance Account Rider	per kWh	(0.0009)
GS 50-2999	Monthly Service Charge	per month	181.20
	Distribution Volumetric Rate	per kW	3.3764
	Low Voltage Rider	per kW	0.4778
	LRAM and SSM Rate Rider	per kWh	0.0069
	Stranded Meter Rate Rider	per month	2.37
	Smart Meter Rate Rider	per month	0.05
	Deferral and Variance Account Rider	per kW	(0.3374)
GS 3000 - 4999	Monthly Service Charge	per month	2,617.84
	Distribution Volumetric Rate	per kW	1.2323
	Low Voltage Rider	per kW	0.5635
	LRAM and SSM Rate Rider	per kW	0.0149
	Stranded Meter Rate Rider	per month	2.37
	Smart Meter Rate Rider	per month	0.05
	Deferral and Variance Account Rider	per kW	(0.3157)
Sentinel Lights	Monthly Service Charge	per month	4.30
	Distribution Volumetric Rate	per kW	10.5767
	Low Voltage Rider	per kW	0.3771
	LRAM and SSM Rate Rider	per kW	0.0000
	Deferral and Variance Account Rider	per kW	(0.0634)
Street Lighting	Monthly Service Charge	per month	3.26
	Distribution Volumetric Rate	per kW	20.6590
	Low Voltage Rider	per kW	0.3694
	LRAM and SSM Rate Rider	per kW	0.0000
	Deferral and Variance Account Rider	per kW	0.8418
USL	Monthly Service Charge	per month	15.79
	Distribution Volumetric Rate	per kWh	0.0412
	Low Voltage Rider	per kWh	0.0015
	LRAM and SSM Rate Rider	per kWh	0.0000
	Deferral and Variance Account Rider	per kWh	0.0000

RATES SCHEDULE (Part 2)

Schedule of Distribution Rates and Charges

Effective May 1, 2012

Item Description	Calculation Basis	Rate (\$)
Arrears certificate	Standard	15.00
Statement of account	Standard	15.00
Pulling post dated cheques	Standard	15.00
Request for other billing information	Standard	15.00
Easement letter	Standard	15.00
Income tax letter	Standard	15.00
Credit reference/credit check (plus credit agency costs)	Standard	15.00
Returned cheque charge (plus bank charges)	Standard	15.00
Legal letter charge	Standard	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	Standard	30.00
Special meter reads	Standard	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	Standard	30.00
Collection of account charge - no disconnection	Standard	30.00
Collection of account charge - no disconnection - after regular hours	Standard	165.00
Disconnect/Reconnect at meter - during regular hours	Standard	65.00
Disconnect/Reconnect at meter - after regular hours	Standard	185.00
Disconnect/Reconnect at pole - during regular hours	Standard	185.00
Disconnect/Reconnect at pole - after regular hours	Standard	415.00
Install/Remove load control device - during regular hours	Standard	65.00
Install/Remove load control device - after regular hours	Standard	185.00
Service call - customer-owned equipment	Standard	30.00
Service call - after regular hours	Standard	165.00
Temporary service install & remove - overhead - no transformer	Standard	500.00
Temporary service install & remove - underground - no transformer	Standard	300.00
Temporary service install & remove - overhead - with transformer	Standard	1,000.00
Specific Charge for Access to the Power Poles \$/pole/year	Standard	22.35
Interval Meter Load Management Tool Charge \$/month	Standard	110.00
Service charge for onsite interrogation of interval meter due to customer phone line failure -required weekly until line repaired	Standard	60.00

6. Capital Expenditures

Ref: Exhibit 2/p. 31-73

The Applicant provides details of its capital expenditures in the 2008-2011 period.

Please provide any information available that compares the approved capital expenditures (i.e. OEB approved or LUI's Board of Directors approved) and the subsequent actual capital expenditures for each year in the 2008 to 2011 period and provide an explanation for the differences.

LUI's RESPONSE:

LUI has included below, table coinciding with the year that details the OEB approved 2008 capital expenditures, vs. each of the years, 2008-2011. LUI has not yet completed an audited year end of 2011 and is therefore supplying only the bridge year unaudited actuals for comparison purposes.

LUI's 2008 Capital Expenditure Variance Explanation:

Fixed Asset
Capital Expenditures

Year by Year Expenditures vs 2008 Board Approved
2008

CCA Class	OEB	Description	2008 Board Approved	2008 Actuals	2008 Vs Board Approved	Explanations for variances <>25,000
			Approved			
N/A	1610	Intangible Assets		76,800	76,800	In 2008, LUI had an amount of 76,800 that was required to be set up for economic evaluations that were underway. This total represented the amount of monies due to the developer upon completion of the project. It was set up as debit intangible assets, and credit to payables.
N/A	1805	Land			0	
CEC	1806	Land Rights			0	
47	1808	Buildings and Fixtures	10,000	22,808	12,808	
13	1810	Leasehold Improvements			0	
47	1815	Transformer Station Equipment - Normally Primary above 50 kV			0	
47	1820	Distribution Station Equipment - Normally Primary below 50 kV		6,000	6,000	
47	1825	Storage Battery Equipment			0	
47	1830	Poles, Towers and Fixtures	115,229	173,875	58,646	LUI was able to complete more projects in 2008 than originally anticipated as per the Decision made in EB-2008-0277 which outlines the additional spending that LUI was entitled to make in 2008
47	1835	Overhead Conductors and Devices	177,612	294,660	117,048	LUI was able to complete more projects in 2008 than originally anticipated as per the Decision made in EB-2008-0277 which outlines the additional spending that LUI was entitled to make in 2008
47	1840	Underground Conduit			0	
47	1845	Underground Conductors and Devices			0	
47	1850	Line Transformers	180,912	573,895	392,983	LUI was able to complete more projects in 2008 than originally anticipated as per the Decision made in EB-2008-0277 which outlines the additional spending that LUI was entitled to make in 2008

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47	1855	Services		10,955	10,955	
47	1860	Meters		19,737	19,737	
47	1860	Smart Meters			0	
N/A	1865	Other Installations on Customer's Premises			0	
N/A	1905	Land			0	
CEC	1906	Land Rights			0	
47	1908	Buildings and Fixtures			0	
13	1910	Leasehold Improvements			0	
8	1915	Office Furniture and Equipment	25,000	1,750	(23,250)	
10	1920	Computer Equipment - Hardware		3,924	3,924	
12	1925	Computer Software	115,000	39,145	(75,855)	In 2008, LUI budgeted to purchase an Asset management tool, SCADA and GIS software to assist LUI with asset management, as well as system betterments. LUI was unable to make these specific purchases to their fullest extent.
12	1925	Computer software - Smart Meters			0	
10	1930	Transportation Equipment	260,000	284,467	24,467	
8	1935	Stores Equipment			0	
8	1940	Tools, Shop and Garage Equipment	25,000	8,387	(16,613)	
8	1945	Measurement and Testing Equipment			0	
8	1950	Power Operated Equipment			0	
8	1955	Communication Equipment			0	
8	1960	Miscellaneous Equipment			0	
47	1970	Load Management Controls - Customer Premises			0	
47	1975	Load Management Controls - Utility Premises			0	
47	1980	System Supervisory Equipment			0	
47	1985	Sentinel Lighting Rentals			0	
47	1990	Other Tangible Property			0	
47	1995	Contributions and Grants		(271,735)	(271,735)	LUI did not forecast any capital contributions in the 2008 board approved budget as these vary significantly from year to year. In 2008, LUI received contributed capital of \$271K
	2005	Property under Capital Lease			0	
		Total Additions	908,753	1,244,668	335,915	
WIP		Work in Process				
		Total after Work in Process	908,753	1,244,668	335,915	

LUI's 2009 Capital Expenditure Variance Explanation:

Fixed Asset
Capital Expenditures

Year by Year Expenditures vs 2008 Board Approved
2009

CCA Class	OEB	Description	2008 Board Approved Approved	2009 Balance	2009 Vs Board Approved	Explanations for variances <=25,000
N/A	1610	Intangible Assets		47,200	47,200	As in 2008, 2009 gave way to an additional amount related to economic evaluations in the amount of \$47,200. This balance was drawn down in full in 2010.
N/A	1805	Land			0	
CEC	1806	Land Rights			0	
47	1808	Buildings and Fixtures	10,000	74,242	64,242	In 2009, LUI made some major structural upgrades and additions to their head office building, that were required in order to ensure there was sufficient room for all staff.
13	1810	Leasehold Improvements			0	
47	1815	Transformer Station Equipment - Normally Primary above 50 kV			0	
47	1820	Distribution Station Equipment - Normally Primary below 50 kV		23,373	23,373	
47	1825	Storage Battery Equipment			0	
47	1830	Poles, Towers and Fixtures	115,229	104,867	(10,362)	
47	1835	Overhead Conductors and Devices	177,612	232,804	55,192	LUI spent 201 K in 2009 in Rebuild and Upgrade of its asset management system for its existing network.
47	1840	Underground Conduit		53,478	53,478	LUI has spent 53K in 2009 due to the Developer Driven projects in New Subdivisions.
47	1845	Underground Conductors and Devices		56,372	56,372	LUI has spent 56K in this account as per the developer driven initiatives in New Subdivisions as well as to comply with Municipal standards of moving Overhead Lines, to aesthetically pleasing Underground Heritage Lines.
47	1850	Line Transformers	180,912	388,797	207,885	LUI had 100K more in Line Transformers expense due to developer driven initiatives within the service area. An additional 115 K can be accounted for Asset Management Betterment and road rebuilding where LUI determined the expense necessary to update line transformers on King and Queen Street. Given the age of these assets and streets it was better to upgrade at the time of towns public works project.
47	1855	Services		33,951	33,951	The upgrades in this account and added expenses directly relate to the projects in accounts 1835, 1840, 1845, and 1850

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47	1860	Meters		15,362	15,362	
47	1860	Smart Meters			0	
N/A	1865	Other Installations on Customer's Premises			0	
N/A	1905	Land			0	
CEC	1906	Land Rights			0	
47	1908	Buildings and Fixtures			0	
13	1910	Leasehold Improvements			0	
8	1915	Office Furniture and Equipment	25,000	41,318	16,318	
10	1920	Computer Equipment - Hardware		10,525	10,525	
12	1925	Computer Software	115,000		(115,000)	In 2008, LUI budgeted to purchase an Asset management tool, SCADA and GIS software to assist LUI with asset management, as well as system betterments.
12	1925	Computer software - Smart Meters			0	
10	1930	Transportation Equipment	260,000	54,788	(205,212)	LUI budgeted in 2008 to purchase a large bucket truck. In 2009, LUI only purchased 2 regular pick up trucks for the fleet replacement
8	1935	Stores Equipment			0	
8	1940	Tools, Shop and Garage Equipment	25,000	73,749	48,749	LUI purchased a wire stringer /tension puller machine in 2009
8	1945	Measurement and Testing Equipment			0	
8	1950	Power Operated Equipment			0	
8	1955	Communication Equipment			0	
8	1960	Miscellaneous Equipment			0	
47	1970	Load Management Controls - Customer Premises			0	
47	1975	Load Management Controls - Utility Premises			0	
47	1980	System Supervisory Equipment			0	
47	1985	Sentinel Lighting Rentals			0	
47	1990	Other Tangible Property			0	
47	1995	Contributions and Grants		(100,595)	(100,595)	LUI did not forecast any capital contributions in 2008 board approved budget, as these vary significantly from year to year.
	2005	Property under Capital Lease			0	
		Total Additions	908,753	1,110,231	201,478	
					0	
WIP		Work in Process			0	
		Total after Work in Process	908,753	1,110,231	201,478	

LUI's 2010 Capital Expenditure Variance Explanation:

Fixed Asset
Capital Expenditures

Year by Year Expenditures vs 2008 Board Approved
2010

CCA Class	OEB	Description	2008 Board Approved Approved	2010 Actuals	2010 Vs Board Approved	Explanations for variances <>25,000
N/A	1610	Intangible Assets			0	
N/A	1805	Land			0	
CEC	1806	Land Rights			0	
47	1808	Buildings and Fixtures	10,000	57,097	47,097	In 2009, LUI made some major structural upgrades and additions to their head office building, that were required in order to ensure there was sufficient room for all staff, this project spanned two years, into 2010
13	1810	Leasehold Improvements			0	
47	1815	Transformer Station Equipment - Normally Primary above 50 kV			0	
47	1820	Distribution Station Equipment - Normally Primary below 50 kV		22,514	22,514	
47	1825	Storage Battery Equipment			0	
47	1830	Poles, Towers and Fixtures	115,229	301,976	186,747	The variance of 186 K can be linked to a Developer Driven 21K in Commercial Consumer Upgrades, and service Upgrade to this factory driven request. The remaining variances is linked to the Community Center Municiple initiative which added the expense of 145K. These projects could not be predicted.
47	1835	Overhead Conductors and Devices	177,612	248,573	70,961	The overexpense in account 1835 of 70K in 2010 is once again due to the Municipal Initiative in Cobourg of a Community Center costing an additional 114K to the capital budget..
47	1840	Underground Conduit		379,402	379,402	LUI explains the variance in account 1840 of 379 K due to four Developer Driven expansions in the region accounting for 171K. The remaining expense is accounted for by LUI complying with Municipal standards of moving Overhead Lines, to asthetically pleasing Underground Heritage Lines.
47	1845	Underground Conductors and Devices		193,840	193,840	LUI has spent 149K in this account as per various developer driven initiatives in new subdivisions as well as to comply with Municipal standards of moving Overhead Lines, to Asthetically pleasing Underground Heritage Lines. 36K can be tracked as rebuild upgrades to the heritage standard. The remaining balance is tied to the municipal community center,
47	1850	Line Transformers	180,912	330,408	149,496	The 149K variance in account 1850 in the year 2010 is explainable to commercial customer upgrades and municipal driven initiatives. LUI spent 114K more then planned accountable for the new community center as per municipal initiatives. LUI also spent 47K in requested upgrades by customers such as KPR, Stallwood, and Mansions.
47	1855	Services		56,426	56,426	The upgrades in this account and added expense directly relate to the projects in accounts 1835, 1840, 1845, and 1850
47	1860	Meters		4,147	4,147	
47	1860	Smart Meters			0	

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N/A	1865	Other Installations on Customer's Premises			0	
N/A	1905	Land			0	
CEC	1906	Land Rights			0	
47	1908	Buildings and Fixtures			0	
13	1910	Leasehold Improvements			0	
8	1915	Office Furniture and Equipment	25,000	13,957	(11,043)	
10	1920	Computer Equipment - Hardware		8,308	8,308	
12	1925	Computer Software	115,000	47,744	(67,256)	In 2008, LUI budgeted to purchase an Asset management tool, SCADA and GIS software to assist LUI with asset management, as well as system betterments. LUI purchased asset management tool in 2010
12	1925	Computer software - Smart Meters			0	
10	1930	Transportation Equipment	260,000	364,617	104,617	In 2010, LUI purchased a large bucket truck for \$364K, which was over and above the \$260K budgeted in 2008. However, this is offset by the reduced purchases in 2009
8	1935	Stores Equipment			0	
8	1940	Tools, Shop and Garage Equipment	25,000		(25,000)	LUI incurred no costs associated with this account in 2010
8	1945	Measurement and Testing Equipment		18,712	18,712	
8	1950	Power Operated Equipment			0	
8	1955	Communication Equipment			0	
8	1960	Miscellaneous Equipment			0	
47	1970	Load Management Controls - Customer Premises			0	
47	1975	Load Management Controls - Utility Premises			0	
47	1980	System Supervisory Equipment			0	
47	1985	Sentinel Lighting Rentals			0	
47	1990	Other Tangible Property			0	
47	1995	Contributions and Grants		(555,681)	(555,681)	LUI did not forecast any capital contributions in 2008 board approved budget, as these vary significantly from year to year.
	2005	Property under Capital Lease			0	
		Total Additions	908,753	1,492,040	583,287	
					0	
WIP		Work in Process			0	
		Total after Work in Process	908,753	1,492,040	583,287	

LUI's 2011 Capital Expenditure Variance Explanation:

Fixed Asset
Capital Expenditures

Year by Year Expenditures vs 2008 Board Approved
2011

CCA Class	OEB	Description	2008 Board Approved Approved	2011 Bridge Year UNAUDITED Actuals	2011 Vs Board Approved	Explanations for variances <>25,000
N/A	1610	Intangible Assets			0	
N/A	1805	Land			0	
CEC	1806	Land Rights			0	
47	1808	Buildings and Fixtures	10,000	2,759	(7,241)	
13	1810	Leasehold Improvements			0	
47	1815	Transformer Station Equipment - Normally Primary above 50 kV			0	
47	1820	Distribution Station Equipment - Normally Primary below 50 kV		125,181	125,181	As per Exhibit 2 page 70, LUI has a variance in this account due to 120K spent on preventative maintenance for the Brook Road and Ontario/Victoria Street Distribution Stations.
47	1825	Storage Battery Equipment			0	
47	1830	Poles, Towers and Fixtures	115,229	250,019	134,790	LUI has a variance in account 1830 for the year 2011 due to developer driven initiatives, as well as the rebuilding and upgrades to LUI's system determined for the conversion to 44KV.
47	1835	Overhead Conductors and Devices	177,612	332,642	155,030	LUI has a variance in account 1835 for the year 2011 due to 100K spent in asset management for distribution upgrades, and the purchase of four line reclosers. As per Exhibit 2 page 89.
47	1840	Underground Conduit		62,967	62,967	LUI explains the variance in account 1840 of 9 K due to two Developer Driven expansions in the region . The remaining expense is accounted for by LUI complying with Municipal standards of moving Overhead Lines, to Asthetically pleasing Underground Heritage Lines of 65K.
47	1845	Underground Conductors and Devices		158,500	158,500	LUI explains the variance in account 1845 of 3 K due to two Developer Driven expansions in the region . The remaining expense is accounted for by LUI complying with Municipal standards of moving Overhead Lines, to asthetically pleasing Underground Heritage Lines of 30K.
47	1850	Line Transformers	180,912	151,473	(29,439)	LUI underspent in this account due to the deferrance and carry over of projects into the year 2012.
47	1855	Services		7,966	7,966	
47	1860	Meters		22,076	22,076	
47	1860	Smart Meters		255,355	255,355	Smart Meter Initiative

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N/A	1865	Other Installations on Customer's Premises		1,029	1,029	
N/A	1905	Land			0	
CEC	1906	Land Rights			0	
47	1908	Buildings and Fixtures			0	
13	1910	Leasehold Improvements			0	
8	1915	Office Furniture and Equipment	25,000	5,454	(19,546)	
10	1920	Computer Equipment - Hardware		9,055	9,055	
12	1925	Computer Software	115,000	11,098	(103,902)	LUI made no significant additions to software in 2011, however is incurring costs associated with software conversion in 2012
12	1925	Computer software - Smart Meters		8,546	8,546	
10	1930	Transportation Equipment	260,000		(260,000)	LUI made no additions to the fleet in 2011, however will be doing so in 2012
8	1935	Stores Equipment			0	
8	1940	Tools, Shop and Garage Equipment	25,000	69,961	44,961	LUI purchased generators & regulators in 2011
8	1945	Measurement and Testing Equipment		2,158	2,158	
8	1950	Power Operated Equipment			0	
8	1955	Communication Equipment			0	
8	1960	Miscellaneous Equipment			0	
47	1970	Load Management Controls - Customer Premises			0	
47	1975	Load Management Controls - Utility Premises			0	
47	1980	System Supervisory Equipment			0	
47	1985	Sentinel Lighting Rentals			0	
47	1990	Other Tangible Property			0	
47	1995	Contributions and Grants		(242,404)	(242,404)	LUI did not forecast any capital contributions in 2008 board approved budget, as these vary significantly from year to year.
	2005	Property under Capital Lease			0	
		Total Additions	908,753	1,233,835	325,082	
					0	
WIP		Work in Process		230,000	230,000	
		Total after Work in Process	908,753	1,463,835	555,082	

7. Year-by-year increase in OM&A Expenses

Ref: Exhibit 4/p. 5

Board staff notes that the Year-by-Year Increase in OM&A expenses provided in Table 4.0 appear to be based on an incorrect formula. Please confirm if this is correct and re-submit Table 4.0 with the corrected values.

LUI's RESPONSE:

LUI confirms that the Table 4-0 which outlines the Year –by-year increase in OM&A expenses is based on incorrect formulas.

The corrected Table 4-0 is included below:

Summary of OM&A Expenses						
Description	2008 Board Approved	2008 Actual	2009 Actual	2010 Actual	2011 Bridge Year	2012 Test Year
Operations	\$ 620,871	\$ 617,177	\$ 505,675	\$ 415,821	\$ 579,609	\$ 879,396
Maintenance	\$ 104,107	\$ 77,337	\$ 139,615	\$ 225,312	\$ 306,219	\$ 391,786
Billing &Collecting	\$ 428,844	\$ 440,285	\$ 407,715	\$ 425,479	\$ 501,542	\$ 500,298
Community Relations	\$ 19,767	\$ 8,053	\$ 4,705	\$ 13,355	\$ 13,927	\$ 14,345
Administrative & General Expense	\$ 921,831	\$ 741,765	\$ 806,924	\$ 1,019,724	\$ 1,047,829	\$ 1,281,489
Total OMN&A	\$ 2,095,420	\$ 1,884,617	\$ 1,855,224	\$ 2,099,690	\$ 2,449,126	\$ 3,067,314
Year by Year Increase		-11%	-2%	13%	17%	25%
Compound Annual Growth Rate from 2008 Approved						10%
Compound Annual Growth Rate from 2008 Actual						13%
Inflation Rate Canada CPI		2.4%	0.3%	1.8%	3.0%	3.0%

8. OM&A Cost Drivers

Ref: Exhibit 4/p. 25

Please provide absolute dollar amounts for cost driver categories 'B' to 'N' and 'O' for the 2010 Actual, 2011 Bridge and 2012 Test columns in Table 4.14.

LUI's RESPONSE:

Please find below, the table providing absolute dollar amounts for cost driver categories 'B' to 'N' and 'O' for the 2010, 2011 and 2012 columns.

		2008 Actual vs. Approved	2009 Actual	2010 Actual	2011 Bridge	2012 Test
	Cost Driver					
	Opening Balance	\$ 1,942,957.00	\$ 1,884,617.34	\$ 1,855,223.61	\$ 2,099,690.21	\$ 2,449,125.85
	Distribution					
B	Third Party Services	\$ 131,315	\$ 55,119	\$ 7,800	\$ 31,136	\$ 54,041
C	Non-Union Wage Adjustments	\$ 38,851	\$ 36,593	\$ 88,028	\$ 27,147	\$ 96,523
D	Tree Trimming	\$ 6,217	\$ 15,679	\$ 29,292	\$ 24,341	\$ 191
E	Meter Maintenance	\$ 4,261	\$ 27,247	\$ 39,631	\$ 61,428	\$ 52,988
F	Meter Reading	\$ 563	\$ 1,192	\$ 888	\$ 71,302	\$ 116,999
G	Regulatory Fees	\$ 1,137	\$ 5,175	\$ 11,808	\$ 9,844	\$ 3,402
H	Consulting Regulatory Fees	\$ 542	\$ 14,430	\$ 14,925	\$ 16,078	\$ 4,379
I	Legal Regulatory Fees	\$ 1,544	\$ 33,702	\$ 972	\$ 1,415	\$ 10,235
J	Over Head Distribution Labour	\$ 37,699	\$ 69,790	\$ 7,463	\$ 18,048	\$ 131,095
K	Capital Maintenance	\$ 11,058	\$ 5,687	\$ 13,298	\$ 35,408	\$ 58,641
L	Collections	\$ 338	\$ 4,966	\$ 11,055	\$ 3,112	\$ 23,435
M	Software Maintenance	\$ 194	\$ 22,047	\$ 6,183	\$ 1,266	\$ 91,117
N	Bad Debts	\$ 8,349	\$ 16,403	\$ 9,391	\$ 793	\$ 657
	Sub Total Closing Balance	1,737,144	1,845,863	2,065,642	2,348,209	2,858,830
O	Other Ad Hoc Increase/ Decrease	147,473	9,360	34,048	100,917	208,483
	% Over Closing Balance	7.8%	0.5%	1.6%	4.1%	6.8%
	Closing Balance	1,884,617	1,855,224	2,099,690	2,449,126	3,067,314
	Inflation Rate Canada CPI	2.4%	0.3%	1.8%	3.0%	3.0%
A	Inflation / Decrease	46,631	5,842	33,394	62,991	73,474

9. General Administrative Salaries and Expenses

Ref: Exhibit 4/p. 48 & 61

The Applicant has stated that the significant costs that primarily contributed to the variance in Account 5615 (General Administrative Salaries and Expenses) during the 2008 to 2012 period were incurred in 2009-2010. The Applicant has cited the addition of a Financial Analyst as one of the primary causes.

The Applicant has also stated that there was an increase in the Finance department of a Financial Analyst in 2011.

Please provide clarification about the total number of Financial Analysts that were hired during the 2008 to 2012 period.

LUI's RESPONSE:

LUI has incurred the acquisition of **one** additional staff member – “Financial Analyst” in the Finance department during the year 2011 thus the acquisition being referred to in the 2011 Variance explanation, **as well as** in the 2008 vs. 2012 Variance explanation, as the additional expense of the Financial Analyst is a variance between 2008 and 2012.

10. Working Capital allowance

Ref: Exhibit 2/p. 9 & 90 and Exhibit 4/p. 10

Board staff notes that the value for Working Capital Allowance has been variously stated as \$3,926,020 and \$3,719,550 in the application. Please confirm and identify the correct value.

LUI's RESPONSE:

Exhibit 2 page 90 was making reference to the incorrect file/cell. The correct value for the Working Capital Allowance is \$3,926,020 as stated in all other tables, files and exhibits.

11. Other Distribution Revenue

Ref: Exhibit 3/p. 36 & 39

Board staff notes that the 2009 Actual value for Account 4080 (Distribution Services Revenue – SSS Admin Fee) which is a component of Other Distribution Revenue has been variously stated as \$35,440 and \$33,279 in the application. Please confirm and identify the correct value.

LUI's RESPONSE:

LUI confirms that the appropriate figure for the 2009 Account 4080 SSS Admin Fee is \$33,279.

Board staff further notes that while the forecast of Other Distribution Revenue for the test year 2012 is nearly identical to the bridge year 2011, the bridge year projection is considerably lower than the actual revenues in 2009 and 2010.

Please provide reasons why the forecast revenue is not tracking actual revenue.

LUI's RESPONSE:

LUI did forecast the 2011 & 2012 Bridge & Test Years based on previous years historical information. LUI also used knowledge of the service area and forecasted specific accounts based on predicted area activities. For example, LUI has seen a trend in the service area that suggests that less customers will be enrolling with retailers, therefore we expect to see a decrease in accounts 4082 and 4084.

12. Employee Costs

Ref: Exhibit 4/p. 74 & 77

Table 4.36 shows that the Total Compensation (Salary, Wages and Benefits) costs for union staff increased by 16.4% p.a. from 2010 to 2012 compared to 0.3% p.a. from 2008 to 2010. For management and non-union staff, the increases were respectively 10.7% p.a. and 19.2% p.a.

a) Please explain the circumstances that have led to a significantly higher increase in union staff costs for the 2010 to 2012 period compared to the 2008 to 2010 period.

LUI's RESPONSE:

LUI recognizes the increase in union staff between the years of 2010 and 2012 of 16.4% per annum, which previously between 2008 and 2010 had only been 3% per annum. This can be accounted for the increase of 2.5 Union Staff members, and previously LUI in the years 2008 and 2010 only required an increase of 0.75 staff members.

Circumstances that have led to an increase in the union staff is due to the increase of 2.5 union staff positions required to manage both succession, as well as the staffing to manage growing workload expectations as LUI increases its capital expenditures to better service its operating area. The major issue LUI is faced with is attrition matters and is managing this issue for overlaps between retirement dates and to ensure proper training.

Over the next few years, LUI fore sees the hiring in union position of

- A Replacement Lineman to overlap succession
- A Lineman Apprentice
- A Replacement for Billing and Collections to overlap succession
- A Metering Technician Apprentice

Although this is partially offset by the retirements, LUI also anticipates an increase in OMERS pension costs due to correspondence released in June 28, 2011 regarding a 3-year strategy, 1% per year increase in OMERS premiums beginning in 2012.

b) Please explain the circumstances that have led to employee cost increases for the 2010 to 2012 period that exceed annual wage increases of 3%.

The circumstances that have led to employee cost increases for the 2010 to 2012 period that exceed the annual wage increases of 3% is as stated previously, where LUI anticipates an increase in OMERS pension costs due to correspondence released in June 28, 2011 regarding a 3-year strategy by Omers of a 1% per year increase in OMERS premiums beginning in 2012. Also increases in employee benefits increase yearly which accounts for increasing employee compensation, wages, salary and benefits. In Addition it can be noted that the in the 2008-2010 years below there were decreases in earned total compensations on average per employee and that the increase was actually delayed, due to shifts within the organization of employees and preparation of succession. This directly relates to changes within the organization of LUI and the changing of organizational structure within. Shifting of positions and responsibilities with implementation of smart metering and various initiatives have changed pay bands of employees between union and non-union positions.

	2008	2009	2010	2011	2012
Executives	2.5	3	3.25	3.25	3.25
Non Union	4	4.25	5	5.5	5.75
Union	10	10.25	10.75	10.75	13.25
#	16.5	17.5	19	19.5	22.25

Executives	\$ 325,491.00	\$ 363,445.00	\$ 391,575.00	\$ 408,694.00	\$ 430,102.00
Non Union	\$ 280,472.00	\$ 340,659.00	\$ 446,594.00	\$ 535,081.00	\$ 588,032.00
Union	\$ 669,071.00	\$ 635,957.00	\$ 673,329.00	\$ 660,501.00	\$ 894,799.00
\$	\$ 1,275,034.00	\$ 1,340,061.00	\$ 1,511,498.00	\$ 1,604,276.00	\$ 1,912,933.00

Average = \$/#					
Executives	\$ 130,196.40	\$ 121,148.33	\$ 120,484.62	\$ 125,752.00	\$ 132,339.08
Non Union	\$ 70,118.00	\$ 80,155.06	\$ 89,318.80	\$ 97,287.45	\$ 102,266.43
Union	\$ 66,907.10	\$ 62,044.59	\$ 62,635.26	\$ 61,441.95	\$ 67,532.00

% Change of Average		2009-2008	2010-2009	2011-2010	2012-2011
Executives		-6.95%	-0.55%	4.37%	5.24%
Non Union		14.31%	11.43%	8.92%	5.12%
Union		-7.27%	0.95%	-1.91%	9.91%

% Change of Average	p.a.	2008-2010	Remove Inf 3%	2010-2012	Remove Inf 3%
Executives		-4%	-7%	5%	2%
Non Union		14%	11%	7%	4%
Union		-3%	-6%	4%	1%

	% Change	Remove 3% Inflation
	9%	6%
	-6%	-9%
	7%	4%
Total Change	9%	0%

13. Loss Factors

Ref: Exhibit 8/p. 10-12

The Applicant has stated that LUI is an embedded distributor.

a) Please elaborate whether LUI is fully or partially embedded.

LUI's RESPONSE:

LUI is a fully embedded distributor.

- I. If LUI is fully embedded, Board staff notes that the requested Supply Facility Loss Factor ("SFLF") of 1.0099 is uncharacteristically low for a fully embedded distributor. Please provide an explanation.

LUI's RESPONSE:

LUI's SFLF (supply facility loss factor) of 1.0099 is low, as LUI is fully embedded, however has a direct transmission line from Hydro One to its Service Area from the west, and therefore, give that there are no other customers that feed off that transmission line, LUI achieves a lower loss factor for that area. This is the area that is serves approximately 93% of the service territory. The remaining 7% of the transmission is received from the east and there are other customers that also feed off that line, which results in the typical 3.4% SFLF for that area.

- II. If LUI is partially embedded, please provide a brief description of the degree to which LUI is embedded, i.e. percentage of total kWh obtained directly from the IESO controlled grid and percentage of total kWh obtained from the host distributor.

LUI's RESPONSE:

Not Applicable

- b) Please submit Table 8.9 in accordance with the format provided in Appendix 2-P and Section 2.11.7 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications.

**Appendix 2-P
Loss Factors**

		Historical Years						6-Year Average
		2005	2006	2007	2008	2009	2010	
	Losses Within Distributor's System							
A(1)	"Wholesale" kWh delivered to distributor (higher value)	294,449,712.28	295,830,925.31	297,994,797.35	285,010,809.87	261,058,007.79	264,235,610.57	283,096,643.86
A(2)	"Wholesale" kWh delivered to distributor (lower value)	292,286,451.73	293,670,332.97	295,056,125.97	281,805,822.50	258,040,717.11	261,165,588.54	280337506.5
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)		0	0	0	0	0	0
C	Net "Wholesale" kWh delivered to distributor = A(2) - B	292,286,451.73	293,670,332.97	295,056,125.97	281,805,822.50	258,040,717.11	261,165,588.54	280337506.5
D	"Retail" kWh delivered by distributor	277,862,274.38	283,065,421.30	281,755,267.94	271,486,078.45	245,046,861.94	248,913,436.34	268021556.7
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)	0	0	0	0	0		0
F	Net "Retail" kWh delivered by distributor = D - E	277,862,274.38	283,065,421.30	281,755,267.94	271,486,078.45	245,046,861.94	248,913,436.34	268,021,556.72
G	Loss Factor in Distributor's system = C / F	1.0519	1.0375	1.0472	1.0380	1.0530	1.0492	1.0460
Losses Upstream of Distributor's System								
H	Supply Facilities Loss Factor	1.0074	1.0074	1.0100	1.0114	1.0117	1.0117	1.0099
Total Losses								
I	Total Loss Factor = G x H	1.060	1.045	1.058	1.050	1.065	1.062	1.056

14. Service Quality and Reliability

Ref: Exhibit 2/p. 100-103

Board staff notes that Section 2.5.3 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications requires the Applicant to provide data on reliability performance (SAIDI, SAIFI and CAIDI) for (1) All interruptions, and (2) All interruptions excluding Loss of Supply.

- a) Please identify whether the reliability performance data provided in the applications pertains to (1) or (2) and if necessary provide the component that is missing.

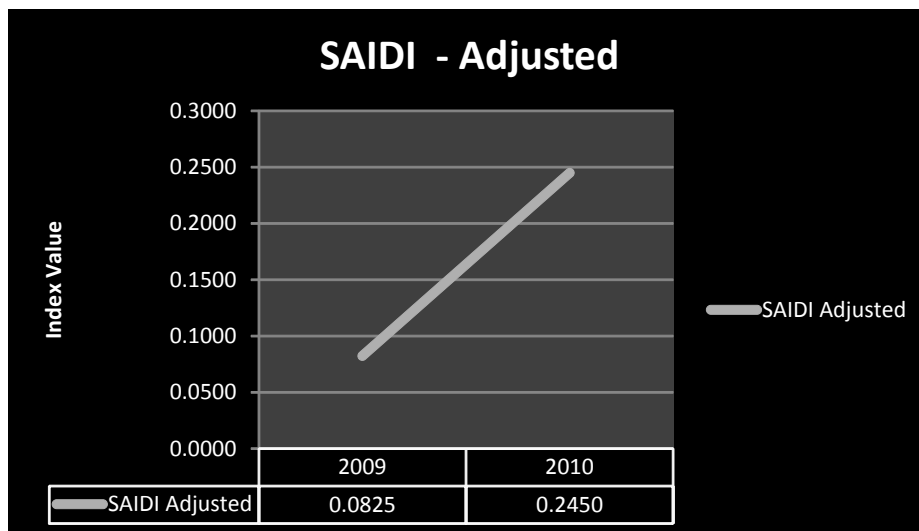
LUI's RESPONSE:

The reliability performance data provided in the application pertains to (1) All Interruptions. Listed below, is the data related to item (2) all interruptions excluding loss of supply. LUI has this information for 2010 & 2009 and does not have this information dating back any further.

SAIDI - Excluding Loss of Supply

Column1	2010	2009
January	0.01	0.01
February	0.000	0
March	0.13	0.01
April	0.01	0.22
May	0.000	0.05
June	0.01	0.01
July	1.97	0.02
August	0.37	0.11
September	0.26	0.15
October	0.01	0
November	0.16	0
December	0.01	0.41
	0.2450	0.0825

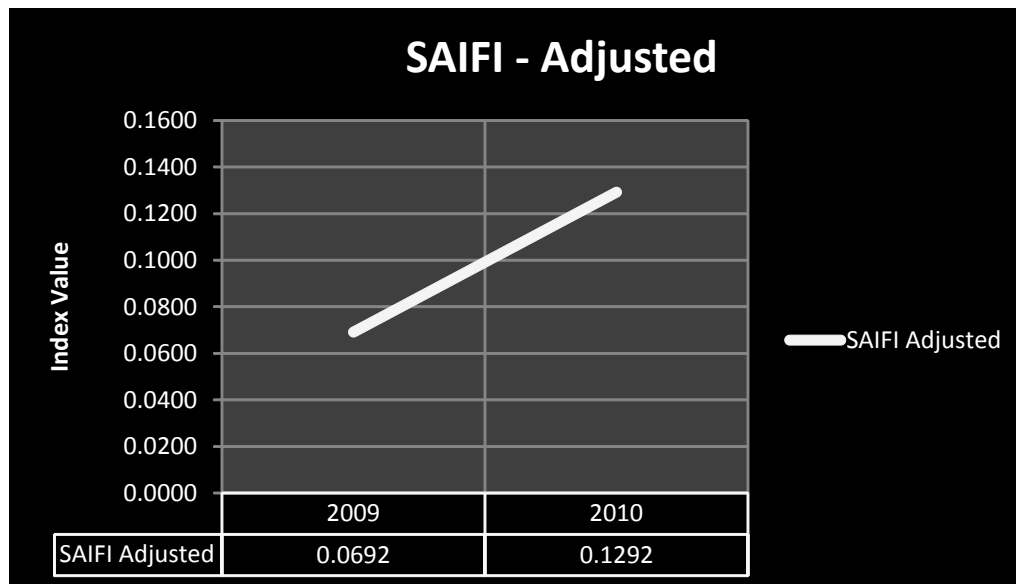
System Average Duration Performance - Adjusted



SAIFI - Excluding Loss of Supply

January	0	0
February	0.000	0
March	0.11	0.01
April	0.01	0.11
May	0.000	0.05
June	0.01	0.01
July	0.57	0.01
August	0.53	0.14
September	0.19	0.18
October	0.01	0
November	0.11	0
December	0.01	0.32
	0.1292	0.0692

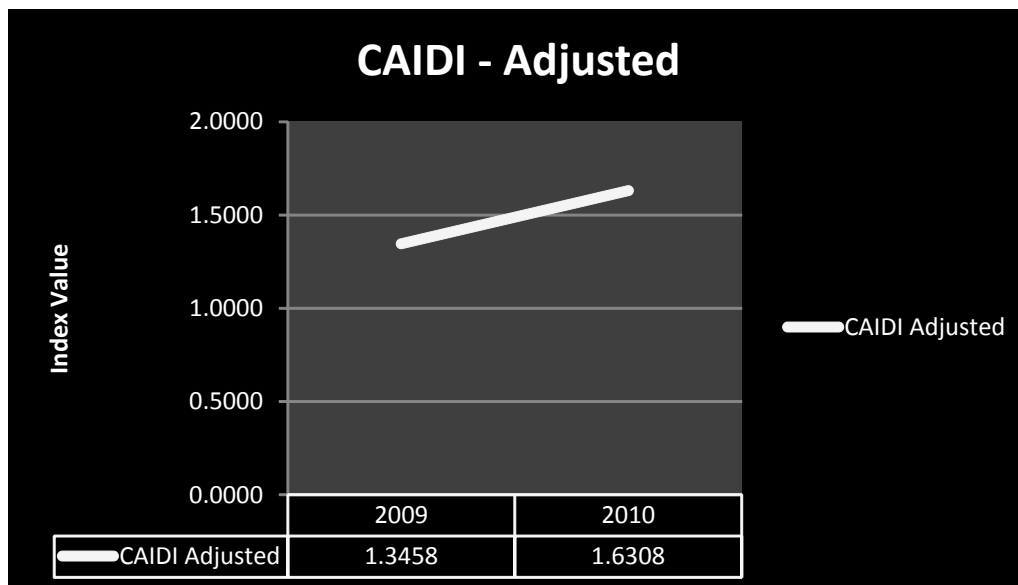
System Average Outage Frequency Performance - Adjusted



CAIDI Excluding Loss of Supply

Column1	2010	2009
January	2.5	3
February	4.000	0.000
March	1.25	1.15
April	0.86	2.01
May	0.550	1.060
June	1.18	1.69
July	3.45	1.24
August	0.7	0.76
September	1.37	0.85
October	1.01	1.62
November	1.49	1.5
December	1.21	1.27
	1.6308	1.3458

Customer Average Interruption Duration Index - Adjusted



15. Smart Meter Efficiencies or Savings

Ref: Exhibit 2/p. 100-103

What operational efficiencies or savings has LUI been able to anticipate or realize as a result of the deployment of smart meters and its associated communications network?

LUI's RESPONSE:

Operational efficiencies have been gained from reduced meter reading costs. Final meter readings are gained remotely. However it should be noted that LUI is incurring additional incremental costs over and above the efficiencies they have realized, due to increase in communications, implementation and staff time allocated for smart meters.

Further, please explain how these efficiencies or savings have been taken into account in this application.

LUI's RESPONSE:

These efficiencies have been taken into account in this Application by reducing our meter reading expense, for physical meter reading. This reduces LUI's, revenue requirement.

16. Smart Meter Costs

Ref: Exhibit 9/p. 24

LUI is specifically requesting the following:

- “An actual cost recovery rate rider of \$ \$ 0.05 per metered customer per month for the period May 1, 2012 to April 30, 2013. This rate rider will collect the difference between the smart meter adder collected from May 1, 2006 to April 30, 2012 and the 2010 and 2011 revenue requirement related to smart meters deployed as of December 31, 2010. Approval to include smart meter capital deployed as of December 31, 2010, plus forecasted in 2011, in the 2012 rate base that supports the 2012 revenue requirement and distribution rates which is the subject of this rate application.”
- “Approval to include smart meter operation and maintenance expenses in the 2012 revenue requirement associated with smart meters deployed as of January 1, 2011.”

In its smart meter model, it appears that Lakefront is including the capital costs also for 685 meters deployed or forecasted to be deployed in 2011.

- a) Please confirm that, in this application, Lakefront is seeking approval for and recovery of costs for smart meters deployed to December 31, 2011. In the alternative, please provide an explanation and clarification of what Lakefront is seeking approval for.

LUI's REPONSE:

LUI is confirming that in this application, LUI is seeking approval for and recovery of costs for smart meters deployed to December 31, 2011.

LUI notes that the second bullet above, was erroneously stated and should read

“Approval to include smart meter operation and maintenance expenses in the 2012 revenue requirement associated with smart meters deployed as of December 31, 2011”

17. Smart Meter Model

Ref: Smart Meter Model Version 2.0

Attached: Draft version of the Smart Meter Model Version 2.17

In its Application Lakefront filed the Smart Meter Model Version 2.0, which was distributed by the Board to all electricity distributors via e-mail on September 13, 2011.

On December 15, 2011, the Board issued Guideline G-2011-0001: Smart Meter Funding and Cost Recovery – Final Disposition. Accompanying Guideline G-2011-0001 was an updated Smart Meter Model Version 2.17. The updated model reflects changes to the methodology based on enquiries from distributors and issues raised in recent rates applications considered by the Board. The updated methodology is also consistent with accounting guidance for accounting of smart meter costs previously issued by the Board.

In reviewing the smart meter spreadsheet model filed by Lakefront, Board staff has observed the following issues or errors with the input data:

- ❑ On sheet 3 “Cost_of_Service_Parameters”, Lakefront has not used the approved Cost of Capital parameters in all years from 2006 to 2011. For a year in which Lakefront had its rates rebased through a Cost of Service application (i.e. 2006 and 2008), the Cost of Capital parameters should be those approved by the Board. For years in which Lakefront had its rates adjusted through the IRM price cap formula, the Cost of Capital parameters should be those approved in the prior Cost of Service rates application; and
- ❑ On Sheet 8 “Funding_Adder_Revs”, Lakefront has applied the prescribed interest rate for all quarters and months in 2012, increasing the calculation of the interest earned for Smart Meter Funding Adder Revenues collected from May 1, 2006 to April 30, 2012.

Version 2.17 of the Smart Meter Model also contains corrections for the following:

- ☐ Interest on Smart Meter Funding Adder revenues is calculated as simple interest on the opening principal balance for SMFA revenues, rather than as compounded interest.; and
- ☐ Sheets 8A and 8B have been added to calculate the simple interest on the OM&A and depreciation/amortization expense. Sheet 8A is the preferred approach, based on the monthly detail that the utility should have recorded in Account 1556. Sheet 8B calculates a proxy based on the average annual balance of deferred OM&A and depreciation expenses input on sheet 2 of the model.

To aid in the regulatory process, Board staff has prepared a draft version of the Smart Meter Model Version 2.17, copying over the data from Lakefront's Excel spreadsheet. Board staff has also revised the Cost of Capital parameters on Sheet 3 based on the those approved in Lakefront's 2006 and 2008 rates applications, and has adjusted the period for which interest is calculated for SMFA revenues on sheet 8 of the model.

- a) Lakefront is requested to review, confirm and correct the data in this model. Any changes should be identified and explained.

LUI's RESPONSE:

LUI reviewed the draft version 2.17 and noted that there are no changes to be made to the input of that data, aside from the changes noted below, in part b).

- b) Lakefront is requested to update 2011 data to reflect actual smart meters deployed and recorded costs and SMFA revenues as of December 31, 2011.

LUI's RESPONSE:

LUI has added information and included this updated information in the v2.17 smart meter model.

- c) If available, Lakefront is requested to populate sheet 8A with the monthly detail of OM&A and depreciation/amortization expense from its Account 1556 records. This will allow for a more accurate calculation of the interest on smart meter OM&A and depreciation/amortization expenses. If the monthly data is not available, Lakefront should provide an explanation.

LUI's RESPONSE:

LUI was able to provide an update to Table 8A and has included the version 2.17.1 as Appendix 17A. The table includes the monthly detail of OM&A expenses.

18. Beyond Minimum Functionality Costs (Smart Meters)

Ref: Exhibit 9/p. 35-36

Guideline G-2008-0002: Smart Meter Funding and Cost Recovery, issued October 22, 2008, states that, as one of the filing requirements for an application seeking disposition of smart meter costs, the utility must provide “justification for any smart meter or AMI costs incurred to support functionality that exceeds the minimum functionality adopted in [Ontario Regulation] 425/06.” (p 12).

Guideline G-2011-0001: Smart Meter Funding and Cost Recovery – Final Disposition, issued December 15, 2011, confirms the definition of minimum functionality as defined by the Board in its Decision with Reasons EB-2007-0063 (August 8, 2007) and also documented in Guideline G-2008-0002. Guideline G-2011-0001 also defines the categories of “beyond minimum functionality costs” for which the applicant utility is required to file separate documentation and justification. A summary table is also contained on the “Notes” page of the Smart Meter Model Version 2.0 filed by Lakefront in its initial Application.

One of the categories identified for “beyond minimum functionality” costs are costs for TOU pricing implementation, and include costs for back-office changes to CIS and billing systems, customer education and web presentation.

On pages 35 and 36 of Exhibit 9, Lakefront documents its activities for TOU implementation, customer education and web presentment. However, a disaggregation of costs for these activities is not shown in the evidence nor in the filed smart meter model.

- a) Please confirm whether any costs are for “beyond minimum functionality” categories as defined in section 3.4 of Guideline G-2011-0001. If so, please document the quanta and provide a description of such costs.

LUI’s RESPONSE:

LUI did not incur, to date, any costs that could be identified as “beyond minimum functionality”, with the exception of the costs associated with integrating with MDM/R. The costs associated with this are:

2010 - \$ 6104.92

- b) Further, as necessary, please revise the costs documented in the Smart Meter Model

Version 2.17 to separate the costs into the appropriate categories and sub- categories of “minimum functionality” and “beyond minimum functionality” as allowed for in the model.

LUI’s RESPONSE:

LUI has appropriate added these costs to the model, v2.17.1 as per appendix 17A.

19. Smart Meter Disposition Rider ("SMDR")

Ref: Exhibit 9/p. 45

In its Application, Lakefront has filed for a uniform SMDR to be applicable for all Residential and GS < 50 kW customers.

In recent decisions with respect to disposition of smart meter costs, the Board has accepted that the SMDR should be determined on a class-specific basis, depending on the availability of the necessary data and the materiality of the differences. This has been recently documented in the Board's decision with respect to PowerStream's 2011 application for the disposition of smart meter costs [EB-2011-0128, issued November 21, 2011]. The Board has also documented this in Guideline G-2011-0001, in section 3.5. While the Board-issued model only calculates the uniform SMDR, a fairly standard approach can be used to allocate the deferred incremental revenue requirement to applicable classes based on cost allocation and cost causality principles.

- a) Please provide Lakefront's views as to whether there are material differences in the capital and operating costs for the smart meters deployed in each of the Residential and GS < 50 kW customer classes. Please provide support for your position.

LUI's RESPONSE:

LUI does not track OM&A costs by customer class, and there was no clear requirement for LUI to track smart meter costs by class.

LUI has incurred smart meter costs for only the residential and GS<50kW customer classes and can allocate the period costs on a percentage basis to the respective classes based on the average number of meters installed during the period, to determine whether there are material differences, but the data will be estimates, at best.

LUI submits that the full cost causality should be investigated to recover smart meter costs and the per meter cost increase according to the demand level. But given the additional complexity for the quality and granularity of the data required, the level of associated effort and the materiality of the amounts requested by LUI, the current method as proposed, is warranted.

- b) Please re-calculate the smart meter disposition rider using the following

methodology that is based on the approach approved by the Board in Power Stream's 2010 smart meter application (EB-2010-0209):

LUI's RESPONSE:

Please note that for the purposes of this table below, interest amounts were not included, and therefore this table appears to deviate from the smart meter rider model 2.17.1

	Residential	GS<50	GS>50-2999	INTERM
Amortization & Rate of Return 2008-2011	\$ 471,122.14	\$ 60,342.56	\$ 17,085.88	\$ 2,190.43
OM&A 2008-2011	\$ 138,765.26	\$ 17,775.12	\$ 2,048.49	\$ 16.13
total OM&A and Return & amort	\$ 609,887.40	\$ 78,117.67	\$ 19,134.37	\$ 2,206.56
PILS	\$ 159,420.23	\$ 20,419.40	\$ 5,001.59	\$ 576.78
Total	\$ 769,307.63	\$ 98,537.08	\$ 24,135.96	\$ 2,783.34
% by class	85.98%	11.01%	2.70%	0.31%
	\$ 138,280.35	\$ 17,711.69	\$ 4,338.35	\$ 500.30
	\$ 1.34	\$ 1.34	\$ 2.85	\$ 41.69

- I. Allocate the total revenue requirement for the historical years, as revised per the previous interrogatory, using the following cost allocation methodology:
 - ☐ Allocate the return (deemed interest plus return on equity) and amortization based on the allocation of Account 1860 in the cost allocation model (CWMC in the cost allocation model);
 - ☐ Allocate the OM&A based on the number of meters installed for each class; and
 - ☐ Allocate PILs based on the revenue requirement allocated to each class before PILs.
- II. Sum the allocated amounts and calculate the percentages of costs allocated to customer rate classes.
- III. Subtract the revenues generated from the smart meter funding adder from the overall revenue requirement.
- IV. Allocate the amount calculated in part (iii) by using the allocation factors derived in part (ii)

- V. To calculate the smart meter disposition rider, divide the allocated amount by rate class derived in part (iv) by the number of customers in each class, and then divide by 12.
- VI. If the proposed disposition period is greater than 1 year, divide the result of part (v) by the proposed number of years.
- c) Please provide Lakefront's views, with reasons, as to whether the SMDR should be uniform or should be class-specific.

LUI's RESPONSE:

LUI believes that the SMDR should be uniformed due to the large swing between the table above and the smart meter rate rider version 2.17.1 Model.

20. Stranded Meters

Ref: Exhibit 2/p. 43-44

In its Application, Lakefront is seeking recovery for \$279,651, as the December 31, 2010 NBV of conventional meters stranded due to replacement by smart meters. On Exhibit 9, p 44, Lakefront states:

“Proceeds on the scrapped meters are captured in account 1555 as an offset to the costs in the deferral account, in accordance with the Board’s Guideline 2008-costs related to the installation of smart meters”.

- a) Please document what are the net proceeds on the scrapped meters, and how these have been taken into account in the determination of the NBV of stranded meters.

LUI’s RESPONSE:

LUI has not received any proceeds on the scrapped meters. LUI made reference to the Board’s Guideline 2008-0002 to note that if “any proceeds were received they would have been captured in accordance to this Guideline”.

While Lakefront may have removed the stranded meters from its records as of December 31, 2010, these conventional meters remained in the rate base and revenue requirement from Lakefront’s base rates on which its 2011 rates were calculated through the IRM price cap adjustment. Therefore, rates in 2011 continued to reflect the recovery of the revenue requirement, including a return on capital and annual depreciation/amortization expense for these stranded conventional meters.

- b) What would be the annual amortization/depreciation expense for conventional meters in 2011.

LUI’s RESPONSE:

LUI’s annual amortization expense for conventional meters in 2011 would be \$35,043.

- c) Please provide Lakefront's views as to whether the NBV of stranded conventional meters to be recovered through the Stranded Meter Rate Rider as of January 1, 2012 should be reduced to reflect the additional year of amortization/depreciation expense recovered in rates in 2011. If appropriate, please update Lakefront's proposal for the Stranded Meter Rate Rider.

LUI's RESPONSE:

LUI has amended the Stranded Meter Rate Rider, as of May 1, 2012, to reflect the additional amortization expense that will be recovered in rates in 2011. The table below, reflects the update Stranded Meter Rate Rider, which was originally submitted at \$2.37 and has here forth been adjusted to \$2.14 per customer.

Stranded Meters		
Capital Cost	\$	688,736
Accumulated Depreciation	\$	436,068
NBV	\$	252,668
Rate Rider per Metered Customer per Month	\$	2.14

In its original Application, Lakefront has proposed a uniform SMRR applicable to the Residential and GS < 50 kW classes. Section 3.7 of Guideline G-2011-0001 states that the utility should consider allocation of costs and class-specific stranded meter rate riders based on principles of cost causality and practicality.

- d) Please provide Lakefront's views as to whether the Stranded Meter Rate Rider should be uniform or class-specific for the Residential and GS < 50 kW classes. Please support your position.

LUI's RESPONSE:

LUI's views are that the Stranded Meter Rate Rider should be uniform across the customer classes, as LUI did not track stranded meter costs by customer class, and there was no clear requirement for LUI to track stranded meter costs by class.

- e) If Lakefront concurs that the Stranded Meter Rate Rider should be class-specific, please provide Lakefront's proposal. Please provide all supporting calculations.

LUI's RESPONSES:

Not applicable

21. System Energy Forecast (Regression Model)

Ref: Exhibit 3/ p. 14 & 25

On page 14, Lakefront provides the statistical results for the regression model in Table 3-5. As compared to Exhibit 3/ p.25/Appendix A, it appears that two input variables, Population and Blackout Flag, are not included in Table 3-5.

LUI's RESPONSE:

LUI did not use the Population and Blackout Flag variables, as they resulted in negative coefficients.

- a) Please provide the updated statistical results as stated in Table 3-5 to reflect the inclusion of two missing input variables, Population and Blackout Flag.

LUI RESPONSE:

See above. Had LUI included these two variables, the forecast data and regression analysis, would heed the results below:

Table 3-5 Statistical Results

	Value
R Square	0.91
Adjusted R Square	0.90
T-Stats by Coefficient	
Intercept	-2.01
Heating Degree Days	19.54
Cooling Degree Days	8.42
Ontario Real GDP Monthly %	2.57
Number of Days in Month	4.94
Spring Fall Flag	-6.24
Population	-0.59
Number of Peak Hours	2.57
Blackout Flag	-0.17

- b) Please also provide the coefficients for all the input variables used in the regression model.

LUI RESPONSE:

LUI's regression model analysis included the following input variables:

	<i>Coefficients</i>
Intercept	-5871891.05
Heating Degree Days	6308.86
Cooling Degree Days	30519.35
Ontario Real GDP Monthly %	61304.30
Number of Days in Month	380927.98
Spring Fall Flag	-895389.50
Number of Peak Hours	9005.31

- c) Please provide the assumptions used to determine the population and Ontario Real GDP Monthly % for 2011 and 2012 as stated in Exhibit 3/ p.25/ Appendix A.

LUI RESPONSE:

LUI obtained population for Appendix A, by using the historical growth rate, based on the previous year. LUI took the incremental change from the prior year, and added that figure to the current month.

22. System Energy Forecast (Regression Analysis)

Ref: Exhibit 3/ p. 7

On page 7, it states:

“LUI removed data for 2 (two) specific customers from the analysis due to their negative impacts on the results of the regression analysis. One customer is in the GS>50-2999kW customer class and the other customer is in the GS > 3000-4999 customer class. After running the regression analysis, LUI added back the original data for the GS > 50-2999 kW customer, in order to better predict 2011 & 2012 data. This GS > 50-2999 customer usage ranges from 561,500 – 1,162,000 kWh per month. This large variation caused a negative impact on the regression analysis. LUI used industry knowledge and experience with the GS 3000-4999 kW class customer in order to forecast the data for 2011 & 2012 as follows. The average of the usage for 2009 and 2010 was used to forecast the 2011 and 2012 kWh and kW for the customer in the GS 3000-4999 class.”

- a) For the above mentioned customer in the GS 3000-4999 kW class, please provide the forecast kWh and kW that have been added back to the 2011 and 2012 load forecast.

LUI's RESPONSE:

LUI first identified the amount of kWh consumed, billed without Loss Factor, kWh billed, kW, and customer connections in the GS 3000-4999 class to determine a historical basis for forecasting. LUI then became conscious that it was necessary to remove the customer due to its uncharacteristic operations and negative forecasting impacts on the entire class. LUI used its historical billing records to segregate this customer in the GS 3000-4999 class. After impact analysis was complete and the regression model was run, LUI added back in to the usage of the segregated customer to apply against the forecasting figures.

The segregated information for this customer is as follows:

Monthly	kWh Consumed	Billed without Loss Factor	kWh Billed	kW
Jan-04	2,044,591	2,044,591	2,134,144	3,748.3
Feb-04	1,759,904	1,759,904	1,836,988	3,346.1
Mar-04	2,046,023	2,046,023	2,135,639	3,409.4
Apr-04	1,964,042	1,964,042	2,050,067	3,998.5
May-04	2,278,933	2,278,933	2,378,750	4,475.7
Jun-04	2,556,147	2,556,147	2,668,106	4,972.6
Jul-04	2,431,422	2,431,422	2,537,918	4,903.5
Aug-04	2,451,541	2,451,541	2,558,918	4,955.7
Sep-04	2,100,431	2,100,431	2,192,430	3,917.2
Oct-04	1,879,029	1,879,029	1,961,330	3,643.2
Nov-04	1,930,379	1,930,379	2,014,930	4,040.0
Dec-04	1,760,549	1,760,549	1,837,661	4,273.2
Jan-05	2,013,291	2,013,291	2,101,473	3,924.8
Feb-05	2,053,360	2,053,360	2,143,297	3,991.4
Mar-05	2,248,592	2,248,592	2,347,080	4,185.2
Apr-05	1,744,525	1,744,525	1,820,935	4,234.9
May-05	2,435,435	2,435,435	2,542,107	5,145.2
Jun-05	2,420,682	2,420,682	2,526,708	5,141.0
Jul-05	1,402,185	1,402,185	1,463,601	3,946.5
Aug-05	1,435,113	1,435,113	1,497,971	3,892.0
Sep-05	979,751	979,751	1,022,664	2,820.9
Oct-05	1,069,186	1,069,186	1,116,016	2,608.9
Nov-05	1,383,754	1,383,754	1,444,362	2,826.7
Dec-05	1,029,284	1,029,284	1,074,367	2,943.5
Jan-06	1,773,711	1,773,711	1,851,400	4,008.1
Feb-06	2,088,608	2,088,608	2,180,089	4,977.1
Mar-06	2,656,351	2,656,351	2,772,699	4,972.4
Apr-06	2,554,129	2,554,129	2,666,000	4,608.6
May-06	2,231,737	2,231,737	2,329,487	4,333.0
Jun-06	2,396,213	2,396,213	2,501,167	4,523.4
Jul-06	1,690,009	1,690,009	1,764,031	3,806.2
Aug-06	1,809,678	1,809,678	1,888,942	4,296.4
Sep-06	1,560,923	1,560,923	1,629,291	3,464.9
Oct-06	1,423,298	1,423,298	1,485,638	3,193.2
Nov-06	1,844,230	1,844,230	1,925,007	3,447.9
Dec-06	1,414,303	1,414,303	1,476,249	2,847.8
Jan-07	1,825,623	1,825,623	1,905,585	3,706.2
Feb-07	1,915,433	1,915,433	1,999,329	4,300.5
Mar-07	2,426,025	2,426,025	2,532,285	4,487.2
Apr-07	2,464,608	2,464,608	2,572,558	4,764.7
May-07	2,207,305	2,207,305	2,303,985	4,345.3
Jun-07	1,558,996	1,558,996	1,627,280	4,405.9
Jul-07	1,016,601	1,016,601	1,061,128	2,468.5
Aug-07	1,281,200	1,281,200	1,337,316	2,700.0
Sep-07	1,330,747	1,330,747	1,389,034	5,218.0
Oct-07	1,439,149	1,439,149	1,502,184	2,880.4
Nov-07	1,692,528	1,692,528	1,766,661	3,570.9
Dec-07	1,425,400	1,425,400	1,487,833	3,379.0
Jan-08	2,132,961	2,132,961	2,226,385	4,242.9
Feb-08	1,768,153	1,768,153	1,845,598	3,792.6
Mar-08	1,674,289	1,674,289	1,747,623	3,523.9
Apr-08	1,801,154	1,801,154	1,880,044	3,400.3
May-08	1,531,545	1,531,545	1,598,627	3,447.6
Jun-08	1,483,482	1,483,482	1,548,458	3,087.2
Jul-08	1,640,411	1,640,411	1,712,261	3,252.0
Aug-08	1,062,188	1,062,188	1,108,712	3,439.1
Sep-08	1,678,443	1,678,443	1,751,959	3,600.2
Oct-08	1,500,377	1,500,377	1,566,094	2,810.0
Nov-08	1,600,666	1,600,666	1,670,775	3,201.4
Dec-08	931,836	931,836	972,650	2,666.6
Jan-09	1,512,593	1,512,593	1,578,844	3,346.0
Feb-09	1,657,022	1,657,022	1,729,600	3,608.2
Mar-09	1,438,632	1,438,632	1,501,644	4,236.1
Apr-09	1,582,039	1,582,039	1,651,332	4,091.5
May-09	1,832,551	1,832,551	1,912,817	4,727.0
Jun-09	1,897,917	1,897,917	1,981,046	4,612.3
Jul-09	1,678,303	1,678,303	1,751,813	4,217.5
Aug-09	1,565,396	1,565,396	1,633,960	4,434.1
Sep-09	1,527,190	1,527,190	1,594,081	3,800.5
Oct-09	1,612,105	1,612,105	1,682,715	3,949.4
Nov-09	1,800,121	1,800,121	1,878,966	4,158.6
Dec-09	1,450,498	1,450,498	1,514,030	4,447.7
Jan-10	1,493,109	1,493,109	1,558,507	3,716.3
Feb-10	1,671,448	1,671,448	1,744,657	3,833.2
Mar-10	2,063,110	2,063,110	2,153,474	4,535.6
Apr-10	2,169,883	2,169,883	2,264,924	4,397.4
May-10	2,187,136	2,187,136	2,282,933	4,653.1
Jun-10	1,938,469	1,938,469	2,023,374	4,074.5
Jul-10	1,435,239	1,435,239	1,498,102	3,955.1
Aug-10	1,249,785	1,249,785	1,304,526	3,351.9
Sep-10	1,520,762	1,520,762	1,587,371	3,926.4
Oct-10	952,609	952,609	994,333	2,960.9
Nov-10	1,033,367	1,033,367	1,078,628	2,454.8
Dec-10	1,321,427	1,321,427	1,379,306	3,396.5

To forecast the 2011 and 2012 figures for this class LUI added back the customer (i.e: 0 + removed customer = 1) in all forecasting years and applied the geometric mean average growth rate over the years 2004-2010 to the previous year actual usage. Same principles were applied for predicting the kW, kWh, consumed, and billed.

- b) For the above mentioned customer in the GS > 50-2999 kW class, please provide the forecast kWh and kW that have been added back to the 2011 and 2012 load forecast and how such kWh and kW are determined.

LUI's RESPONSE:

LUI first identified the amount of kWh consumed, billed without Loss Factor, kWh billed, kW, and customer connections in the GS 50>-2999KW class to determine a historical basis for forecasting. LUI then became conscious that it was necessary to remove a customer due to its uncharacteristic operations and negative forecasting impacts on the entire class. LUI used its historical billing records to segregate this customer in the GS 50>2999KW class. After impact analysis was complete and the regression model was run, LUI added back in to the usage of the segregated customer to apply against the forecasting figures.

The segregated information for this customer is as follows:

GS >50-2999kW				
Monthly	kWh Consumed	Billed without Loss Factor	kWh Billed	kW
	1.0436			
Jan-04	944,670	944,670	985858	1804.0
Feb-04	1,025,202	1,025,202	1069900.54	1828.0
Mar-04	1,132,850	1,132,850	1182241.89	1864.0
Apr-04	1,104,367	1,104,367	1152517.67	2088.0
May-04	1,122,384	1,122,384	1171319.77	2048.0
Jun-04	1,126,779	1,126,779	1175906.9	2264.0
Jul-04	1,134,623	1,134,623	1184092.77	2204.0
Aug-04	892,966	892,966	931899.81	2132.0
Sep-04	1,127,882	1,127,882	1177057.58	2188.0
Oct-04	909,650	909,650	949310.9	2016.0
Nov-04	1,027,263	1,027,263	1072052.09	1976.0
Dec-04	844,349	844,349	881162.62	2032.0
Jan-05	1,020,902	1,020,902	1065413.3	1996.0
Feb-05	966,604	966,604	1008747.91	1976.0
Mar-05	1,081,506	1,081,506	1128659.21	2016.0
Apr-05	1,033,880	1,033,880	1078957.22	1916.0
May-05	1,039,815	1,039,815	1085150.73	2164.0
Jun-05	1,023,502	1,023,502	1068126.66	2108.0
Jul-05	992,524	992,524	1035798.31	2148.0
Aug-05	910,836	910,836	950547.93	2200.0
Sep-05	1,137,062	1,137,062	1186637.58	2184.0
Oct-05	1,072,559	1,072,559	1119322.66	2196.0
Nov-05	1,056,064	1,056,064	1102108.2	2180.0
Dec-05	873,215	873,215	911287.4	2084.0
Jan-06	1,135,021	1,135,021	1184507.88	2080.0
Feb-06	1,044,626	1,044,626	1090171.7	2076.0
Mar-06	1,161,829	1,161,829	1212484.24	2148.0
Apr-06	1,099,169	1,099,169	1147093.02	2060.0
May-06	1,117,142	1,117,142	1165849.09	2052.0
Jun-06	1,032,769	1,032,769	1077798.01	1981.6
Jul-06	1,013,488	1,013,488	1057676.36	2088.8
Aug-06	970,696	970,696	1013017.97	1997.6
Sep-06	1,073,536	1,073,536	1120342.56	2035.2
Oct-06	939,006	939,006	979946.91	1920.0
Nov-06	675,728	675,728	705189.65	1789.6
Dec-06	682,450	682,450	712204.74	1850.4
Jan-07	888,532	888,532	927272.08	1896.8
Feb-07	875,328	875,328	913492.14	2095.2
Mar-07	969,172	969,172	1011428.24	1987.2
Apr-07	933,781	933,781	974493.77	1976.0
May-07	1,012,996	1,012,996	1057162.83	2012.0
Jun-07	1,009,209	1,009,209	1053210.27	1970.4
Jul-07	878,893	878,893	917212.29	2055.2
Aug-07	1,060,653	1,060,653	1106897.65	2077.6
Sep-07	990,100	990,100	1033268.57	1966.4
Oct-07	1,025,929	1,025,929	1070659.98	1980.8
Nov-07	1,022,357	1,022,357	1066931.75	2080.8
Dec-07	736,183	736,183	768280.86	2032.0
Jan-08	568,783	568,783	593582.25	1884.0
Feb-08	757,661	757,661	790695.26	1848.8
Mar-08	777,508	777,508	811407.36	1847.2
Apr-08	765,768	765,768	799155.57	1804.0
May-08	631,373	631,373	658900.48	1769.6
Jun-08	858,129	858,129	895543.62	1895.2
Jul-08	979,228	979,228	1021922.1	1983.2
Aug-08	781,564	781,564	815639.98	1903.2
Sep-08	1,021,870	1,021,870	1066423.53	1938.4
Oct-08	898,000	898,000	937153.01	1852.8
Nov-08	697,999	697,999	728431.55	1827.2
Dec-08	636,095	636,095	663828.53	1725.6
Jan-09	667,086	667,086	696170.95	1702.4
Feb-09	561,589	561,589	586074.7	1715.2
Mar-09	743,834	743,834	776265.58	1808.8
Apr-09	621,249	621,249	648335.25	1684.8
May-09	807,286	807,286	842483.25	1935.2
Jun-09	992,616	992,616	1035893.64	2009.6
Jul-09	802,433	802,433	837419.5	1940.8
Aug-09	938,132	938,132	979034.97	1959.2
Sep-09	860,380	860,380	897892.15	1865.6
Oct-09	1,016,335	1,016,335	1060646.79	1959.2
Nov-09	919,040	919,040	959109.73	1786.4
Dec-09	627,262	627,262	654610.41	1724.8
Jan-10	767,432	767,432	800891.83	1914.4
Feb-10	801,162	801,162	836092.66	2027.2
Mar-10	938,236	938,236	979143.09	1798.4
Apr-10	878,730	878,730	917042.21	1848.0
May-10	971,232	971,232	1013578.13	1812.0
Jun-10	962,326	962,326	1004283.83	1910.4
Jul-10	901,718	901,718	941033.32	1963.2
Aug-10	1,023,852	1,023,852	1068492.36	1950.4
Sep-10	964,787	964,787	1006852.13	1937.6
Oct-10	875,251	875,251	913411.53	1746.4
Nov-10	878,699	878,699	917010.28	1822.4
Dec-10	786,259	786,259	820539.89	1956.8
Jan-11	910,924	910924.2047	950640.5	1794.4
Feb-11	896,215	896215.3986	935290.39	2013.6
Mar-11	968,709	968709.1989	1010944.92	1892.0

To forecast the 2011 and 2012 figures for this class LUI added back the customer (i.e: 155 + removed customer = 156) in all forecasting years and applied the geometric mean average growth rate over the years 2004-2010 to the previous year actual usage. Same principles were applied for predicting the kW, kWh, consumed, and billed.

23. System Energy Forecast (Heating and Cooling Days)

Ref: Exhibit 3/ p.12

On page 12, it states: "In accordance with the filing requirement LUI has also provided a comparison of the average of heating and cooling days used in this application, 10 and 20 year trend of data in Table 3-4. LUI has provided the load forecasts based on a 10- year and 20-year trend of Heating Degree Days and Cooling Degree Days."

As indicated above, Lakefront has provided the load forecasts based on a 10-year and 20-year trend Heating Degree Days and Cooling Degree Days. However, it appears that such load forecasts are not included in the application, please provide the details of the load forecasts for these two scenarios.

LUI RESPONSE:

LUI used the weather normalized seven year average as the purchased forecast in this application for the purposes of determining a billed kWh load forecast which is used to design rates. The seven year average has been used as this is consistent with the period of time over which the regression analysis was conducted. The Table 3-4 which details the 10 & 20 Year Trend also shows the 7 year average which was used by LUI.

24. Actual and Forecast System Energy

Ref: Exhibit 3/ p. 8-9

On page 8, it states: "Table 3-1, 3-2, 3-3 below provide a summary of weather normalized load and customer/connection forecast used in this section." And on page 9, it states: "The years 2004 to 2010 are weather actual, 2011 and 2012 are weather normalized and adjusted by a CDM factor."

Please provide Table 3-1 again but exclude the CDM adjustment, and recalculate the "Percentage Change" for 2011 and 2012.

LUI's RESPONSE:

Below LUI provides the Table 3-1 excluding a CDM adjustment for the years 2011 and 2012 weather normalized figures. Percentage Change has been recalculated.

Table 3-1						
Summary of Load and Customer/Connection Forecast						
Year	Billed (kWh)	Growth (kwh)	Percentage Change %	Customer/ Connection Count	Growth	Percentage Change %
2004	250,404,235			11,311		
2005	245,534,411	-4,869,824	-1.94%	11,450	139	1.23%
2006	249,730,055	4,195,644	1.71%	11,707	257	2.24%
2007	251,838,780	2,108,725	0.84%	11,861	154	1.32%
2008	249,119,680	-2,719,100	-1.08%	12,063	202	1.71%
2009	243,045,006	-6,074,674	-2.44%	12,305	241	2.00%
2010	248,087,251	5,042,246	2.07%	12,390	85	0.69%
2011	249,512,458	1,425,207	0.57%	12,577	187	1.51%
2012	252,773,254	3,260,796	1.31%	12,767	190	1.51%

25. CDM Impacts on Load Forecast

Ref: Board's CDM Guidelines² (March 28, 2008, EB-2008-0037)

Section 5.2 of the Board's CDM Guidelines states that lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time.

- a) Please discuss the CDM impacts that Lakefront is proposing to include in its load forecast from programs delivered from 2005-2012 inclusive.

LUI's RESPONSE:

LUI has included the CDM targets within our load forecast, as per b) below. LUI used historical data to forecast future data, and in this forecast, any CDM savings that were incurred are therefore included.

- b) Please provide a table that shows how Lakefront proposes to incorporate its CDM targets within its load forecast (Lakefront's CDM targets are: 2.770 MW & 13.590 GWh).

LUI RESPONSE:

LUI has attached a table that identifies the incorporation of its CDM targets, for 2011&2012 within our load forecast. Our calculated weather normalized predicted purchases for 2011 was 243,230,531.78, and after the reduction of 10% of our total CDM target of 1,359,000.00 in our first year (2011), we will have a new predicted weather normalized purchase of 241,871,531.78. The same rationale applies for 2012, whereas we bring in a 20% target for CDM, of 2,718,000.00 for the year 2012. This takes us from original weather normalized predicted purchases of 246,675,649.84 to 243,957,649.84 after our target CDM has been applied.

Question 25B	<u>Purchased including Losses</u>	<u>Predicted Purchases</u>
2000	0	0
2001	0	0
2002	0	0
2003	0	0
2004	237,756,978	237,365,293
2005	243,277,176	243,477,005
2006	240,417,666	240,065,788
2007	245,774,388	244,719,267
2008	241,507,709	241,845,236
2009	236,526,799	238,802,381
2010	241,473,268	240,459,013
2011	0	243,230,532
2012	0	246,675,650

Question 25B				
Minister's CDM Adjustments				
2011 calc'd	243,230,531.78	Copy paste special from PPModel c		
2012 calc'd	246,675,649.84	Copy paste special from PPModel c		
10% of CDM Directive				
kWh	1,359,000.00	CDM kWh Target		13,590,000
Thus, 2011 is	241,871,531.78			
20% of CDM Directive				
kWh	2,718,000.00			
Thus, 2012 is	243,957,649.84			

26. Annual kWh Usage per Customer/Connection

Ref: Exhibit 3/ p. 17

In Table 3-9, Lakefront provides the annual kWh usage per customer/connection for all the classes. The usage for the Streetlights class for 2008, 2009 and 2010 is 668, 488 and 434 kWh respectively. Please explain why the usage per connection for Streetlights dropped significantly in 2009 and further dropped in 2010.

LUI RESPONSE:

In 2008, the Streetlight customer in Cobourg purchased a new lighting technology for the streetlights that would reduce the kWh usage of electricity with the new lights. The change out of the streetlights took place over a 3 year period, from 2008-2010.

27. Accommodation of Renewable Generation

Ref: Exhibit 2/p.109/section 3

Ref: Part V/section 2/4th bullet of the Filing Requirements³ for Distribution System Plans
LUI addresses the forecast of future renewable connections, but does not indicate how it plans to prioritize the connection of these projects.

2

http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/33956/view/Board%20Guidelines%20for%20CDM_20080328.PDF

3

http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/183437/view/Filing%20Req_DSP_20100325.PDF

- a) In accordance with the Filing Requirements for Distribution Plans, please provide LUI's prioritization methodology.

LUI's RESPONSE:

As stated in LUI Green Energy Plan section 3.1 below, LUI records the distributed generation proponent's application date, time and distribution feeder on its internal tracking spreadsheet. The prioritization methodology used in awarding available capacity to the proponent is the first applicant to apply (date, time, completion of forms and feeder capacity) receives the available capacity. This statement makes the assumption that the proponent pays all associated utility charges and "offer to connect" require to make the connection. In the event that the capacity is required by another applicant and the first applicant's timeline is more than six months, LUI will contact the proponent to determine if their project is still valid. An internal excel spread sheet has been created where Lakefront Utilities documents the generator connection size, location, customer information and the date/time the applications were received.

28. Identification of Renewable Enabling Capital Expenditures

Ref: Exhibit 2/ p. 108 & 110

LUI states that: “LUI has no renewable enabling (GEA) capital expenditures related to infrastructure upgrade planned in its forecasted five year capital plan”. However, LUI later states that: “LUI is investing in capital to improve its distribution plant [...]. This capital investment will also add renewable generation connection capacity to LUI’s distribution plant.”

- a) Please confirm that LUI is not seeking a prudence review of the GEA Plan in this proceeding.

LUI’s RESPONSE:

LUI confirms they are not seeking a prudence review of the GEA plan in this proceeding.

- b) Are there any OM&A expenditures, such as labour expenses, associated with the implementation of the GEA Plan in general, and more specifically with the connection of the current FIT and micro-FIT projects?

LUI’s RESPONSE:

LUI has no additional costs over and above those paid by the customers of MicroFit and FIT projects. This applies to the implementation of our GEA Plan in general as well.

- c) Please clarify whether any of the capital projects LUI intends to undertake are driven by the connection of distributed generation.

LUI’s RESPONSE:

None of LUI’s capital projects are driven by the connection of distributed generation.

29. Smart Grid Development

Ref: Exhibit 2/ p.110-111

LUI indicates that “a detailed summary of incremental expenditures associated with specific Smart Grid activities and projects is currently being compiled.”

- a) Does LUI plan to undertake any of the Smart Grid activities identified at the reference over the 5-year GEA planning horizon?

LUI's RESPONSE:

Yes, LUI is continuously investigating new smart grid technologies to implement in the distribution system. Currently, LUI is in the process of installing automated distribution line reclosers on its 27.6kV system to reduce impact and number of customers affected by outages on its distribution system per feeder.

- b) What are the capital and OM&A expenditures associated with these Smart Grid activities?

LUI's RESPONSE:

LUI intends to fund capital expenditures such as the purchase of equipment (reclosers for example) and the associated installation of that equipment. We have contracted an engineering firm to assist in distribution system analysis and optimization.

There are currently no OM&A costs expected to be incurred associated with Smart Grid activities at this time.

30. Deferral and Variance Accounts (Adjustments)

Has the Applicant made any adjustments to deferral and variance account balances that were previously approved by the Board, subsequent to the balance sheet date that was cleared in the most recent rates proceeding? If yes, please provide explanations for the nature and amounts of the adjustments and include supporting documentation.

LUI RESPONSE:

LUI has not made any adjustment to deferral and variance account balances that were previously approved by the Board, subsequent to the balance sheet date that was cleared in the most recent rates proceeding.

31. Deferral and Variance Accounts (Energy Sales and Cost of Power))

Please provide breakdown of energy sales and cost of power expense, as reported in the audited financial statements, by USofA account number. Please tie these numbers to the audited financial statements. If there is a difference between the energy sales and cost of power expense reported numbers, please explain why the applicant is making a profit or loss on the commodity.

LUI RESPONSE:

Please see spreadsheet below, referenced to the financial statements included as well.

| OEB I.R. 1 Response to Question 31

| Lakefront Utilities Inc.

USofA	Account Name	Year Ended December 31, 2010
	4006 Residential Energy Sales	4,042,321
	4010 Commercial COP GS<50	2,340,766
	4015 Intermediate	1,266,188
	4020 Large User	
	4025 Streetlight	68,628
	4030 Sentinel light	3,261
	4031 Unmetered	50,751
	4035 G/S >50	7,771,231
	4055 Retailers	1,284,091
	4062 Billed Wholesale Market Service	1,448,652
	4066 Transmission Network	1,244,308
	4068 Transmission Connection	1,032,714
	4075 low Voltage Revenue	211,515
	TOTAL ENERGY SALES	20,764,427 A
	4705 Power Purchased	9,995,084
	4706 Regulated Price Plan/GA	6,832,154
	4708 Wholesale Market Service Charge	1,448,652
	4712 One Time	
	4714 Transmission Network	1,244,308
	4716 Transmission Connection	1,032,714
	4730 Rural Rate Assistance	
	4750 Low Voltage Hydro One	211,515
	TOTAL COST OF POWER EXPENSE	20,764,427 B

LAKEFRONT UTILITIES INC.
STATEMENT OF INCOME
For the year ended December 31, 2010

	2010	2009
	\$	\$
Sales		
Cost of power revenue	A 20,764,427	19,583,913
Service revenue	4,059,895	4,055,737
	24,824,322	23,639,650
Cost of power purchased	B 20,764,427	19,583,913
Gross profit	4,059,895	4,055,737
Other operating revenue	359,867	430,513
Gross income from operations	4,419,762	4,486,250
Expenses		
General and administration	973,623	855,700
Amortization	894,073	893,443
Distribution	641,133	645,289
Customer billing and collecting	425,479	407,717
Interest	581,259	587,170
	3,515,567	3,389,319
Income before provision for (recovery of) payments-in-lieu of income taxes	904,195	1,096,931
Provision for payments for (recovery of) payments in-lieu of income taxes (note 3)		
Current	254,247	355,241
Future	40,000	(10,000)
	294,247	345,241
Net income for the year	609,948	751,690

The accompanying notes are an integral part of these financial statements

32. Deferral and Variance Accounts (Global Adjustment)

1588 RSVA Power and 1588 RSVA Sub-account Global Adjustment:

- a) Does the applicant pro-rate IESO Charge Type 146 Global Adjustment into the RPP portion and non-RPP portion? If not, why not. If so, please provide the supporting spreadsheet for the year 2010 which prorates the IESO Charge Type 146 Global Adjustment into RPP portion and non-RPP portion.

LUI RESPONSE:

Yes, LUI does pro-rate IESO Charge Type 146 Global Adjustment into the RPP portion and non-RPP Portion. See the table below which shows the proration of IESO Charge Type 146 Global Adjustment into RPP portion and non-RPP portion.

OEB IR1. Response to Question 32a												
Lakefront Utilities Inc.												
Month Paid Description	Q1 2010			Q2 2010			Q3 2010			Q4 2010		
	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
GA Settlement Amount Line 146	727,429.91	677,882.05	587,329.00	897,956.81	719,908.59	518,311.16	532,446.77	172,333.26	276,798.45	577,993.07	794,175.06	722,333.84
GA NON RPP	301,286.65	293,585.92	305,457.65	433,594.19	410,392.11	295,965.80	280,437.60	110,105.83	132,580.50	246,757.40	370,496.40	369,917.10
GA RPP	426,143.26	384,296.13	281,871.35	464,362.62	309,516.48	222,345.36	252,009.17	62,227.43	144,217.95	331,235.67	423,678.66	352,416.74

- b) Is the RPP portion included in Account 4705 control account and then incorporated into the variance reported in Account 1588 control account? If not, why not. If so, please provide journal entries for the month of December 2010 to record the RPP portion of global adjustment in Account 4705 control account and incorporated into the variance reported in Account 1588 control account.

LUI's RESPONSE:

Yes, the RPP portion of IESO Charge Type 146 Global Adjustment is included in Account 4705 control account and then incorporated into the variance reported in the Account 1588 control account.

The following entries were done for the month of December 2010

Charges for monthly settlement statement December 2010

Code	POSTING	Name	Paid Dec 10
0101	4705	Net Energy Market Settlement	\$687,975.44
0142	4705	Regulated Price Plan Settlement	(\$8,409.21)
0146	4705	Power Purchased Global Adjustment	\$722,333.84
0150	4708	Net Energy Market Settlement Uplift	\$12,694.99
0155	4708	Congestion Management Settlement Uplift	\$11,362.82
0163	4708	Market Suspension Additional	\$4.50
0169	4708	Station Service Reimbursement Debit	\$530.72
0170	4708	Local Market Power Rebate	(\$17.06)
0183	4708	Generation Cost Guarantee Recovery Debit	\$18,560.90
0186	4708	Intertie Failure	(\$66.18)
0250	4708	10-Minute Spinning Market Reserve Hourly Uplift	\$742.94
0252	4708	10-Minute Non-Spinning Market Reserve Hourly Uplift	\$580.09
0254	4708	30-Minute Operating Reserve Market Hourly Uplift	\$586.60
0450	4708	Black Start Capability Settlement Debit	\$166.71
0451	4708	Hourly Reactive Support and Voltage Control Settlement	\$3,127.86
0452	4708	Monthly Reactive Support and Voltage Control Settlement	\$438.50
0454	4708	Regulation Service Settlement Debit	\$3,439.55
0753	4708	Rural Rate Settlement Charge	\$27,496.58
0754	4708	OPA Administration Charge	\$11,654.32
0900	2290	GST Credit	(\$4,788.58)
0950	2290	GST Debit/HST Debit Jul 1/10	\$201,003.74
1412	2224	Feed-In Tariff Program Settlement Amount	(\$2,092.36)
1463	4708	Renewable Generation Connection - Mthly Compensation	\$849.95
9990	4708	IESO Administration Charge	\$17,386.30
Invoice Total		Invoice Total	\$1,705,562.96

Power Purchased #4705 Total	\$1,401,900.07
WMS Charge #4708 Total	\$109,540.09
OPG Rebate #2223 Total	\$0.00
RESOP/FIT AMT. #2224 Total	(\$2,092.36)
H(G).S.T. #2290 Total	\$196,215.16
	\$1,705,562.96

- c) Is the non-RPP portion included in Account 4705 sub-account Global Adjustment and then incorporated into the variance reported in Account 1588 sub-account Global Adjustment? If not, why not. If so, please provide journal entries for the month of December 2010 to record the non-RPP portion of global adjustment in Account 4705 sub-account Global Adjustment and incorporated into variance reported in Account 1588 sub-account Global Adjustment.

LUI's RESPONSE:

LUI includes the non-RPP portion in Account 4705 sub account Global Adjustment and into the variance reported in Account 1588 subaccount.

	RPP	
Debit	Cost of Power 4705	352,416.74
Credit	AP IESO	(352,416.74)

	Non RPP	
Debit	Cost of Power 4705	369,917.10
Credit	AP IESO	(369,917.10)
Debit	A/R 1100	437,076.83
Credit	Energy Sales 4006-4055	(437,076.83)
Debit	Energy Sales	67,159.73
Credit	1588GA	(67,159.73)

GA billed to Non RPP	437,076.83
Less: GA charged bu IESO	369,917.10
Variance to Sub 1588GA	67,159.73

- d) If any of part a b or c in above is not followed, please make appropriate adjustments and file the updated evidence. Please provide explanations for the changes made by Applicant, if any.

LUI's RESPONSE:

Not applicable

33. Deferral and Variance Accounts (Account 1521)

Ref: Exhibit 9, p.15, lines 18-21

According to the Board letter of April 23, 2010 on the Special Purpose Charge: "In accordance with section 9 of the SPC Regulation, recovery of your SPC assessment is to be spread over a one-year period, starting from the date on which you begin billing to recover your assessment. The request for disposition of the balance in "Sub-account 2010 SPC Variance" and "Sub-account 2010 SPC Assessment Carrying Charges" should be made after that one-year period has come to an end, and all bills that include amounts on account of that assessment have come due for payment."

In its application, LUI stated:

LUI's share of the Assessment for MEI Conservation and Renewable program of \$106,153 was recognized in this account in July 2010, and customer billing for recoveries commenced May 1, 2010. As per the Board's instructions, **LUI will recover the SPC assessment over a one year period and apply to the Board no later than April 20, 2012 for an order to clear any debit or credit balance** remaining in these 1521 Sub Accounts [emphasis added].

- a) Please confirm if LUI has completed the recovery of SPC assessment given the fact that it stated that "LUI will recover the SPC assessment over a one year period". Please provide the reason(s) if LUI has not yet completed the recovery of SPC assessment.

LUI's RESPONSE:

LUI confirms it has completed the recovery of the SPC assessment.

- b) Please provide the timing of the completion of the recovery period.

LUI's RESPONSE:

LUI completed the recovery of the SPC in September 2011.

- c) If LUI has finished implementing the SPC program in 2011, please provide the most recent balance in account 1521, "Sub-account 2010 SPC Variance" and explain why LUI has not proposed the disposition of the account balance in this account in the current proceeding.

LUI's RESPONSE:

LUI has finished implementing the SPC program in 2011 and the current balance in this account is as of December 31, 2011 is a credit of \$(38,533.04). LUI intended to request disposition of this balance in this Rate Application, based on the actual data in the account as of 2011, however noted that while complete the OEB EDDVAR worksheet, that 2011 activity was not an input cell in the workbook, therefore was unsure how to proceed with disposition.

- d) Please complete the following table related to SPC.

SPC Assessment (Principal Balance)	Amount recovered from customers	Carrying Charges for 2010	Dec. 31, 2010 Year End	Dec. 31, 2010 Year End	Amount Recovered	Forecasted Carrying Charges	Forecasted December 31, 2011 Year End	Forecasted Carrying Charges	Total for Disposition (Principal & Interest)

LUI's RESPONSE:

SPC Assessment (Principal Balance)	Amount recovered from customers in 2010	Carrying charges for 2010	Dec. 31, year end principal balance	Dec. 31, 2010 year end carrying charges balance	Amount recovered from customers in 2011	Forecasted carrying charges to april 30, 2012	Forecasted december 31, 2011 year end principal balance	Forecasted carrying charges balance to april 30, 2012	Total for disposition (principal & interest) based on forecasted april 30, 2012 balance
106,153.00	(85,027.86)	290.48	21,125.14	21,415.62	(42,487.07)	(231.17)	(21,361.93)	59.31	(21,302.62)

- e) Please provide an updated rate rider calculation including the forecasted principal amount in account 1521 and associated carrying charges, as at April 30, 2012.

LUI's RESPONSE:

Based on actual recoveries in this account as of December 31, 2011, the amount that is recoverable, including associated carrying charges until April 30, 2012 is \$21,302.62.

The new rate riders, including disposition of account 1521, would be as follows:

Balance to be collected or refunded (Excluding Global Adjustment)	\$	(875,274)	\$	(273,078)	\$	(133,881)	\$	(415,111)	\$	(60,184)	\$	(3,399)	\$	(78)	\$	10,456	\$	(875,274)
Number of years for Variable		4																
Balance to be collected or refunded per year, Variable	\$	(218,819)	\$	(68,269)	\$	(33,470)	\$	(103,778)	\$	(15,046)	\$	(850)	\$	(20)	\$	2,614	\$	(218,819)

Class							
	Residential	GS < 50 KW	GS 50 - 2999 kW	GS 3,000 - 4,999	USL	Sentinel Lighting	Streetlight
Deferral and Variance Account Rate Riders, Variable (Excluding Global Adjustment)	\$ (0.0009)	\$ (0.0010)	\$ (0.3418)	\$ (0.3171)	\$ (0.0012)	\$ (0.0895)	\$ 0.7819
Billing Determinants	kWh	kWh	kW	kW	kWh	kW	kW

34. Deferral and Variance Accounts (Sales Tax)

The Provincial Sales Tax (“PST”) and the Federal Goods and Services Tax were harmonized into the Harmonized Sales Tax (“HST”) effective July 1, 2010. As a result of this harmonization, applicants may benefit from an overall net reduction in costs in the form of Input Tax Credits (“ITCs”). This arises due to cost decreases from the receipt of additional ITCs on the purchases of goods and services previously subject to PST that become subject to the HST. These cost decreases may be partially offset by cost increases on certain items that were not previously subject to PST but become subject to the HST with no additional ITCs having been granted (i.e., these items are subject to recaptured ITC requirements).

During the 2010 IRM application process, the Board directed electricity distributors to record in deferral account 1592 (PILs and Tax Variances, Sub-account HST/OVAT Input Tax Credits (“ITCs”)), beginning July 1, 2010, the incremental ITCs received on distribution revenue requirement items that were previously subject to PST and became subject to HST.

In December 2010, as part of its Frequently Asked Questions on the Accounting Procedures Handbook for electricity distributors, the Board provided accounting guidance on this matter and provided a simplified approach designed to facilitate administrative cost-saving opportunities.

No additional amounts should be recorded in Account 1592 (PILs and Tax Variances, Sub-account HST/OVAT ITCs for the Test Year and going forward, as the impact of the HST and associated ITCs on capital and operating costs in the Test Year should be reflected in the applied-for revenue requirement. For the 2012 Test Year for example, entries to record variances in the sub-account of Account 1592 would cover the period from July 1, 2010 to December 31, 2011 since the Test Year, which starts May 1, 2012 would include the HST impacts in rates going forward.

- a) Please confirm that the Applicant has followed the December 2010 FAQs accounting guidance regarding Account 1592 sub-account HST/OVAT ITCs. If this is not the case, please explain.

LUI's RESPONSE:

LUI confirms that it has followed the December 2010 FAQs accounting guidance regarding Account 1592.

- b) Please confirm that entries have been made to record variances in the sub-account account of Account 1592 to cover the period from July 1, 2010 to December 31, 2011 since the Test Year, which starts May 1, 2012 would include the HST impacts in rates going forward. If this is not the case, please explain.

LUI's RESPONSE:

LUI confirms that entries have been made to record variances in the sub account of Account 1592 to cover July 1, 2010 to December 31, 2011.

- c) Please confirm that zero amounts will be recorded in Account 1592, sub-account HST/OVAT ITCs for the Test Year and forward. If this is not the case, please explain.

LUI's RESPONSE:

LUI confirms that zero amounts will be recorded in Account 1592 subaccount HST/OVAT ITC's for the Test Year and forward.

- d) Please confirm that only the balance in Account 1592 "Sub-account HST / OVAT ITCs" will be requested for disposition, and not the contra account Account 1592 "HST/OVAT Contra Account", which is used only for RRR reporting purposes. If this is not the case, please explain.

LUI's RESPONSE

LUI confirms that only balance in Account 1592 "Subaccount HST/OVAT ITC's" is requested for disposition.

35. Deferral and Variance Accounts (Disposition Period)

Ref: Exhibit 1, p. 15 (lines 5-6) and p. 24 (lines 19-20)

Under the section “Specific Approvals Requested”, Lakefront has requested approval to dispose of the Deferral and Variance Account Balances over a **one-year period**. However, under the section “Proposed Issues List”, it states that LUI is requesting the disposition of the amounts 9 over a **four-year period**.

Please clarify and confirm the requested disposition period.

LUI’s RESPONSE:

LUI is confirming that disposition is requested over a four –year period.

36. Deferral and Variance Accounts (Account Balances Date)

Ref: Exhibit 1, p. 15 (lines 5-6) and Exhibit 9, p. 5 (lines 17-18)

Under the section “Specific Approvals Requested” of Exhibit 1, Lakefront has requested approval to dispose of the Deferral and Variance Account Balances as at **April 30, 2012**. However, under Exhibit 9, it states: “unless otherwise stated, LUI is applying for disposition of all account balances as at **December 31, 2010**”.

Please clarify and confirm whether the balances proposed for disposition are as of December 31, 2010 or as of April 30, 2012.

LUI’s RESPONSES:

LUI confirms that the balance proposed for disposition is as December 31, 2010.

37. Deferral and Variance Accounts (Continuity Schedule for 2010)

Ref: Exhibit 9, p. 65

- a) Please explain the reasons for the adjustments shown under column headings “Other Adjustments during Q1 2010”, “Other Adjustments during Q4 2010” for the principal amounts, and “Adjustments during 2010 – other” for the interest amounts.

LUI’s RESPONSE:

LUI input the adjustments under “other adjustments during Q1 2010” in order to demonstrate that the amounts in our GL agreed to the RRR filing.

LUI maintains the data in the RRR filing on an accrual basis, however the data that was input into the EDDVAR model, required only for the Applicant to input the data, since their last disposition date. Since LUI disposed of 2009 balances, in 2010, LUI’s records have an opening balance for 2010 which includes 2009 data, however the EDDVAR worksheet has no opening balance, and therefore to balance the two figures, LUI was required to “adjust” the amount of the 2009 year end balance (i.e. 2010 opening balance)

LUI input adjustments in the “other adjustments during Q4 2010” in order to represent the unbilled revenues associated with each account. LUI is unable to report these figures in February of the following year, for RRR purposes, as the unbilled data is not yet prepared. Therefore, LUI typically adjusts the Q2 data to reflect unbilled entries at year end. IN this case, since the current date is 2012, LUI simply updated the model to reflect our 2010 unbilled data, in the Q4 adjustments column.

- b) Please provide supporting documentation for the adjustments made in the columns referenced in part a) above.

LUI’s RESPONSE:

LUI has included below supporting documentation which will summarize the adjustments, as per explanations above in part a). LUI has included one account only, to demonstrate the methodology that LUI is explaining, as this methodology applies to each account, and displaying more than one account would be redundant

Lakefront Utilities Inc.
Variance Analysis ACCT 1550

	COST	Revenues G/L #	Billing Adjustment / 2010 disposal	Variance	YTD Variance	Interest	Total
	G/L # 4750	4075.02.01.51					
Jan-06					0.00	0.00	
Feb-06					0.00	0.00	
Mar-06					0.00	0.00	
Apr-06					0.00	0.00	
May-06					0.00	0.00	
Jun-06	2,700.93			2,700.93	2,700.93	(47.43)	2,653.50
Jul-06	29,551.88	(30,038.21)		(486.33)	2,214.60	0.00	2,167.17
Aug-06	28,305.16			28,305.16	30,519.76	0.00	30,472.33
Sep-06	30,768.98			30,768.98	61,288.74	(146.40)	61,094.91
Oct-06	29,137.20	(48,569.41)		(19,432.21)	41,856.53	0.00	41,662.70
Nov-06	26,147.03			26,147.03	68,003.56	0.00	67,809.73
Dec-06	82,991.05	(67,805.72)		15,185.33	83,188.89	410.58	83,405.64
2006	229,602.23	(146,413.34)		83,188.89	83,188.89	216.75	83,405.64

Jan-07	27,969.31	(14,388.10)		13,581.21	96,770.10	318.20	97,305.05
Feb-07	28,334.24	(15,393.19)		12,941.05	109,711.15	370.15	110,616.24
Mar-07	29,312.82	(17,723.18)		11,589.64	121,300.79	419.65	122,625.53
Apr-07	30,718.43	(14,689.41)		16,029.02	137,329.81	463.98	139,118.53
May-07	29,712.73	(14,999.78)	2,998.22	17,711.17	155,040.99	525.29	157,354.99
Jun-07	26,803.38	(2,621.90)		24,181.48	179,222.46	593.03	182,129.50
Jul-07	0.00	(13,700.69)		(13,700.69)	165,521.77	685.53	169,114.33
Aug-07	44,441.44	(13,894.84)		30,546.60	196,068.37	633.12	200,294.05
Sep-07	52,060.14	(13,786.40)		38,273.74	234,342.11	749.96	239,317.75
Oct-07	12,209.80	(14,499.60)		(2,289.80)	232,052.31	1,003.77	238,031.72
Nov-07	33,570.79	(12,656.11)		20,914.68	252,966.99	993.96	259,940.36
Dec-07	36,404.09	(34,024.62)		2,379.47	255,346.46	1,083.54	263,403.37
2007	351,537.17	(182,377.82)	2,998.22	172,157.57	255,346.46	7,840.16	263,403.37

Jan-08	29,634.88	(16,279.76)		13,355.12	268,701.58	1,093.73	277,852.22
Feb-08	30,160.63	(14,102.91)		16,057.72	284,759.30	1,150.94	295,060.88
Mar-08	29,786.07	(15,773.86)		14,012.21	298,771.51	1,219.72	310,292.81
Apr-08	29,733.39	(15,304.02)		14,429.37	313,200.88	1,015.82	325,738.00
May-08	38,875.09	(13,276.83)		25,598.26	338,799.14	1,064.88	352,401.15
Jun-08	25,552.31	(13,450.46)		12,101.85	350,900.99	1,151.92	365,654.91
Jul-08	23,669.94	(13,675.18)		9,994.76	360,895.75	979.60	376,629.27
2006 Disposal of Reg. Asset			(86,443.00)	(86,443.00)	274,452.75	(5,275.00)	284,911.27
Aug-08	27,284.88	(17,287.25)		9,997.63	284,450.38	766.18	295,675.08
Sep-08	28,379.48	(25,159.96)		3,219.52	287,669.90	794.09	299,688.69
Oct-08	33,287.74	(25,793.84)		7,493.90	295,163.80	803.08	307,985.67
Nov-08	26,929.19	(24,267.51)		2,661.68	297,825.48	824.00	311,471.35
Dec-08	24,420.31	(47,326.36)		(22,906.05)	274,919.43	831.43	289,396.73
2008	347,713.91	(241,697.94)	(86,443.00)	19,572.97	274,919.43	6,420.39	289,396.73

	COST	Revenues G/L #	Billing Adjustment / 2010 disposal	Variance	YTD Variance	Interest	Total
	G/L # 4750	4075.02.01.51					
Jan-09	26,927.58	(26,147.44)		780.14	275,699.57	561.29	290,738.16
Feb-09	28,649.26	(30,809.08)		(2,159.82)	273,539.75	562.89	289,141.23
Mar-09	26,927.58	(29,918.82)		(2,991.24)	270,548.51	558.48	286,708.47
Apr-09	3,852.32	(25,442.82)		(21,590.50)	248,958.01	225.46	265,343.42
May-09	14,188.49	(24,809.57)		(10,621.08)	238,336.93	207.47	254,929.81
Jun-09	26,154.90	(23,456.81)		2,698.09	241,035.02	198.61	257,826.51
Jul-09	0.00	(25,498.95)		(25,498.95)	215,536.07	110.47	232,438.04
Aug-09	14,891.68	(23,721.43)		(8,829.75)	206,706.32	98.79	223,707.08
Sep-09	13,468.23	(26,360.75)		(12,892.52)	193,813.80	94.74	210,909.30
Oct-09	16,009.23	(23,796.48)		(7,787.25)	186,026.55	88.83	203,210.88
Nov-09	13,576.03	(24,297.86)		(10,721.83)	175,304.72	85.26	192,574.31
Dec-09	(12,857.95)	(23,586.36)		(36,444.31)	138,860.41	80.35	156,210.35
2009	171,787.35	(307,846.37)		(136,059.02)	138,860.41	2,872.64	156,210.35

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Additional Unbilled Entries	1,256.00	2,679.88	3,935.88			
2009 YE	173,043.35	(305,166.49)	(132,123.14)	142,796.29	0.00	160,146.23
<i>Jan-10</i>	14,437.11	(26,878.43)	(12,441.32)	130,354.97	65.45	147,770.36
<i>Feb-10</i>	15,392.53	(26,183.98)	(10,791.45)	119,563.52	59.75	137,038.65
<i>Mar-10</i>	15,529.30	(30,133.61)	(14,604.31)	104,959.21	54.80	122,489.14
Q1	45,358.94	(83,196.02)	0.00	(37,837.08)	179.99	
<i>Apr-10</i>	15,047.94	(24,708.69)	(9,660.75)	95,298.46	48.11	112,876.50
<i>May-10</i>	14,652.25	(25,793.63)	(11,141.38)	84,157.08	43.68	101,778.80
<i>Jun-10</i>	14,058.32	(24,703.36)	(293,001.00)	(303,646.04)	(219,488.96)	38.57
Q2	43,758.51	(75,205.68)	(293,001.00)	(324,448.17)	130.36	
<i>Jul-10</i>			0.00	(219,488.96)	(162.79)	(201,991.46)
<i>Aug-10</i>			0.00	(219,488.96)	(162.79)	(202,154.25)
<i>Sep-10</i>			0.00	(219,488.96)	(162.79)	(202,317.03)
Q3	0.00	0.00	0.00	0.00	(488.36)	
<i>Oct-10</i>	78,922.49	(103,733.58)	(24,811.09)	(244,300.05)	(219.49)	(227,347.61)
<i>Nov-10</i>	18,950.97	(23,431.19)	(4,480.22)	(248,780.27)	(244.30)	(232,072.13)
<i>Dec-10</i>	24,524.26	(22,366.54)	2,157.72	(246,622.55)	(248.78)	(230,163.19)
Q4	122,397.72	(149,531.31)	0.00	(27,133.59)	(712.57)	
2010	211,515.17	(307,933.01)	(293,001.00)	(389,418.84)	(246,622.55)	(890.58)
						(230,163.19)
Unbilled entries		(4,539.36)	(4,539.36)	(251,161.91)		(234,702.55)
2010	211,515.17	(312,472.37)	(393,958.20)	(246,622.55)		(234,702.55)

sum of Blue cells is adjustment during 2010 (interest)	17,349.93
Balance in adjustment imade in Q1 2010	138,860.41
Balance in adjusment madde in Q4 2010	(4,539.36)

38. Deferral and Variance Accounts (Group 1 and Group 2 Balances for Disposition)

Ref: Exhibit 9, p. 66 (Continuity Schedule: Total Claim) and p. 22, Tables 9-4 and 9-5

LUI has recorded the following amounts in the Total Claim column of the Continuity Schedule, but has not recorded them in Table 9-4 – Group 1 Balances for Disposition and Table 9-5 – Group 2 Balances for Disposition:

Account #	Amount
1595	-\$229,688
1525	37,595
1592	31,574

Please indicate which evidence (i.e. Continuity Schedule, page 66 or Tables 9-4 and 9-5) should the Board rely on for the purpose of this proceeding, and why?

LUI's RESPONSE:

LUI has updated the EDDVAR workform, which is included in Exhibit 9, page 66 and further updated page 22 which outlines the accounts requested for disposition to include the accounts above. LUI is requesting disposition of all group 1 and group 2 accounts including GA, and 1562 as well as 1592 but excluding the LPP account which is shown above as account 1525 (however is sitting now in account 1508 sub)

39. Deferral and Variance Accounts (Rate Riders)

Ref: Exhibit 9, page 21 - 23, Tables 9-3, 9-4, 9-5, and 9-7

Using the allocators and the amounts for disposition, and the rate rider calculation over 4 years, Board staff tried to replicate the applicant's calculation of the rate riders. The rate rider for Group 1 and Group 2 without Global Adjustment calculated by the Board staff did not match the calculations in Table 9-7 for several rate classes.

Please provide the following information:

a) Total for Disposition for Group 1 and Group 2, without Global Adjustment:

LUI's RESPONSE:

LUI has included below, a table outlining the Group 1 dispositions, and the Group 2 dispositions. Note that these groups, exclude the smart meter disposition, which has been dealt with separately in the application, as well as the PILS balances, which has also been dealt with separately in this application.

Account Number	Account Name	Closing Principal Balance as of Dec- 31-10	Closing Interest Amounts as of Dec- 31-10	TOTAL	CLAIM (including all dispositions and interest forecasts)
Group One					
1550	LV Variance Account	-\$ 233,080	-\$ 1,623	-\$ 234,703	(101,408)
1580	RSVA - Wholesale Market Service Charge	-\$ 323,165	-\$ 2,205	-\$ 325,370	(263,623)
1584	RSVA - Retail Transmission Network Charge	\$ 28,725	-\$ 3	\$ 28,722	26,403
1586	RSVA - Retail Transmission Connection Charge	\$ 41,559	\$ 288	\$ 41,847	31,723
1588	RSVA - Power (excluding Global Adjustment)	\$ 91,442	\$ 46,185	\$ 137,627	(411,307)
1590	Recovery of Regulatory Asset Balances	\$ 14,919	-\$ 14,919	\$ -	292
1595	Disposition and Recovery of Regulatory Balances (2008)10	-\$ 3,552	\$ 3,552	\$ -	(70)
1595	Disposition and Recovery of Regulatory Balances (2009)10	-\$ 224,685	-\$ 599	-\$ 225,284	(229,688)
			\$ -	\$ -	
Group 1 Sub-Total (including Account 1588 - Global Adjustment)		-\$ 667,985	\$ 27,002	-\$ 640,983	(947,678)

Group Two	\$	-	\$	-	\$	-	-
1508 Other Regulatory Assets - Sub-Account - OEB Cost Assessments	-\$	0	\$	0	\$	0	0
1508 Other Regulatory Assets - Sub-Account - Pension Contributions	\$	0	-\$	0	-\$	0	(0)
1508 Other Regulatory Assets - IFRS	\$	-	\$	-	\$	-	-
1508 Other Regulatory Assets	\$	-	\$	-	\$	-	-
1508 Other Regulatory Assets - Other	\$	9,158	\$	83	\$	9,242	9,421
1518 Retail Cost Variance Account - Retail	\$	43,281	\$	1,017	\$	44,297	45,145
1525 Miscellaneous Deferred Debits - now in 1508 for 2011	\$	36,872	\$	-	\$	36,872	
1531 RCCDA	\$	-	\$	-	\$	-	-
1532 RCOM&A DA	\$	-	\$	-	\$	-	-
1533 Renewable Generation Connection Funding Adder Deferral Account	\$	-	\$	-	\$	-	-
1534 Smart Grid Capital Deferral Account	\$	-	\$	-	\$	-	-
1535 Smart Grid OM&A Deferral Account	\$	-	\$	-	\$	-	-
1536 Smart Grid Funding Adder Deferral Account	\$	-	\$	-	\$	-	-
1548 Retail Cost Variance Account - STR	\$	36,223	\$	4,185	\$	40,408	41,118
Smart Meter Capital and Recovery Offset Variance - Sub-Account -							
1555 Capital	\$	1,714,130	\$	10,020	\$	1,724,150	
Smart Meter Capital and Recovery Offset Variance - Sub-Account -							
1555 Interest/Recoveries	-\$	419,071	-\$	3,637	-\$	422,709	
Smart Meter Capital and Recovery Offset Variance - Sub-Account -							
1555 Stranded Meter Costs	\$	-	\$	-	\$	-	-
1556 Smart Meter OM&A Variance	\$	76,300	\$	425	\$	76,725	
1565 CDM	\$	0	\$	-	\$	0	0
1566 CDM Contra	-\$	0	\$	-	-\$	0	(0)
1570 Qualifying Transition Costs 5	\$	-	\$	-	\$	-	-
1571 Pre-market Opening Energy Variance 5	\$	-	\$	-	\$	-	-
1572 Extra-Ordinary Event Costs	\$	-	\$	-	\$	-	-
1574 Deferred Rate Impact Amounts	\$	-	\$	-	\$	-	-
1582 Onetime WMS Account	\$	30,359	-\$	12,367	\$	17,992	18,587
2425 Other Deferred Credits	\$	-	\$	-	\$	-	-
	\$	-	\$	-	\$	-	-
Group 2 Sub-Total	\$	1,527,251	-\$	274	\$	1,526,977	114,271

b) Recovery Term:

LUI's RESPONSE:

LUI is applying for a recovery term of four years, for both PILS, Group1 and Group 2 amounts. Smart meter rate riders have been requested over a one year period.

c) Annual Recovery:

LUI's RESPONSE:

LUI has proposed the following, as the annual recovery, in the last line of the table below:

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Deferral and Variance Accounts:		Amount	ALLOCATOR	Residential	GS < 50 KW	GS 50 - 2999 kW	GS 3,000 - 4,999	USL	Sentinel Lighting	Streetlight	Total
1550		\$ (101,408)	kWh	(29,638)	(14,251)	(48,884)	(7,821)	(290)	(32)	(493)	(101,408)
1580		\$ (263,623)	kWh	(77,048)	(37,047)	(127,079)	(20,330)	(755)	(83)	(1,281)	(263,623)
1584		\$ 26,403	kWh	7,717	3,710	12,728	2,036	76	8	128	26,403
1586		\$ 31,723	kWh	9,271	4,458	15,292	2,446	91	10	154	31,723
1588 Excl GA		\$ (411,307)	kWh	(120,211)	(57,801)	(198,270)	(31,720)	(1,178)	(129)	(1,998)	(411,307)
1590		\$ 292	kWh	85	41	141	23	1	0	1	292
1595- 2008		\$ (70)	Proportion to Disposition	(20)	(10)	(33)	(6)	(0)	(0)	(0)	(70)
1595- 2009		\$ (229,688)	Proportion to Disposition	(67,497)	(32,269)	(107,435)	(20,493)	(639)	(39)	(1,316)	(229,688)
Subtotal - RSVA		\$ (947,678)	\$ -	\$ (277,341)	\$ (133,168)	\$ (453,541)	\$ (75,865)	\$ (2,696)	\$ (264)	\$ (4,804)	\$ (947,678)
1508		\$ 9,421	Dx Revenue	5,068	1,438	2,342	122	87	10	354	9,421
1518		\$ 45,145	# of Customers	30,421	3,896	449	4	271	190	9,914	45,145
1548		\$ 41,118	# of Customers	27,707	3,549	409	3	247	173	9,029	41,118
1582		\$ 18,587	kWh	5,432	2,612	8,960	1,433	53	6	90	18,587
1562		\$ (385,370)	Dx Revenue	(207,314)	(58,811)	(95,788)	(4,980)	(3,575)	(411)	(14,491)	(385,370)
1592		\$ (98,840)	Dx Revenue	(53,172)	(15,084)	(24,568)	(1,277)	(917)	(105)	(3,717)	(98,840)
Subtotal - Non RSVA, Variable		\$ (369,938)		\$ (191,858)	\$ (62,400)	\$ (108,195)	\$ (4,695)	\$ (3,833)	\$ (138)	\$ 1,180	\$ (369,938)
Total to be Recovered		\$ (1,317,616)		\$ (469,198)	\$ (195,567)	\$ (561,736)	\$ (80,560)	\$ (6,528)	\$ (402)	\$ (3,624)	\$ (1,317,616)

		Residential	GS < 50 KW	GS 50 - 2999 kW	GS 3,000 - 4,999	USL	Sentinel Lighting	Streetlight	Total
Balance to be collected or refunded (Excluding Global Adjustment)	\$ (1,317,616)	\$ (469,198)	\$ (195,567)	\$ (561,736)	\$ (80,560)	\$ (6,528)	\$ (402)	\$ (3,624)	\$ (1,317,616)
Number of years for Variable	4								
Balance to be collected or refunded per year, Variable	\$ (329,404)	\$ (117,300)	\$ (48,892)	\$ (140,434)	\$ (20,140)	\$ (1,632)	\$ (101)	\$ (906)	\$ (329,404)

		Residential	GS < 50 KW	GS 50 - 2999 kW	GS 3,000 - 4,999	USL	Sentinel Lighting	Streetlight	Total
Balance to be collected or refunded (Excluding Global Adjustment)	\$ (1,317,616)	\$ (469,198)	\$ (195,567)	\$ (561,736)	\$ (80,560)	\$ (6,528)	\$ (402)	\$ (3,624)	\$ (1,317,616)
Number of years for Variable	4								
Balance to be collected or refunded per year, Variable	\$ (329,404)	\$ (117,300)	\$ (48,892)	\$ (140,434)	\$ (20,140)	\$ (1,632)	\$ (101)	\$ (906)	\$ (329,404)

Class	Residential	GS < 50 KW	GS 50 - 2999 kW	GS 3,000 - 4,999	USL	Sentinel Lighting	Streetlight	
Deferral and Variance Account Rate Riders, Variable (Excluding Global Adjustment) Group 1 & Group 2	\$ (0.0016)	\$ (0.0014)	\$ (0.4625)	\$ (0.4245)	\$ (0.0023)	\$ (0.4619)	\$ (0.2710)	\$ -
Billing Determinants	kWh	kWh	kW	kW	kWh	kW	kW	

d) Please confirm that the applicant has chosen to use Distribution Revenues as the allocator for account 1562.

LUI's RESPONSE:

LUI confirms that Distribution Revenues based on the 2008 load profiles, were used as the allocator for account 1562.

d) Please recalculate the allocations as provided under Table 9-5 Group 2 Balances for disposition on page 22 for all accounts including account 1562.

LUI's RESPONSE:

		Residential	GS < 50 KW	GS 50 - 2999 kW	GS 3,000 - 4,999	USL	Ser Ligh
Balance to be collected or refunded (Excluding Global Adjustment)	\$ (1,218,776)	\$ (416,026)	\$ (180,484)	\$ (537,168)	\$ (79,282)	\$ (5,611)	\$
Number of years for Variable	4						
Balance to be collected or refunded per year, Variable	\$ (304,694)	\$ (104,007)	\$ (45,121)	\$ (134,292)	\$ (19,821)	\$ (1,403)	\$

Class	Residential	GS < 50 KW	GS 50 - 2999 kW	GS 3,000 - 4,999	USL	Ser Ligh
Deferral and Variance Account Rate Riders, Variable (Excluding Global Adjustment) Group 1 & Group 2 Billing Determinants	\$ (0.0014) kWh	\$ (0.0013) kWh	\$ (0.4423) kW	\$ (0.4178) kW	\$ (0.0020) kWh	\$

Please complete the following Table:

LUI's RESPONSE:

See table in part d. above.

Total to be allocated							
Annual Recovery	Residential	GS < 50 kW	GS > 50 – 2999 kW	GS > 3000 – 4999 kW	USL	Sentinel Lights	Street Lights
Rate Rider							

	kWh	kWh	kW	kW	kWh	kW	kW
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40. Deferral and Variance Accounts (Accounts 1508 & 1525)

Ref: Board Decision and Order⁴ EB-2010-0295, p. 19

Ref: Board Decision and Order⁵ EB-2010-0095, p. 13

Ref: Exhibit 9, p. 13, line 12 and p. 16

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http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/251150/view/dec_order_LPP%20Generic_20110222.PDF

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http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/258234/view/Dec_Order_Lakefront_20110317.PDF

In its Decision EB-2010-0295, the Board stated the following:

The Board does not expect any material difference to occur in this regard and therefore the request for a variance account is denied.

A one-time expense amount of \$36,872.16 for the Late Payment Penalty (LPP) was disposed of in EB-2010-0095. However, on page 13, line 12, the applicant states: For 2012, LUI is not yet requesting disposition of the balances in this account. Please state if there is an amount recorded in account 1508 or 1525 with respect to the LPP as of December 31, 2011. If so, please provide the Board direction to record the amount for LPP in account 1508 or 1525 or any other deferral/variance account.

LUI's RESPONSE:

LUI has included the one time LPP amount of \$36,872.16 in account 1525 and then later removed it from that account, into a subaccount of 1508. Currently the balance in account 1508 related to the LPP is approximately \$29,237.02. LUI has requested disposition of a subaccount in 1508, excluding the LPP.

41. IFRS (Implementation)

Ref: Exhibit 1, p. 26 and Exhibit 9, page 20

Exhibit 1 indicates that the 2011 financial statements have been prepared in accordance with Canadian GAAP. However, Exhibit 9 indicates that:

LUI will be in a position to implement IFRS on January 1, 2011.
Please clarify the date of the IFRS implementation.

LUI's RESPONSE:

LUI would like to clarify the date stated above, to January 1, 2012.

42. IFRS (CGAAP vs. MIFRS)

Ref: Exhibit 2, p. 74 (Table 2-18) and p. 93 (Table 2-20)

Ref: Amended Revenue Requirement model 2012 v1.xls (Tab "FA Continuity 2012")

- a) Table 2-20 titled "Fixed Asset Continuity MIFRS" does not match the values in the Revenue Requirement model. Please indicate which evidence the Board should rely on, for the purpose of this proceeding, and why.

LUI's RESPONSE:

Table 2-20 titled "Fixed Asset Continuity MIFRS" was not matching the values in the Revenue Requirement Model due to referencing the incomplete version of the file. It is now properly referenced to the submitted table in the Amended Revenue Requirement Model2012v1.xls (Tab "FA Continuity 2012"). Therefore you can rely on the Amended Revenue Requirement Model2012v1.xls (Tab "FA Continuity 2012") and disregard the previous.

CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1610	Intangible Assets	0			0	0			0	0
N/A	1805	Land	219,284			219,284					219,284
CEC	1806	Land Rights	0			0	0			0	0
47	1808	Buildings and Fixtures	994,216	375,000		1,369,216	139,982	30,853		170,834	1,198,381
13	1810	Leasehold Improvements	0			0	0	-		0	0
47	1815	Transformer Station Equipment - Normally Prima	0			0	0	-		0	0
47	1820	Distribution Station Equipment - Normally Prima	2,762,235			2,762,235	1,720,437	50,094		1,770,531	991,704
47	1825	Storage Battery Equipment	0			0	0	-		0	0
47	1830	Poles, Towers and Fixtures	1,557,311	240,000		1,797,311	217,741	54,060		271,801	1,525,510
47	1835	Overhead Conductors and Devices	4,213,754	209,000		4,422,754	1,036,323	93,002		1,129,324	3,293,429
47	1840	Underground Conduit	1,228,943	160,000		1,388,943	216,943	37,978		254,921	1,134,022
47	1845	Underground Conductors and Devices	3,066,154			3,066,154	1,941,432	75,595		2,017,028	1,049,126
47	1850	Line Transformers	5,351,049	192,000		5,543,049	2,408,631	158,330		2,566,961	2,976,088
47	1855	Services	599,529	24,000		623,529	164,187	10,163		174,351	449,178
47	1860	Meters	225,726	50,000		275,726	157,638	9,018		166,656	109,070
47	1860	Smart Meters	1,822,179			1,822,179	243,758	112,744		356,502	1,465,677
N/A	1865	Other Installations on Customer's Premises	0			0	0	-		0	0
N/A	1905	Land	0			0	0	-		0	0
CEC	1906	Land Rights	0			0	0	-		0	0
47	1908	Buildings and Fixtures	0			0	0	-		0	0
13	1910	Leasehold Improvements	0			0	0	-		0	0
8	1915	Office Furniture and Equipment	82,026	25,000		107,026	14,286	9,453		23,739	83,287
10	1920	Computer Equipment - Hardware	81,199	150,000		231,199	23,945	29,551		53,496	177,703
12	1925	Computer Software	163,876	325,000		488,876	73,712	57,762		131,474	357,402
12	1925	Computer software - Smart Meters	123,706			123,706	52,475	15,829		68,304	55,402
10	1930	Transportation Equipment	759,705	55,000		814,705	244,837	100,463		345,300	469,405
8	1935	Stores Equipment	0			0	0	-		0	0
8	1940	Tools, Shop and Garage Equipment	233,730	394,000		627,730	67,780	49,134		116,914	510,816
8	1945	Measurement and Testing Equipment	18,712			18,712	2,807	1,871		4,678	14,034
8	1950	Power Operated Equipment	0			0	0	-		0	0
8	1955	Communication Equipment	0			0	0	-		0	0
8	1960	Miscellaneous Equipment	0			0	0	-		0	0
47	1970	Load Management Controls - Customer Premise	0			0	0	-		0	0
47	1975	Load Management Controls - Utility Premises	0			0	0	-		0	0
47	1980	System Supervisory Equipment	0			0	0	-		0	0
47	1985	Sentinel Lighting Rentals	0			0	0	-		0	0
47	1990	Other Tangible Property	0			0	0	-		0	0
47	1995	Contributions and Grants	(2,257,659)	100,000		(2,357,659)	(439,742)	79,693		(519,435)	(1,838,225)
2005		Property under Capital Lease	0			0	0			0	0
		Total before Work in Process	21,245,673	2,099,000	0	23,344,673	8,287,170	816,209	0	9,103,379	14,241,294
WIP		Work in Process	0	100,000		100,000	0			0	100,000
		Total after Work in Process	21,245,673	2,199,000	0	23,444,673	8,287,170	816,209	0	9,103,379	14,341,294

b) Table 2-18 heading is unclear as to whether the information is CGAAP or MIFRS based. The preamble on page 74 (Lines 3-4) appears to suggest that it is MIFRS based.

- Please clarify whether Table 2-18 is based on MIFRS or CGAAP. If Table 2-18 is based on CGAAP, please file it based on MIFRS.
- If this Table is based on MIFRS, please indicate where Lakefront Utilities has filed the 2012 Fixed Asset Continuity Schedule based on CGAAP as per the filing requirements. If not, please file it based on CGAAP.

LUI's RESPONSE:

Table 2-18 is based on MIFRS and has been refreshed to reflect the date as submitted in Amended Revenue Requirement Model2012v1.xls (Tab "FA Continuity 2012") :

CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1610	Intangible Assets	0			0	0			0	0
N/A	1805	Land	219,284			219,284	0			0	219,284
CEC	1806	Land Rights	0			0	0			0	0
47	1808	Buildings and Fixtures	994,216	375,000		1,369,216	139,982	30,853		170,834	1,198,381
13	1810	Leasehold Improvements	0			0	0	-		0	0
47	1815	Transformer Station Equipment - Normally Prime	0			0	0	-		0	0
47	1820	Distribution Station Equipment - Normally Prime	2,762,235			2,762,235	1,720,437	50,094		1,770,531	991,704
47	1825	Storage Battery Equipment	0			0	0	-		0	0
47	1830	Poles, Towers and Fixtures	1,557,311	240,000		1,797,311	217,741	54,060		271,801	1,525,510
47	1835	Overhead Conductors and Devices	4,213,754	209,000		4,422,754	1,036,323	93,002		1,129,324	3,293,429
47	1840	Underground Conduit	1,228,943	160,000		1,388,943	216,943	37,978		254,921	1,134,022
47	1845	Underground Conductors and Devices	3,066,154			3,066,154	1,941,432	75,595		2,017,028	1,049,126
47	1850	Line Transformers	5,351,049	192,000		5,543,049	2,408,631	158,330		2,566,961	2,976,088
47	1855	Services	599,529	24,000		623,529	164,187	10,163		174,351	449,178
47	1860	Meters	225,726	50,000		275,726	157,638	9,018		166,656	109,070
47	1860	Smart Meters	1,822,179			1,822,179	243,758	112,744		356,502	1,465,677
N/A	1865	Other Installations on Customer's Premises	0			0	0	-		0	0
N/A	1905	Land	0			0	0	-		0	0
CEC	1906	Land Rights	0			0	0	-		0	0
47	1908	Buildings and Fixtures	0			0	0	-		0	0
13	1910	Leasehold Improvements	0			0	0	-		0	0
8	1915	Office Furniture and Equipment	82,026	25,000		107,026	14,286	9,453		23,739	83,287
10	1920	Computer Equipment - Hardware	81,199	150,000		231,199	23,945	29,551		53,496	177,703
12	1925	Computer Software	163,876	325,000		488,876	73,712	57,762		131,474	357,402
12	1925	Computer software - Smart Meters	123,706			123,706	52,475	15,829		68,304	55,402
10	1930	Transportation Equipment	759,705	55,000		814,705	244,837	100,463		345,300	469,405
8	1935	Stores Equipment	0			0	0	-		0	0
8	1940	Tools, Shop and Garage Equipment	233,730	394,000		627,730	67,780	49,134		116,914	510,816
8	1945	Measurement and Testing Equipment	18,712			18,712	2,807	1,871		4,678	14,034
8	1950	Power Operated Equipment	0			0	0	-		0	0
8	1955	Communication Equipment	0			0	0	-		0	0
8	1960	Miscellaneous Equipment	0			0	0	-		0	0
47	1970	Load Management Controls - Customer Premises	0			0	0	-		0	0
47	1975	Load Management Controls - Utility Premises	0			0	0	-		0	0
47	1980	System Supervisory Equipment	0			0	0	-		0	0
47	1985	Sentinel Lighting Rentals	0			0	0	-		0	0
47	1990	Other Tangible Property	0			0	0	-		0	0
47	1995	Contributions and Grants	(2,257,659)	100,000		(2,357,659)	(439,742)	79,693		(519,435)	(1,838,225)
	2005	Property under Capital Lease	0			0	0			0	0
		Total before Work in Process	21,245,673	2,099,000	0	23,344,673	8,287,170	816,209	0	9,103,379	14,241,294
WIP		Work in Process	0	100,000		100,000	0			0	100,000
		Total after Work in Process	21,245,673	2,199,000	0	23,444,673	8,287,170	816,209	0	9,103,379	14,341,294

As requested below is LUI's CGAAP fixed asset continuity schedule (also located in Exhibit 2, page 93, Table 2-20) as compared to the above MIFRS version.

CGAAP 2012 FIXED ASSET CONTINUITY 2012

CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1610	Intangible Assets	0			0	0			0	0
N/A	1805	Land	219,284			219,284	0			0	219,284
CEC	1806	Land Rights	0			0	0			0	0
47	1808	Buildings and Fixtures	994,216	375,000		1,369,216	139,982	26,446		166,428	1,202,788
13	1810	Leasehold Improvements	0			0	0	-		0	0
47	1815	Transformer Station Equipment - Normally Prima	0			0	0	-		0	0
47	1820	Distribution Station Equipment - Normally Prima	2,762,235			2,762,235	1,720,437	86,503		1,806,940	955,295
47	1825	Storage Battery Equipment	0			0	0	-		0	0
47	1830	Poles, Towers and Fixtures	1,557,311	240,000		1,797,311	217,741	76,093		293,833	1,503,478
47	1835	Overhead Conductors and Devices	4,213,754	209,000		4,422,754	1,036,323	284,135		1,320,457	3,102,296
47	1840	Underground Conduit	1,228,943	160,000		1,388,943	216,943	60,128		277,071	1,111,872
47	1845	Underground Conductors and Devices	3,066,154			3,066,154	1,941,432	121,478		2,062,910	1,003,244
47	1850	Line Transformers	5,351,049	192,000		5,543,049	2,408,631	216,252		2,624,882	2,918,167
47	1855	Services	599,529	24,000		623,529	164,187	25,775		189,963	433,566
47	1860	Meters	225,726	50,000		275,726	157,638	37,185		194,823	80,904
47	1860	Smart Meters	1,822,179			1,822,179	243,758	121,479		365,236	1,456,943
N/A	1865	Other Installations on Customer's Premises	0			0	0	-		0	0
N/A	1905	Land	0			0	0	-		0	0
CEC	1906	Land Rights	0			0	0	-		0	0
47	1908	Buildings and Fixtures	0			0	0	-		0	0
13	1910	Leasehold Improvements	0			0	0	-		0	0
8	1915	Office Furniture and Equipment	82,026	25,000		107,026	14,286	10,703		24,989	82,037
10	1920	Computer Equipment - Hardware	81,199	150,000		231,199	23,945	34,551		58,496	172,703
12	1925	Computer Software	163,876	325,000		488,876	73,712	64,878		138,589	350,286
12	1925	Computer software - Smart Meters	123,706			123,706	52,475	24,741		77,216	46,490
10	1930	Transportation Equipment	759,705	55,000		814,705	244,837	98,401		343,237	471,467
8	1935	Stores Equipment	0			0	0	-		0	0
8	1940	Tools, Shop and Garage Equipment	233,730	394,000		627,730	67,780	45,490		113,269	514,460
8	1945	Measurement and Testing Equipment	18,712			18,712	2,807	1,871		4,678	14,034
8	1950	Power Operated Equipment	0			0	0	-		0	0
8	1955	Communication Equipment	0			0	0	-		0	0
8	1960	Miscellaneous Equipment	0			0	0	-		0	0
47	1970	Load Management Controls - Customer Premise	0			0	0	-		0	0
47	1975	Load Management Controls - Utility Premises	0			0	0	-		0	0
47	1980	System Supervisory Equipment	0			0	0	-		0	0
47	1985	Sentinel Lighting Rentals	0			0	0	-		0	0
47	1990	Other Tangible Property	0			0	0	-		0	0
47	1995	Contributions and Grants	(2,257,659)	100,000		(2,357,659)	(439,742)	81,693		(521,435)	(1,836,225)
2005		Property under Capital Lease	0			0	0			0	0
		Total before Work in Process	21,245,673	2,099,000	0	23,344,673	8,287,170	1,254,414	0	9,541,584	13,803,089
WIP		Work in Process	0	100,000		100,000	0			0	100,000
		Total after Work in Process	21,245,673	2,199,000	0	23,444,673	8,287,170	1,254,414	0	9,541,584	13,903,089

43. IFRS (CGAAP vs. MIFRS)

Re: Exhibit 2, p. 61, Table 2-16

a) Is Table 2-16 based on MIFRS or CGAAP?

LUI's RESPONSE:

LUI is providing table 2-16 based of CGAAP as per the file Amended Revenue Requirement Model2012v1.xls (Tab "FA Continuity 2011")

Table 2-16 2011 Bridge Year Fixed Asset Continuity Schedule

CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	
N/A	1610	Intangible Assets	54,866		54,866	0	0			
N/A	1805	Land	219,284			219,284	0			
CEC	1806	Land Rights	0			0	0			
47	1808	Buildings and Fixtures	919,216	75,000		994,216	118,783	21,199		
13	1810	Leasehold Improvements	0			0	0			
47	1815	Transformer Station Equipment - Normally Prima	0			0	0			
47	1820	Distribution Station Equipment - Normally Prima	2,762,235			2,762,235	1,598,842	121,595		
47	1825	Storage Battery Equipment	0			0	0			
47	1830	Poles, Towers and Fixtures	1,107,311	450,000		1,557,311	164,448	53,293		
47	1835	Overhead Conductors and Devices	3,813,754	400,000		4,213,754	761,802	274,521		
47	1840	Underground Conduit	878,943	350,000		1,228,943	174,014	42,928		
47	1845	Underground Conductors and Devices	3,066,154			3,066,154	1,819,955	121,478		
47	1850	Line Transformers	5,111,049	240,000		5,351,049	2,204,716	203,914		
47	1855	Services	509,529	90,000		599,529	142,492	21,695		
47	1860	Meters	894,462	20,000	688,736	225,726	531,280	35,443	409,085	
47	1860	Smart Meters	1,566,824	255,355		1,822,179	130,791	112,967		
N/A	1865	Other Installations on Customer's Premises	0			0	0			
N/A	1905	Land	0			0	0			
CEC	1906	Land Rights	0			0	0			
47	1908	Buildings and Fixtures	0			0	0			
13	1910	Leasehold Improvements	0			0	0			
8	1915	Office Furniture and Equipment	57,026	25,000		82,026	7,334	6,953		
10	1920	Computer Equipment - Hardware	31,199	50,000		81,199	12,705	11,240		
12	1925	Computer Software	113,876	50,000		163,876	46,334	27,378		
12	1925	Computer software - Smart Meter	115,160	8,546		123,706	28,589	23,887		
10	1930	Transportation Equipment	759,705			759,705	149,873	94,963		
8	1935	Stores Equipment	0			0	0			
8	1940	Tools, Shop and Garage Equipment	158,730	75,000		233,730	48,849	18,931		
8	1945	Measurement and Testing Equipment	18,712			18,712	936	1,871		
8	1950	Power Operated Equipment	0			0	0			
8	1955	Communication Equipment	0			0	0			
8	1960	Miscellaneous Equipment	0			0	0			
47	1970	Load Management Controls - Customer Premise	0			0	0			
47	1975	Load Management Controls - Utility Premises	0			0	0			
47	1980	System Supervisory Equipment	0			0	0			
47	1985	Sentinel Lighting Rentals	0			0	0			
47	1990	Other Tangible Property	0			0	0			
47	1995	Contributions and Grants	(2,157,659)	(100,000)		(2,257,659)	(370,049)	(69,693)		
	2005	Property under Capital Lease	0			0	0			
		Total before Work in Process	20,000,375	1,988,901	743,602	21,245,673	7,571,693	1,124,562	409,085	
WIP		Work in Process	0	230,000		230,000	0			
		Total after Work in Process	20,000,375	2,218,901	743,602	21,475,673	7,571,693	1,124,562	409,085	

- b) Has Lakefront provided the Fixed Asset continuity schedule for the bridge year on both, MIFRS as well as CGAAP basis? If not, please provide Fixed Asset continuity schedules for the bridge year based on both, CGAAP as well as MIFRS.

LUI's RESPONSE:

LUI is providing table 2-16 based on MIFRS:

Table 2-16 MIFRS 2011 Bridge Year Fixed Asset Continuity Schedule

CCA Class	OEB	Description	Cost				Accumulated Depreciation					Net Book Value
			2010 CLOSE BALANCE CGAAP	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
N/A	1610	Intangible Assets		54,866		54,866	0	0			0	
N/A	1805	Land		219,284			219,284	0			0	
CEC	1806	Land Rights		0			0	0			0	
47	1808	Buildings and Fixtures		919,216	75,000		994,216	118,783	25,246		144,029	
13	1810	Leasehold Improvements		0			0	0			0	
47	1815	Transformer Station Equipment - Normally Prime		0			0	0			0	
47	1820	Distribution Station Equipment - Normally Prime		2,762,235			2,762,235	1,598,842	51,720		1,650,563	
47	1825	Storage Battery Equipment		0			0	0			0	
47	1830	Poles, Towers and Fixtures		1,107,311	450,000		1,557,311	164,448	39,114		203,562	
47	1835	Overhead Conductors and Devices		3,813,754	400,000		4,213,754	761,802	88,085		849,887	
47	1840	Underground Conduit		878,943	350,000		1,228,943	174,014	27,895		201,909	
47	1845	Underground Conductors and Devices		3,066,154			3,066,154	1,819,955	77,252		1,897,207	
47	1850	Line Transformers		5,111,049	240,000		5,351,049	2,204,716	147,371		2,352,088	
47	1855	Services		509,529	90,000		599,529	142,492	9,014		151,506	
47	1860	Meters		894,462	20,000	688,736	225,726	531,280	37,321	409,085	159,515	
47	1860	Smart Meters		1,566,824	255,355		1,822,179	130,791	111,086		241,877	
N/A	1865	Other Installations on Customer's Premises		0			0	0			0	
N/A	1905	Land		0			0	0			0	
CEC	1906	Land Rights		0			0	0			0	
47	1908	Buildings and Fixtures		0			0	0			0	
13	1910	Leasehold Improvements		0			0	0			0	
8	1915	Office Furniture and Equipment		57,026	25,000		82,026	7,334	5,823		13,157	
10	1920	Computer Equipment - Hardware		31,199	50,000		81,199	12,705	14,314		27,019	
12	1925	Computer Software		113,876	50,000		163,876	46,334	27,560		73,894	
12	1925	Computer software - Smart Meter		115,160	8,546		123,706	28,589	18,168		46,757	
10	1930	Transportation Equipment		759,705			759,705	149,873	94,308		244,181	
8	1935	Stores Equipment		0			0	0			0	
8	1940	Tools, Shop and Garage Equipment		158,730	75,000		233,730	48,849	19,260		68,109	
8	1945	Measurement and Testing Equipment		18,712			18,712	936	1,871		2,807	
8	1950	Power Operated Equipment		0			0	0			0	
8	1955	Communication Equipment		0			0	0			0	
8	1960	Miscellaneous Equipment		0			0	0			0	
47	1970	Load Management Controls - Customer Premises		0			0	0			0	
47	1975	Load Management Controls - Utility Premises		0			0	0			0	
47	1980	System Supervisory Equipment		0			0	0			0	
47	1985	Sentinel Lighting Rentals		0			0	0			0	
47	1990	Other Tangible Property		0			0	0			0	
47	1995	Contributions and Grants		(2,157,659)	(100,000)		(2,257,659)	(370,049)	(77,693)		(447,742)	(1,815,917)
	2005	Property under Capital Lease		0			0	0			0	
		Total before Work in Process		20,000,375	1,988,901	743,602	21,245,673	7,571,693	717,715	409,085	7,880,324	13,365,349
WIP		Work in Process		0	230,000		230,000	0			0	
		Total after Work in Process		20,000,375	2,218,901	743,602	21,475,673	7,571,693	717,715	409,085	7,880,324	13,365,349

44. IFRS (Capitalization Policy)

Ref: Exhibit 2, p. 123 (Appendix E) and p. 124-125

Lakefront Utilities filed a draft capitalization policy under review.

- a) Please provide a status update to the review of the capitalization policy. Please file an updated copy with the Board if Lakefront Utilities has made any changes to the draft copy that was filed with the Board.

LUI's RESPONSE:

Lakefront Utilities Inc. is expected to review the referenced Capitalization Policy with its governing board on or around March 7, 2012 and has yet to officially make changes, edits, and revisions to the draft copy that was filed with the Board in Exhibit 2 page 123 Appendix E.

Lakefront Utilities stated,

In order to be capitalized, an item must meet the minimum threshold requirement of two hundred dollars (\$500.00) unless it is a small vital component in a larger capital asset (i.e. ties at the base of a pole), then the item should still be capitalized. The minimum threshold may be overridden, based on justified professional judgment.

- b) Please confirm if the Lakefront Utilities' minimum threshold requirement is \$200 or \$500.

LUI's RESPONSE:

LUI is confirming that the minimum threshold requirement is \$500.

45. IFRS (Service Lives)

Ref: Exhibit 2, p.21

- a) Please provide a list of detailed asset service lives with reference to the Typical Useful Lives (TUL) from the Kinectrics Report.

LUI's RESPONSE:

LUI has added below is a list of detailed asset service lives with reference to the Typical Useful Lives from the Kinectrics Report.

Account	Name		LUI	OEB MIN	TUL	OEB MAX
1808	Building		50	50	N/A	75
1820	Substations	Transformers	45	30	40-45	60
		Switchgear	45	30	40	60
		switches	45	30	50	60
		Breakers	45	35	45	65
		Solid State Relays	45	10	30	45
		Electromechanical Relays	45	25	35	50
		Busbars	45	30	50	90
		Steel Structure	45	35	65	75
1830	Poles	Wood	45	35	45	75
		Composite	NIL	50	50	80
1835	OH Conductor & Devices	Conductor	55	50	60	75
		Other	45	15	20	75
1840	Conduit	Concrete	50	35	55	80
		Plastic	50	30	50	85
1845	UG Conductor & Devices	Conductor	35	30	35	50
		Other	35	30	35	50
1850	Transformers	OH Transformers	35	30	40	60
		Pad Mounted	35	25	40	45
1855	Services		55			
1860	Dumb Meters		25	15	N/A	30
1860	Smart Meters		15	5	N/A	15
1915	Office Equipment		10	5	N/A	15
1920	Computer Hardware		5	3	N/A	5
1925	Software Hardware		5	2	N/A	5
1925	Software Hardware Smart Meter		5	2	N/A	5
1930	Transportation	Vans Trucks	5	5	N/A	10
		Bucket Trucks	8	5	N/A	15
1940	Tools & Equipment		10	5	N/A	10
1945	Measurement Equipment		10	5	N/A	10

- b) Please provide an explanation for any differences in useful lives of the assets used by the Applicant in this proceeding from the Board sponsored Kinectrics Report.

LUI's RESPONSES:

LUI is compliant with the Kinectrics study in regards to the useful lives of the assets.

46. IFRS (Amortization Expense)

Ref: Exhibit 4, p. 88 (Table 4-41)

- a) Please indicate if the Amortization Expense for 2011 is based on CGAAP or IFRS.

LUI's RESPONSES:

LUI has filed its amortization expense for 2011 based on CGAAP as seen below in Table 4-41 Amortization Expense Summary which was filed with the board.

- b) Please indicate if the Amortization Expense for 2012 is based on CGAAP or IFRS.

LUI's RESPONSES:

LUI has filed its Amortization Expense for 2012 based on MIFRS as seen in Table 4-41 Amortization Expense Summary which was filed with the board.

- b) Please provide reference to the pre-filed evidence where Lakefront Utilities has filed its amortization expense based on CGAAP for the bridge and test years. Please file the amortization expense for the bridge and test years based on CGAAP if not filed.

LUI's RESPONSES:

See table below for Lakefront Utilities amortization expense based on CGAAP for bridge and test years.

CGAAP Amortization Expense Summary

Account	Description	2008 Amortization Expense	2009 Amortization Expense	2010 Amortization Expense	2011 Amortization Expense	2012 Amortization Expense
1610	Intangible Assets	-	-	-	-	-
1805	Land	-	-	-	-	-
1806	Land Rights	-	11,363.00	-	-	-
1808	Buildings and Fixtures	17,594	18,565.00	19,878	21,199	26,446
1810	Leasehold Improvements	-	-	-	-	-
1815	Transformer Station Equipment - Normally Prim	-	-	-	-	-
1820	Distribution Station Equipment - Normally Prima	88,773	89,262.00	90,027	121,595	86,503
1825	Storage Battery Equipment	-	-	-	-	-
1830	Poles, Towers and Fixtures	24,541	46,160.00	38,253	53,293	76,093
1835	Overhead Conductors and Devices	273,618	277,929.00	271,145	271,121	458,822
1840	Underground Conduit	18,613	19,683.00	28,340	42,928	60,128
1845	Underground Conductors and Devices	111,469	112,597.00	117,601	121,478	121,478
1850	Line Transformers	163,194	182,448.00	192,821	203,914	216,252
1855	Services	16,061	16,959.00	18,767	20,495	15,448
1860	Dumb Meters	34,336	35,038.00	35,429	35,443	37,185
1860	Smart Meters	-	-	-	-	-
1905	Land	-	-	-	-	-
1906	Land Rights	-	-	-	-	-
1908	Buildings and Fixtures	-	-	-	-	-
1910	Leasehold Improvements	-	-	-	-	-
1915	Office Furniture and Equipment	16,521	15,190.00	14,153	6,953	14,453
1920	Computer Equipment - Hardware	28,172	21,040.00	7,407	11,240	34,551
1925	Computer Software	9,314	13,226.00	18,001	27,378	64,878
1930	Transportation Equipment > 3 tonnes	82,866	83,989.00	110,201	94,963	98,401
1935	Transportation Equipment < 3 tonnes	-	-	-	-	-
1940	Tools, Shop and Garage Equipment	8,182	12,061.00	-	18,931	45,490
1945	Measurement and Testing Equipment	-	-	936	1,871	1,871
1950	Power Operated Equipment	-	-	-	-	-
1955	Communication Equipment	-	-	-	-	-
1960	Miscellaneous Equipment	-	-	-	-	-
1970	Load Management Controls - Customer Premis	-	-	-	-	-
1975	Load Management Controls - Utility Premises	-	-	-	-	-
1980	System Supervisory Equipment	-	-	-	-	-
1985	Sentinel Lighting Rentals	-	-	-	-	-
1990	Other Tangible Property	-	-	-	-	-
1995	Contributions and Grants	- 54,621	(62,067.00)	- 68,886	- 69,693	- 81,693
2005	Property under Capital Lease	-	-	-	-	-
	NET AMORTIZATION EXPENSE	838,633	893,443	894,073	983,109	1,276,306

d) Please provide reference to the pre-filed evidence where Lakefront Utilities has filed its amortization expense based on MIFRS for the bridge and test years. Please file the amortization expense for the bridge and test years based on MIFRS if not filed.

		CGAAP	CGAAP	CGAAP	Opening	FILED 2012 MIFRS
Account	Description	2008 Amortization Expense	2009 Amortization Expense	2010 Amortization Expense	2011 Amortization Expense	2012 Amortization Expense
1610	Intangible Assets	-	-	-	-	-
1805	Land	-	-	-	-	-
1806	Land Rights	-	11,363.00	-	-	-
1808	Buildings and Fixtures	17,594	18,565.00	19,878	25,246	30,853
1810	Leasehold Improvements	-	-	-	-	-
1815	Transformer Station Equipment - Normally Prim	-	-	-	-	-
1820	Distribution Station Equipment - Normally Prima	88,773	89,262.00	90,027	51,720	50,094
1825	Storage Battery Equipment	-	-	-	-	-
1830	Poles, Towers and Fixtures	24,541	46,160.00	38,253	39,114	54,060
1835	Overhead Conductors and Devices	273,618	277,929.00	271,145	88,085	93,002
1840	Underground Conduit	18,613	19,683.00	28,340	27,985	37,978
1845	Underground Conductors and Devices	111,469	112,597.00	117,601	77,252	75,595
1850	Line Transformers	163,194	182,448.00	192,821	147,371	158,330
1855	Services	16,061	16,959.00	18,767	9,014	10,163
1860	Dumb Meters	34,336	35,038.00	35,429	37,321	9,018
1860	Smart Meters	-	-	-	111,086	112,759
1905	Land	-	-	-	-	-
1906	Land Rights	-	-	-	-	-
1908	Buildings and Fixtures	-	-	-	-	-
1910	Leasehold Improvements	-	-	-	-	-
1915	Office Furniture and Equipment	16,521	15,190.00	14,153	5,823	9,453
1920	Computer Equipment - Hardware	28,172	21,040.00	7,407	14,314	29,551
1925	Computer Software	9,314	13,226.00	18,001	27,560	57,762
1925	Smart Meters Software	-	-	-	18,169	15,829
1930	Transportation Equipment > 3 tonnes	82,866	83,989.00	110,201	94,308	100,463
1940	Tools, Shop and Garage Equipment	8,182	12,061.00	-	19,260	49,133
1945	Measurement and Testing Equipment	-	-	936	1,871	1,871
1950	Power Operated Equipment	-	-	-	-	-
1955	Communication Equipment	-	-	-	-	-
1960	Miscellaneous Equipment	-	-	-	-	-
1970	Load Management Controls - Customer Premis	-	-	-	-	-
1975	Load Management Controls - Utility Premises	-	-	-	-	-
1980	System Supervisory Equipment	-	-	-	-	-
1985	Sentinel Lighting Rentals	-	-	-	-	-
1990	Other Tangible Property	-	-	-	-	-
1995	Contributions and Grants	(54,621.00)	(62,067.00)	(68,885.97)	(77,693.00)	(75,396.00)
2005	Property under Capital Lease	-	-	-	-	-
	NET AMORTIZATION EXPENSE	838,633	893,443	894,073	717,806	820,518

47. IFRS (Depreciation Forecasted Expense)

Exhibit 4, p. 93 (Table 4-46)

a) Please explain the Adjustments column.

LUI's RESPONSES:

The adjustments column is the differential between depreciation expense tables which LUI originally used previous to 2008 and what is calculated throughout the Revenue Requirement Model, and Depreciation and Amortization Expense schedules. Previous to the 2008 Rate Application LUI had used a variation of the depreciation rates provided by the OEB. Following the 2008 Rate Application LUI uses the prescribed amortization rates directed by the OEB, and the adjustment column catches any differences between these time periods, and differing amortization schedules.

b) The amounts for -\$79,693 and 773,769 recorded under the "Adjusted Depreciation Expense" column do not appear to correspond to specific account numbers. Please clarify and explain these entries.

LUI's RESPONSES:

The Amounts of -\$79,693, and \$773,769 recorded in the table 4-46 in Exhibit 4 under the Adjusted Depreciation Expense do not correspond nor relate to this table. These entries above are not considered in any formula and when removed do not affect the total adjustment column, or depreciated expense. When edited and removed the table below results in same calculations as above.

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2012 Test Year Depreciation and Amortization Expense

[illegible]

48. IFRS (Rate Base & Depreciation Expense)

Ref: Sections 2.5 and 2.7.7 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications

- a) For the bridge and test years, please provide a breakdown of the components of the underlying PP&E assets (i.e. pool assets is not permitted), including gross capital cost and accumulated depreciation values, revised useful lives, and the calculation of the depreciation expense based on revised service lives.

LUI's RESPONSES:

For the Bridge and Test Years, LUI has broken down all of the components of the underlying PP&E assets, including gross capital cost and accumulated depreciation values, and revised useful lives. The calculation for depreciation based on revised service lives can be found in the Amended Revenue Requirement Model FA Continuity 2012. As per the conversion to IFRS LUI's Gross Capital Cost is equal to its Net Book Value for the year 2011.

Componentization Tables can be seen in **Appendix 48**.

- b) Please confirm that significant parts or components of each item of PP&E are being depreciated separately. Please explain.

LUI's RESPONSES:

All significant parts and components of each item in PP&E are being depreciated separately in LUI's componentization tables. Please see example of LUI's componentization table below.

Lakefront Utilities Inc.
2012 Electricity Distribution Rates
EB-2011-0250
Board Staff Interrogatories
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	Type	LUI TUL	% in A/C	NBV	Estimated Remaining Useful Life in Years						
1845				\$ 1,124,721.00	2	5	10	20	30	35	
	Conductor	35	88%	\$ 989,754.48	\$ 3,225.43	\$ 7,900.31	\$ 340,896.91	\$ 485,989.74	\$ 151,742.08		100%
											\$ 989,754.48
				2012	\$ 1,612.71	\$ 1,580.06	\$ 34,089.69	\$ 24,299.49	\$ 5,058.07	\$ -	
				2013	\$ 1,612.71	\$ 1,580.06	\$ 34,089.69	\$ 24,299.49	\$ 5,058.07	\$ -	\$ 66,640.02
				2014		\$ 1,580.06	\$ 34,089.69	\$ 24,299.49	\$ 5,058.07	\$ -	\$ 66,640.02
				2015		\$ 1,580.06	\$ 34,089.69	\$ 24,299.49	\$ 5,058.07	\$ -	\$ 65,027.31
				2016		\$ 1,580.06	\$ 34,089.69	\$ 24,299.49	\$ 5,058.07	\$ -	\$ 65,027.31
				2017			\$ 34,089.69	\$ 24,299.49	\$ 5,058.07	\$ -	\$ 65,027.31
				2018			\$ 34,089.69	\$ 24,299.49	\$ 5,058.07	\$ -	\$ 63,447.25
				2019			\$ 34,089.69	\$ 24,299.49	\$ 5,058.07	\$ -	\$ 63,447.25
				2020			\$ 34,089.69	\$ 24,299.49	\$ 5,058.07	\$ -	\$ 63,447.25
				2021			\$ 34,089.69	\$ 24,299.49	\$ 5,058.07	\$ -	\$ 63,447.25
				2022				\$ 24,299.49	\$ 5,058.07	\$ -	\$ 63,447.25
				2023				\$ 24,299.49	\$ 5,058.07	\$ -	\$ 29,357.56
				2024				\$ 24,299.49	\$ 5,058.07	\$ -	\$ 29,357.56
				2025				\$ 24,299.49	\$ 5,058.07	\$ -	\$ 29,357.56
				2026				\$ 24,299.49	\$ 5,058.07	\$ -	\$ 29,357.56
				2027				\$ 24,299.49	\$ 5,058.07	\$ -	\$ 29,357.56
				2028				\$ 24,299.49	\$ 5,058.07	\$ -	\$ 29,357.56
				2029				\$ 24,299.49	\$ 5,058.07	\$ -	\$ 29,357.56
				2030				\$ 24,299.49	\$ 5,058.07	\$ -	\$ 29,357.56
				2031				\$ 24,299.49	\$ 5,058.07	\$ -	\$ 29,357.56
				2032					\$ 5,058.07	\$ -	\$ 29,357.56
				2033					\$ 5,058.07	\$ -	\$ 5,058.07
				2034					\$ 5,058.07	\$ -	\$ 5,058.07
				2035					\$ 5,058.07	\$ -	\$ 5,058.07
				2036					\$ 5,058.07	\$ -	\$ 5,058.07
				2037					\$ 5,058.07		\$ 5,058.07
				2038					\$ 5,058.07		\$ 5,058.07
				2039					\$ 5,058.07		\$ 5,058.07
				2040					\$ 5,058.07		\$ 5,058.07
				2041					\$ 5,058.07		\$ 5,058.07
				2042							\$ 5,058.07

Type	LUI TUL	% in A/C	NBV	Estimated Remaining Useful Life in Years						
			\$ 1,124,721.00	5	10	20	30	1	1	
				\$ 1,517.15	\$ 46,485.94	\$ 66,271.33	\$ 20,692.10	\$ -		\$ 134,966.52
Other	35	12%	2012	\$ 303.43	\$ 4,648.59	\$ 3,313.57	\$ 689.74	\$ -	\$ -	
			2013	\$ 303.43	\$ 4,648.59	\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 8,955.33
			2014	\$ 303.43	\$ 4,648.59	\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 8,955.33
			2015	\$ 303.43	\$ 4,648.59	\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 8,955.33
			2016	\$ 303.43	\$ 4,648.59	\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 8,955.33
			2017		\$ 4,648.59	\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 8,955.33
			2018		\$ 4,648.59	\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 8,651.90
			2019		\$ 4,648.59	\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 8,651.90
			2020		\$ 4,648.59	\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 8,651.90
			2021		\$ 4,648.59	\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 8,651.90
			2022			\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 8,651.90
			2023			\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 4,003.30
			2024			\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 4,003.30
			2025			\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 4,003.30
			2026			\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 4,003.30
			2027			\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 4,003.30
			2028			\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 4,003.30
			2029			\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 4,003.30
			2030			\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 4,003.30
			2031			\$ 3,313.57	\$ 689.74	\$ -	\$ -	\$ 4,003.30
			2032				\$ 689.74	\$ -	\$ -	\$ 4,003.30
			2033				\$ 689.74	\$ -	\$ -	\$ 689.74
			2034				\$ 689.74	\$ -	\$ -	\$ 689.74
			2035				\$ 689.74	\$ -	\$ -	\$ 689.74
			2036				\$ 689.74	\$ -	\$ -	\$ 689.74
			2037				\$ 689.74	\$ -	\$ -	\$ 689.74
			2038				\$ 689.74	\$ -	\$ -	\$ 689.74
			2039				\$ 689.74	\$ -	\$ -	\$ 689.74
			2040				\$ 689.74	\$ -	\$ -	\$ 689.74
			2041				\$ 689.74	\$ -	\$ -	\$ 689.74
			2042					\$ -	\$ -	\$ 689.74
			2043					\$ -	\$ -	\$ -

- c) Please confirm that the Applicant has identified the gain or loss on the retirement of assets in a group of like assets. Please provide the treatment of the retirement for rate application purpose and disclose the amount. Please state the reasons if the gains/losses are not charged to depreciation expense.

LUI's RESPONSES:

LUI has not identified in the 2012 rate application the gain and loss on retirement of assets in a group. LUI retired any identified assets between the years 2008-2010.

- d) Please disclose any asset impairment loss recorded under IFRS which should be reclassified to PP&E. Please describe the nature of the losses, the amounts of the losses and the consideration whether and how such amounts are to be reflected in rates.

LUI's RESPONSES:

LUI has not identified any retirements for the impairment loss for IFRS conversion.

49. IFRS (Asset Retirement Obligations)

a) Please confirm whether or not the applicant has any asset retirement obligations.

LUI's RESPONSE:

LUI confirms it has no asset retirement obligations.

b) If yes, please identify and provide a detailed breakdown of the major asset components.

LUI's RESPONSE:

Not applicable

c) Please provide a proposal for how the asset retirement obligations should be recovered in rates.

LUI's RESPONSE:

Not applicable

50. IFRS (PP&E Deferral Account)

Ref: Addendum to Report of the Board: Implementing International Financial Reporting Standards in an Incentive Rate Mechanism Environment⁶ (EB-2008-0408, June 13, 2011)

⁶ http://www.ontarioenergyboard.ca/OEB/Documents/EB-2008-0408/IFRS_Report_Addendum_20110613.pdf

Regarding the PP&E (Property Plant & Equipment) Deferral Account, on page 32 of the Addendum, the Board stated:

Amortization of the adjusting amount, up or down, shall be reflected in any applicable rate application as an adjustment to depreciation expense (the refund or recovery of the amount of the adjustment over time) and the return on rate base calculation on the unamortized balance shall be included in applicable revenue requirement calculations...

Differences may arise with Property, Plant and Equipment balances due to implementing IFRS. Lakefront Utilities has not provided a calculation or balance in the Board-approved PP&E Deferral account.

- a) Please provide a breakdown of the amount recorded in the PP&E deferral account on the transition date to MIFRS that is effective as of January 1, 2011. Please provide the supporting analysis similar to Appendix A of the March 31, 2011 Staff Discussion Paper – Transition to IFRS.

LUI's RESPONSE:

LUI has provided below a breakdown of the amount recorded in the PP&E deferral account on the transition date to MIFRS that is effective as of January 1st 2012.

Lakefront Utilities Inc. - MIFRS PP&E Deferral Account

	2012 Rebase MIFRS Forecast	2013	2014	2015	2016
PP&E Values under CGAAP					
Opening Net PP&E	\$ 12,958,503				
Additions	\$ 2,099,000				
Depreciation	\$ (1,254,414)				
Closing Net PP&E	\$ 13,803,089				
PP&E Values under MIFRS					
Opening Net PP&E	\$ 12,958,503				
Additions	\$ 2,099,000				
Depreciation	\$ (816,209)				
Closing Net PP&E	\$ 14,241,294				
Difference on Closing net PP&E, CGAAP vs MIFRS					
Opening Balance	\$ -	\$ (438,205)	\$ (328,654)	\$ (219,103)	\$ (109,551)
Amount added in the year	\$ (438,205)	N/A	N/A	N/A	N/A
Sub-total	\$ (438,205)	\$ (438,205)	\$ (328,654)	\$ (219,103)	\$ (109,551)
Amount of Amort incl in Depre Exp	\$ -	\$ 109,551	\$ 109,551	\$ 109,551	\$ 109,551
Closing Balance in Deferral Acct.	\$ (438,205)	\$ (328,654)	\$ (219,103)	\$ (109,551)	\$ -

Lakefront Utilities Inc. - 2012 Revenue Requirement Forecast Comparison

	CGAAP	MIFRS	Difference
OM&A	\$ 3,116,855	\$ 3,116,856	\$ 1
Amortization	\$ 1,254,414	\$ 816,209	\$ (438,205)
Regulated Return on Capital	\$ 1,148,402	\$ 1,162,941	\$ 14,539
PILs	\$ 163,945	\$ 35,198	\$ (128,747)
Service Revenue Requirement	\$ 5,683,617	\$ 5,131,204	\$ (552,413)
Less: Revenue Offsets	\$ 378,462	\$ 378,462	\$ -
Base Revenue Requirement	\$ 5,305,155	\$ 4,752,741	\$ (552,413)

LUI has also included the 2011 data, as per the Transition to IFRS OEB Staff Discussion Paper.

Lakefront Utilities Inc. - MIFRS PP&E Deferral Account

	2011 Rebase MIFRS Forecast	2012	2013	2014	2015
PP&E Values under CGAAP					
Opening Net PP&E	\$ 12,428,681				
Additions	\$ 1,988,901				
Depreciation	\$ (1,124,562)				
Closing Net PP&E	\$ 13,293,020				
PP&E Values under MIFRS					
Opening Net PP&E	\$ 12,428,681				
Additions	\$ 1,988,901				
Depreciation	\$ (717,806)				
Closing Net PP&E	\$ 13,699,776				
Difference on Closing net PP&E, CGAAP vs MIFRS					
Opening Balance	\$ -	\$ (406,756)	\$ (305,067)	\$ (203,378)	\$ (101,689)
Amount added in the year	\$ (406,756)	\$ -			
Sub-total	\$ (406,756)	\$ (406,756)	\$ (305,067)	\$ (203,378)	\$ (101,689)
Amount of Amort incl in Depre Exp	\$ -	\$ 101,689	\$ 101,689	\$ 101,689	\$ 101,689
Closing Balance in Deferral Acct.	\$ (406,756)	\$ (305,067)	\$ (203,378)	\$ (101,689)	\$ -

Lakefront Utilities Inc. - 2012 Revenue Requirement Forecast Comparison

	CGAAP	MIFRS	Difference
OM&A	\$ 3,116,855	\$ 3,116,856	\$ 1
Amortization	\$ 1,254,414	\$ 714,519	\$ (539,894)
Regulated Return on Capital	\$ 1,148,402	\$ 1,162,941	\$ 14,539
PILs	\$ 163,945	\$ 35,198	\$ (128,747)
Service Revenue Requirement	\$ 5,683,617	\$ 5,029,514	\$ (654,102)
Less: Revenue Offsets	\$ 378,462	\$ 378,462	\$ -
Base Revenue Requirement	\$ 5,305,155	\$ 4,651,052	\$ (654,102)

- b) Please update Lakefront Utilities' evidence to clear the PP&E Deferral Account as an adjustment to depreciation expense in the test year and provide an update to the revenue requirement for the test year.

LUI's RESPONSE:

IN the Table below, LUI has adjusted the revenue requirement table, to adjust for the depreciation expense amount that has been reallocated from the PP&E Deferral account.

Lakefront Utilities Inc.
License Number ED-2002-0545, File Number EB-2011-0250

Service Revenue Requirement

OM&A Expenses	3,116,856
Amortization Expenses	714,519
Total Distribution Expenses	3,831,375
Regulated Return On Capital	1,162,941
PILs	35,198
Service Revenue Requirement	5,029,514

Revenue Offset Schedule

OEB	Account Description	ProjAmt	OffsetPct	OffsetAmt
4080	4080-Distribution Services Revenue	(38,322)	100%	-38,322
4082	4082-RS Rev	(9,985)	100%	-9,985
4084	4084-Serv Tx Requests	(4,015)	100%	-4,015
4090	4090-Electric Services Incidental to Energy Sales	0	100%	0
4205	4205-Interdepartmental Rents	(51,600)	100%	-51,600
4210	4210-Rent from Electric Property	(56,400)	100%	-56,400
4215	4215-Other Utility Operating Income	0	100%	0
4220	4220-Other Electric Revenues	0	100%	0
4225	4225-Late Payment Charges	(63,140)	100%	-63,140
4230	4230-Sales of Water and Water Power	0	100%	0
4235	4235-Miscellaneous Service Revenues	(126,500)	100%	-126,500
4240	4240-Provision for Rate Refunds	0	100%	0
4245	4245-Government Assistance Directly Credited to Income	0	100%	0
4305	4305-Regulatory Debits	0	100%	0
4310	4310-Regulatory Credits	0	100%	0
4315	4315-Revenues from Electric Plant Leased to Others	0	100%	0
4320	4320-Expenses of Electric Plant Leased to Others	0	100%	0
4325	4325-Revenues from Merchandise, Jobbing, Etc.	0	100%	0
4330	4330-Costs and Expenses of Merchandising, Jobbing, Etc	0	100%	0
4335	4335-Profits and Losses from Financial Instrument Hedges	0	100%	0
4340	4340-Profits and Losses from Financial Instrument Investments	0	100%	0
4345	4345-Gains from Disposition of Future Use Utility Plant	0	50%	0
4350	4350-Losses from Disposition of Future Use Utility Plant	0	50%	0
4355	4355-Gain on Disposition of Utility and Other Property	0	50%	0
4360	4360-Loss on Disposition of Utility and Other Property	0	50%	0
4365	4365-Gains from Disposition of Allowances for Emission	0	100%	0
4370	4370-Losses from Disposition of Allowances for Emission	0	100%	0
4375	4375-Revenues from Non-Utility Operations	0	100%	0
4380	4380-Expenses of Non-Utility Operations	0	100%	0
4385	4385-Expenses of Non-Utility Operations	0	100%	0
4390	4390-Miscellaneous Non-Operating Income	0	100%	0
4395	4395-Rate-Payer Benefit Including Interest	0	100%	0
4398	4398-Foreign Exchange Gains and Losses, Including Amortization	0	100%	0
4405	4405-Interest and Dividend Income	(28,500)	100%	-28,500

Total Revenue Offsets

-378,462

Base Revenue Requirement

Service Revenue Requirement	5,029,514
Less: Revenue Offsets	378,462
Base Revenue Requirement	4,651,052

51. IFRS (Borrowing Costs)

Please confirm that all borrowing costs that are directly attributable to the acquisition, construction, or production of PP&E costs are capitalized to PP&E and not expensed. If this is not the case, please explain.

LUI's RESPONSE:

LUI confirms that all borrowing costs that are directly attributable to the acquisition, construction or production of PP&E costs are capitalized to PP&E.

52. IFRS (Pension and Other Post Employment Benefit Costs)

Ref: Exhibit 4, p.20

Ref: Section 2.7.4 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications

LUI stated,

LUI's next actuarial report expected to be completed early 2012, for the year end December 31, 2011.

- a) What is the accounting treatment of the unamortized actuarial gains and losses and past service costs at the date of transition (January 1, 2011)?

LUI's RESPONSE:

LUI recognizes unamortized actuarial gains/losses as they occur.

- b) Please confirm if Lakefront Utilities will elect the option under IFRS 1 to recognize all cumulative actuarial gains or losses at the transitional date of January 1, 2011. If so, how Lakefront can achieve this without conducting an actuarial evaluation for the transitional date.

LUI's RESPONSE:

LUI will elect to recognize cumulative actuarial gains/losses, and will use estimates, as at the transition date.

- c) What is the proposed regulatory treatment of these amounts – are these amounts incorporated anywhere in the revenue requirement? Please explain.

LUI's RESPONSE:

LUI will be accounting for their actuarial gains/losses as they occur.

- d) Has the Applicant applied the optional early adoption to the IASB's June 2011 revisions to IAS 19, Employee Benefits?
(Note: The IAS revisions are effective January 1, 2013, but early adopted is permitted. These revisions include the elimination of the option to defer recognition of gains and losses, known as the "corridor method".)

LUI's RESPONSE:

LUI has not applied the optional early adoption of IAS 19.

- d) Please explain if the Applicant has early adopted this element of IAS 19 and state whether the impacts of this early adoption are incorporated anywhere in the revenue requirement.

LUI's RESPONSE:

Not applicable

53. IFRS (Financial Statements)

Please file LUI's Audited Financial Statements for the year 2010 as per Section 2.4.3 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications.

LUI's RESPONSE:

LUI has filed its Audited Financial Statements for the year 2010 as per Section 2.4.3 of Chapter 2 of the Filing Requirements for Transmission and Distribution Applications in Appendix 53.

54. Disposition of Account 1562 – Deferred PILs (#1)

Ref: 2001 through 2005 SIMPIL Models – Appendices 12-16

In the Combined Proceeding EB-2008-0381, the three applicants were all subject to the maximum blended income tax rates based on the tax evidence they each submitted in the case. That proceeding was not a generic proceeding, and therefore the Board's findings on income tax rates do not apply to every distributor. Blended income tax rates variances in SIMPIL models that form part of the entries in account 1562 deferred PILs.

- a) Lakefront's actual 2002 tax evidence it filed in this proceeding indicates that it took advantage of the small business deductions and was subject to a blended income tax rate of 19.12% for the 2002 tax year. Thus, Lakefront paid less tax than it would have if it had used the maximum income tax rates.

Please explain why Lakefront should not use the blended minimum income tax rate of 19.12% from its own tax return evidence in completing the 2002 SIMPIL model.

LUI's RESPONSE:

Lakefront's evidence is reproduced below to reflect its position on what are appropriate true-up income tax rates:

"The income tax rate used for true-up purposes is the actual legislated tax rate for the applicable year based on the regulatory taxable income used to determine PILS that were included in rates not the rate used to set PILS included in rates or the actual income tax rate paid.

Lakefront believes these are the proper rates to utilize, as they reflect the intent of the SIMPILS process to capture changes in legislated tax rates. The PILS included in rates were determined well in advance of the actual tax years using proxies for what the actual tax rates would be. Utilizing the actual tax rates that would be applicable to the same level of regulatory net income as used to set PILS in rates properly captures the changes in legislation. This captures the difference between the rates used to determine PILS included in rates and what the PILS would have been if they were set in the actual tax year with knowledge of any changes in tax rates.

The use of the legislated tax rate for the applicable year is also consistent with the principles established in the recent EB-2008-0381 decision. The SIMPILS models filed for all years by all applicants used the legislated current year tax rate for true-up purposes."

Utilizing actual income tax rates paid would reflect a true-up of items that should not be considered such as application of loss carry forwards and differences in capital cost allowance.

Lakefront's approach has already been supported by Board Staff as referenced in the Board Staff Submission in EB-2011-0202 - Welland Hydro-Electric System Corp. The following is taken from this report:

"For the 2002, 2003 and 2004 tax years, Welland calculated the income tax rates to be used in the true-up calculations in the SIMPIL models by selecting the regulatory taxable income from its 2002 rate application and determining how much tax would have applied to that amount of taxable income in 2002, 2003 and 2004. For the 2005 tax year, Welland used the regulatory taxable income from its 2005 rate application to calculate the taxes payable on that amount, and thereby derived the income tax rate used in the 2005 SIMPIL worksheets.

Staff submits that given the tax facts in Welland's case, and the tax losses during the period, Welland's methodology for determining the income tax rates used in the SIMPIL model true-up calculations is a reasonable alternative because the approach was symmetrical with how income taxes would have been determined for each of the rate applications."

- b) Please provide the blended income tax rate that can be determined from Lakefront's actual tax returns for 2003. It is less than the maximum tax rate used in the 2003 SIMPIL model.

LUI's RESPONSE:

The actual weighted average tax rate for 2003 was 35.64%.

Lakefront had a net income for tax purposes of \$1,730,893 which was reduced by a loss carry forward of \$589,883 creating a taxable income of \$1,141,011. Federal (\$263,996) and provincial taxes (\$142,626) totaling \$406,622 were paid. The effective tax rate is 35.64% ($\$406,622 / \$1,141,011$)

Again for reasons articulated in response to question a) above Lakefront does not believe this is the appropriate income tax rate to use for true-up purposes.

c) Please provide the documents that show all of the calculations that were made by Lakefront's auditors to validate the blended income tax rates for 2004 and 2005 that were used in Lakefront's SIMPIL models.

LUI's RESPONSE:

The calculations are detailed below.

Lakefront Utilities Inc.			
Determination of 2004 and 2005 Legislated Income Tax Rates			
	2005	2004	
federal sbd (A)	300,000	250,000	
provincial sbd (B)	400,000	400,000	
income up to A	18.62%	18.62%	
income between A & B	27.62%	27.62%	
income over B	40.79%	40.79%	
Regulatory Taxable Income per PILS Determination Models	921,136	923,584	
Determination of Income Tax			
300,000	55,860	46,550	250,000
300,000 to 400,000	27,620	41,430	250,000 to 400,000
521,136	212,571	213,570	523,584
Total Income Tax	296,051	301,550	
Average Tax Rate	32.14%	32.65%	

- d) Lakefront was inconsistent in choosing the maximum income tax rate for some years and tax rates lower than the maximum for other years. Please explain why Lakefront did not select a consistent approach based on its own tax evidence submitted in this case.

LUI's RESPONSE:

Lakefront did not use a consistent approach because the changing tax brackets and tax rates over the years resulted in legislated tax rates for the approved level of regulatory net income for 2004 and 2005 that differed from the rates used to determine PILS included in rates.

For Lakefront the maximum tax rates (rates used to determine PILS and true-up rates approved in the combined proceeding) do not apply to all years.

The legislated rate for 2004 was lower and the rate for 2005 was higher. (see determination of tax rates in response to c) above).

As there was no change for 2001, 2002, and 2003 Lakefront used the maximum true-up rates already approved in the combined proceeding.

Lakefront's differences arose in 2004 and 2005 and it determined the true-up rates consistent with the approach detailed in response to question a)

55. Disposition of Account 1562 – Deferred PILs (#2)

Ref: 2001 through 2005 SIMPIL Models – Appendices 12-16

Lakefront modified the SIMPIL models for 2002, 2003 and 2004 by deleting formulas that would have trued up an amount related to regulatory adjustments for transition cost recovery of \$63,055 in each year. The reasons for the change in formulas are explained on pages 5 and 6 of the consultant's report prepared for Lakefront.

The Board decided that the impact of regulatory assets and liabilities must be excluded in the determination of the variances that are entered in account 1562. The purpose of the formula in the SIMPIL model is to remove (reduce) the impact on PILs of regulatory assets and liabilities contained in the proxy calculations when compared to the actual tax values. Lakefront's changes to the models leave regulatory asset impacts in the calculations, and therefore do not comply with the Board's decision.

The Board in its decision on the Combined Proceeding expects that distributors will use similar models as had been submitted by Halton Hills. Halton Hills did not alter the formula that Lakefront has changed in its evidence.

- a) Please explain why Lakefront believes it should not be subject to the decision regarding regulatory assets and liabilities in the Combined Proceeding.

LUI's RESPONSE:

Upon further consideration Lakefront agrees that the regulatory adjustment of \$63,055 relating to transition cost recovery in the 2002 PILS determination should be trued up (i.e. the tax impact returned to customers over the 2002 to 2004 period). It was inadvertent that a tax impact relating to regulatory assets was embedded in rates and remained there for 3 years due to the rate freeze.

- b) Please identify every formula that Lakefront has changed in the SIMPIL models for 2001 through 2005.

LUI's RESPONSE:

Lakefront revised the following formulas:

- Formulas relating to the true-up of regulatory adjustments to the determination of regulatory net income (as identified in a))
- Formulas relating to excess interest claw back - Lakefront has excluded amounts that it believes should be excluded - table is shown in evidence package
- Formulas pointing to appropriate income tax true-up rates to be used in the TAXCAL tab

56. Disposition of Account 1562 – Deferred PILs (#3)

Ref: 2001 through 2005 SIMPIL Models – Appendices 12-16

Please make copies of the Excel SIMPIL models for 2002, 2003, 2004 and 2005 that Lakefront filed in evidence, make the following changes, and file the revised active Excel models.

- a) In the SIMPIL models for 2002, 2003 and 2004 please correct the formula so that the variance related to regulatory adjustments of \$63,055 that appears in cell E24 will true up with the correct sign in cell E105 for each year.

LUI's RESPONSE:

Revised models attached:

- Appendix 1 - revised 2002 SIMPILS model
- Appendix 2 - revised 2003 SIMPILS model
- Appendix 3 - revised 2004 SIMPILS model

- b) In the 2002 SIMPIL model please enter the blended federal and Ontario minimum income tax rate of 19.12% in cells E122 and E138. Please enter 18% in cells E130 and E175.

LUI's RESPONSE:

Revised model attached:

- Appendix 4 - revised 2002 SIMPILS model also incorporating revision from question a)

LUI does not believe this is an appropriate true-up rate as outlined in response to IR 54 a), however it has provided the information requested by Board Staff.

- c) In the 2003 SIMPIL model please enter the income tax rate determined from Lakefront's own tax returns as responded to in interrogatory #1 b above.

LUI's RESPONSE:

Revised model attached:

- Appendix 5 - revised 2003 SIMPILS model also incorporating revision from question a)

Again LUI does not believe this is an appropriate true-up rate as outlined in response to IR 54 a), however it has provided the information requested by Board Staff.

- d) If Lakefront selects different income tax rates for 2004 and 2005 after responding to the interrogatories in #1 c and d above, please enter these tax rates in the revised 2004 and 2005 SIMPIL models.

LUI's RESPONSE:

LUI has not revised the 2004 and 2005 true-up rates. LUI believes it has used the correct rates.

- e) Please enter the variances from these revised SIMPIL models in the continuity schedule Appendices 1, 32, 33, and 34 and file the active revised Excel model(s).

LUI's RESPONSE:

Revised continuity model attached:

- Appendix 6 - continuity schedule incorporating all Board Staff requested changes outlined in 56 a) to d)

Lakefront has also attached Appendix 7 which it believes reflects the proper 1562 deferred PILS amounts. It reflects the original submission filed by Lakefront incorporating what it believes are appropriate true up rates and adjusts for the true up of regulatory adjustments to regulatory taxable income in 2002 to 2004 as per Appendices 1 to 3.

57. Disposition of Account 1562 – Deferred PILs (#4)

Ref: 2001 through 2005 SIMPIL Models – Appendices 12-16

Did Lakefront or its consultant participate in the Combined Proceeding EB-2008-0381? Did Lakefront make submissions to the Board on the issues that it now disagrees with?

LUI's RESPONSE:

Neither party participated in the Combined Proceeding.

LUI now agrees with the issue regarding the true-up of the tax impact of regulatory asset adjustments. (see response to 55 a).

The issue of an appropriate true-up tax rate for LDCs not at either the maximum or minimum tax rates was not resolved by the combined proceeding.

Also the issue of what elements of interest expense should be exempt from the excess interest clawback determination was not resolved by the combined proceeding.

58. Disposition of Account 1562 – Deferred PILs (#5)

Ref: 2001 through 2005 SIMPIL Models – Appendices 12-16

The Board's approved PILs methodology consists of a proxy that was included in rates and a true-up mechanism that includes account 1562 deferred PILs. The existence of this deferral account has kept the period open for adjustments based on unique tax evidence to be filed by each distributor.

Lakefront has adopted its consultant's report that stated on pages 5 and 6:

"The OEB approved these adjustments to taxable income and the income tax implications as part of the LDCs PILS entitlement in the 2002 rate application. The true-up (or reversal) of these adjustments totally negates the approved entitlement to receive the related PILS. Similar to the Q4 2001 PILS IMBSI believes that the rate freeze in 2002 entitles the LDC to receive these 2002 PILS amounts until new PILS amounts were determined in 2005. The PILS amounts remained at the 2002 determined level until they were revised as part of the 2005 rate application where the regulatory adjustments were removed from the determination of taxable income."

- a) Please provide the regulatory references from the decisions in the Combined Proceeding EB-2008-0381, or from any document issued from the Board during the period 2001 through 2006, that supports the above statement.

LUI's RESPONSE:

The statement was in reference to the approval of a tax provision related to a regulatory adjustment to taxable income (transition cost recovery approved as part of 2002 rates).

As LUI now agrees that this adjustment should be trued-up there is no longer an issue.

59. Disposition of Account 1562 – Deferred PILs (#6)

Ref: 2001 through 2005 SIMPIL Models – Appendices 12-16

Interest Expense

When the actual interest expense, as reflected in the financial statements and tax returns, exceeds the maximum deemed interest amount approved by the Board, the excess amount is subject to a claw-back penalty and is shown in sheet TAXCALC as an extra deduction in the true-up calculations.

For the tax years 2001 to 2005:

- a) Did Lakefront have interest expense related to liabilities other than debt that is disclosed as interest expense in its financial statements?

LUI's RESPONSE:

LUI had interest expense related to both customers deposits held, as well as long term debt. The interest expense breakdown is based on included interest related variance and deferral account, customer deposits and capital leases.

- b) Did Lakefront net interest income against interest expense in deriving the amount it shows as interest expense in its financial statements and tax returns? If yes, please provide details to what the interest income relates.

LUI's RESPONSE:

LUI, in some cases did net interest income against interest expense in deriving the amount shown as interest expense in its financial statements. LUI did this with respect to its interest on deferral accounts.

- c) Did Lakefront include interest expense on customer security deposits in interest expense for purposes of the interest true-up calculation?

LUI's RESPONSE:

LUI did include interest expense on customer security deposits in interest expense for purposes of the interest true up calculations.

- d) Did Lakefront include interest income on customer security deposits in the disclosed amount of interest expense in its financial statements and tax returns?

LUI's RESPONSE:

No, LUI does not include interest income on customer deposits in its financial statements and tax returns.

- e) Did Lakefront include interest expense on IESO prudential in interest expense?

LUI's RESPONSE:

Yes, LUI did include the interest expense on IESO prudential in interest expenses.

- f) Did Lakefront include interest carrying charges on regulatory assets or liabilities in interest expense?

LUI's RESPONSE:

Yes, LUI included the interest carrying charges on the regulatory assets and liabilities in interest expense.

- g) Did Lakefront include the amortization of debt issue costs, debt discounts or debt premiums in interest expense? If the answer is yes, did Lakefront also include the difference between the accounting and tax amortization amounts in the interest true- up calculations? Please explain.

LUI's RESPONSE:

No, LUI did not include the amortization of debt issue costs, debt discounts or debt premiums in interest expense.

- h) Did Lakefront deduct capitalized interest in deriving the interest expense disclosed in its financial statements? If the answer is yes, did Lakefront add back the capitalized interest to the actual interest expense amount for purposes of the interest true-up calculations? Please explain.

LUI's RESPONSE:

LUI had no capitalized interest.

- i) Please provide Lakefront's views on which types of interest income and interest expense should be included in the excess interest true-up calculations.

LUI's RESPONSE:

Lakefront believes that interest expenses related to regulatory assets, IESO line of credit costs, and tax reassessments should be excluded from the excess interest clawback determination

Lakefront believes it would be unfair to pay the prescribed rate of interest to its customers on variance and deferral accounts, be denied the ability to deduct the interest according to the SIMPILS methodology, and then return to customers the grossed up income tax value of the excess interest as calculated in the models. In effect it is double paying the customers with no offset of tax deductibility.

The variance and deferral accounts are constantly changing values and it is difficult to believe that the debt return included in rates was meant to compensate LDCs for these unpredictable costs. Similarly interest related to tax reassessments are totally unpredictable.

In addition Lakefront believes it is unfair to treat costs related to IESO lines of credit as excess interest costs for similar reasons articulated above.

Lines of credit are not reflected in the debt portion of capital structure on the balance sheet. As such they attract no debt return when rates are set.

The capital structure and associated debt return were intended to finance normal utility operations such as capital infrastructure and working capital needs.

- j) Please provide a table for the years 2001 to 2005 that shows all of the components of Lakefront's interest expense and the amount associated with each type of interest. On page 7 of its consultant's report, there appears a table of interest expense. However, this table does not identify individually the different types of charges that Lakefront included in interest expense in its financial statements. Please ensure that the table balances back to all of the interest expense listed in the audited financial statements.

	<u>Affiliated Debt</u>	<u>Variance & Deferral Accounts</u>	<u>Customer Deposits</u>	<u>IESO</u>	<u>Total</u>
2001		29,873			29,873
2002	49,000	2,511	9,447		60,958
2003	34,000	7,563	9,158	13,495	64,215
2004		8,977	22,077	17,240	48,295
2005		17,200	33,037		50,237

60. Lost Revenue Adjustment Mechanism (“LRAM”) Recovery

Ref: Exhibit 10/p. 3

Lakefront has requested an LRAM recovery for a total amount of \$26,696.67.

- a) Please confirm that Lakefront has used final 2010 program evaluation results from the OPA to calculate its LRAM amount.

LUI’s RESPONSE:

LUI’s LRAM claim has been updated to use the 2006-2010 Final OPA CDM Results furnished by the OPA November 15, 2011.

- b) If Lakefront did not use final 2010 program evaluation results from the OPA, please explain why and update the LRAM amount accordingly.

LUI’s RESPONSE:

LUI’s finalized 2010 program evaluation results had not been released at the time of filing. The LRAM Claim has been updated to use the 2006-2010 Final OPA CDM Results furnished by the OPA November 15, 2011.

Original LRAM Submission - \$26,696.67

Updated LRAM \$ - \$29,175.31

Variance - \$2,478.64

- c) Please provide a table that shows the LRAM amounts Lakefront has collected historically.

LUI’s RESPONSE:

LUI has filed one previous LRAM claim in its 2011 IRM (EB-2010-0095). The Board approved the recovery of an LRAM amount of \$182,062.

- d) Please confirm that Lakefront has not received any of the lost revenues requested in this application in the past. If Lakefront has collected lost revenues related to programs applied for in this application, please discuss the appropriateness of this request.

LUI's RESPONSE:

LUI's amounts in this LRAM application are new and have not been previously applied for.

- e) Please identify the CDM savings that were proposed to be included in Lakefront's last Board approved load forecast.

LUI's RESPONSE:

LUI could not identify the CDM savings that were proposed to be included in Lakefront's last Board approved load forecast due to the scarce amount of data available from which to predict from previous reporting years.

- f) Please provide a table that shows the LRAM amounts requested in this application by the year they are associated with and the year the lost revenues took place, divided by rate class within each year. Use the table below as an example and continue for all the years LRAM is requested:

Program Years	Years that lost revenues took place			
	200	201	201	201
200	\$xxx	\$xxx	\$xxx	\$xxx
200	\$xxx	\$xxx	\$xxx	\$xxx
200	\$xxx	\$xxx	\$xxx	\$xxx
200	\$xxx	\$xxx	\$xxx	\$xxx

LUI's RESPONSE:

Program Years		Years that lost revenues took place
		2010
		2006
RESIDENTIAL		\$1,522.32
GENERAL SERVICE <50KW		\$0.00
General Service>50kW to 2,999kW		\$0.00
GENERAL SERVICE (3,000-4,999kW)		\$0.00
		2007
RESIDENTIAL		\$5,126.21
GENERAL SERVICE <50KW		\$0.00
General Service>50kW to 2,999kW		\$270.44
GENERAL SERVICE (3,000-4,999kW)		\$0.00
		2008
RESIDENTIAL		\$4,634.14
GENERAL SERVICE <50KW		\$398.56
General Service>50kW to 2,999kW		\$1,576.49
GENERAL SERVICE (3,000-4,999kW)		\$0.00

	2009	
RESIDENTIAL		\$2,879.58
GENERAL SERVICE <50KW		\$3,199.13
General Service>50kW to 2,999kW		\$1,928.92
GENERAL SERVICE (3,000-4,999kW)		\$0.00
	2010	
RESIDENTIAL		\$2,205.72
GENERAL SERVICE <50KW		\$2,297.34
General Service>50kW to 2,999kW		\$2,555.55
GENERAL SERVICE (3,000-4,999kW)		\$580.91
		<u>\$29,175.31</u>



Ontario Energy Board

Smart Meter Model

Choose Your Utility:

Lakeland Utilities Inc.

Lakeland Power Distribution Ltd.

Application Contact Information

Name: Jennifer Theoret

Title: Director of Finance & Compliance

Phone Number: 905 - 372 -2193 x5255

Email Address: jtheoret@lusi.on.ca

We are applying for rates effective: May 1, 2012

Last COS Re-based Year 2008

Legend

DROP-DOWN MENU

INPUT FIELD

CALCULATION FIELD

Copyright

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

While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results. The use of any models and spreadsheets does not automatically imply Board approval. The onus is on the distributor to prepare, document and support its application. Board-issued Excel models and spreadsheets are offered to assist parties in providing the necessary information so as to facilitate an expeditious review of an application. The onus remains on the applicant to ensure the accuracy of the data and the results.



Ontario Energy Board

Smart Meter Model

Lakefront Utilities Inc.

Distributors must enter all incremental costs related to their smart meter program and all revenues recovered to date in the applicable tabs except for those costs (and associated revenues) for which the Board has approved on a final basis, i.e. capital costs have been included in rate base and OM&A costs in revenue requirement.

For 2012, distributors that have completed their deployments by the end of 2011 are not expected to enter any capital costs. However, for OM&A, regardless of whether a distributor has deployments in 2012, distributors should enter the forecasted OM&A for 2012 for all smart meters in service.

Smart Meter Capital Cost and Operational Expense Data

	2006	2007	2008	2009	2010	2011	2012 and later	Total
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
Smart Meter Installation Plan								
Actual/Planned number of Smart Meters installed during the Calendar Year								
Residential				5,884	2,364	217		8465
General Service < 50 kW					570	468		1038
Actual/Planned number of Smart Meters installed (Residential and GS < 50 kW only)	0	0	0	5884	2934	685	0	9503
Percentage of Residential and GS < 50 kW Smart Meter Installations Completed	0.00%	0.00%	0.00%	61.92%	92.79%	100.00%	0.00%	100.00%
Actual/Planned number of GS > 50 kW meters installed								0
Other (please identify)								0
Total Number of Smart Meters installed or planned to be installed	0	0	0	5884	2934	685	0	9503

1 Capital Costs

1.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

	Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
	Asset type must be selected to enable calculations								
1.1.1 Smart Meters (may include new meters and modules, etc.)	Smart Meter				793,778	292,469	175,448		\$ 1,261,695
1.1.2 Installation Costs (may include socket kits, labour, vehicle, benefits, etc.)	Smart Meter				86,536	95,901	79,907		\$ 262,344
1.1.3a Workforce Automation Hardware (may include fieldwork handhelds, barcode hardware, etc.)									\$ -
1.1.3b Workforce Automation Software (may include fieldwork handhelds, barcode hardware, etc.)									\$ -
Total Advanced Metering Communications Devices (AMCD)		\$ -	\$ -	\$ -	\$ 880,314	\$ 388,370	\$ 255,355	\$ -	\$ 1,524,039

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

	Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
1.2.1 Collectors	Smart Meter				298,140				\$ 298,140
1.2.2 Repeaters (may include radio licence, etc.)									\$ -
1.2.3 Installation (may include meter seals and rings, collector computer hardware, etc.)									\$ -
Total Advanced Metering Regional Collector (AMRC) (Includes LAN)		\$ -	\$ -	\$ -	\$ 298,140	\$ -	\$ -	\$ -	\$ 298,140

1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)

1.3.1 Computer Hardware

1.3.2 Computer Software

1.3.3 Computer Software Licences & Installation (includes hardware and software)
(may include AS/400 disk space, backup and recovery computer, UPS, etc.)**Total Advanced Metering Control Computer (AMCC)****Asset Type**

Audited Actual

Audited Actual

Audited Actual

Audited Actual

Audited Actual

Unaudited Actual

Forecast

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

Asset Type

Audited Actual

Audited Actual

Audited Actual

Audited Actual

Audited Actual

Unaudited Actual

Forecast

\$ -

1.4.1 Activation Fees

Total Wide Area Network (WAN)

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

Asset Type

Audited Actual

Audited Actual

Audited Actual

Audited Actual

Audited Actual

Unaudited Actual

Forecast

\$ -

1.5.1 Customer Equipment (including repair of damaged equipment)

1.5.2 AMI Interface to CIS

\$ -

1.5.3 Professional Fees

Computer Software

20,974

30,616

18,994

8,546

\$ 79,130

1.5.4 Integration

\$ -

1.5.5 Program Management

\$ -

1.5.6 Other AMI Capital

Computer Software

12,799

31,777

\$ 44,576

Total Other AMI Capital Costs Related to Minimum Functionality

\$ -

\$ -

\$ 20,974

\$ 43,415

\$ 50,771

\$ 8,546

\$ -

\$ 123,706

Total Capital Costs Related to Minimum Functionality

\$ -

\$ -

\$ 20,974

\$ 1,221,869

\$ 439,141

\$ 263,901

\$ -

\$ 1,945,885

Asset Type

Audited Actual

Audited Actual

Audited Actual

Audited Actual

Audited Actual

Unaudited Actual

Forecast

\$ -

1.6 CAPITAL COSTS BEYOND MINIMUM FUNCTIONALITY

(Please provide a descriptive title and identify nature of beyond minimum functionality costs)

1.6.1 Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06

Applications Software

1.6.2 Costs for deployment of smart meters to customers other than residential and small general service

\$ -

1.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.

Applications Software

6,105

\$ 6,105

Total Capital Costs Beyond Minimum Functionality

\$ -

\$ -

\$ -

\$ -

\$ 6,105

\$ -

\$ -

\$ 6,105

Total Smart Meter Capital Costs

\$ -

\$ -

\$ 20,974

\$ 1,221,869

\$ 445,246

\$ 263,901

\$ -

\$ 1,951,990

2 OM&A Expenses

2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

2.1.1 Maintenance (may include meter reverification costs, etc.)

2.1.2 Other (please specify)

Total Incremental AMCD OM&A Costs

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

2.2.1 Maintenance

2.2.2 Other (please specify)

Total Incremental AMRC OM&A Costs

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.)

2.3.2 Other (please specify)

Total Incremental AMCC OM&A Costs

2.4 WIDE AREA NETWORK (WAN)

2.4.1 WAN Maintenance

2.4.2 Other (please specify)

Total Incremental AMRC OM&A Costs

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

2.5.4 Change Management (may include training, etc.)

2.5.5 Administration Costs

2.5.6 Other AMI Expenses

(please specify)

Total Other AMI OM&A Costs Related to Minimum Functionality

TOTAL OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY

2.6 OM&A COSTS RELATED TO BEYOND MINIMUM FUNCTIONALITY

(Please provide a descriptive title and identify nature of beyond minimum functionality costs)

2.6.1 Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06

2.6.2 Costs for deployment of smart meters to customers other than residential and small general service

2.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.

Total OM&A Costs Beyond Minimum Functionality

Total Smart Meter OM&A Costs

	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual	Forecast	
								\$ -
								\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
								\$ -
								\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
								\$ -
								\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
								\$ -
				14,927	42,874	52,904		\$ 110,705
								\$ -
	\$ -	\$ -	\$ -	\$ 14,927	\$ 42,874	\$ 52,904	\$ -	\$ 110,705
								\$ -
								\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
								\$ -
								\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
								\$ -
						10,444		\$ 10,444
								\$ -
				6,184	10,963	18,960		\$ 36,107
								\$ -
				801	548			\$ 1,349
	\$ -	\$ -	\$ -	\$ 6,985	\$ 11,511	\$ 29,404	\$ -	\$ 47,900
	\$ -	\$ -	\$ -	\$ 21,912	\$ 54,385	\$ 82,308	\$ -	\$ 158,605
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Unaudited Actual		
								\$ -
								\$ -
								\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ 21,912	\$ 54,385	\$ 82,308	\$ -	\$ 158,605

3 Aggregate Smart Meter Costs by Category

3.1	Capital																	
3.1.1	Smart Meter	\$	-	\$	-	\$	-	\$	1,178,454	\$	388,370	\$	255,355	\$	-	\$	1,822,179	
3.1.2	Computer Hardware	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	
3.1.3	Computer Software	\$	-	\$	-	\$	20,974	\$	43,415	\$	50,771	\$	8,546	\$	-	\$	123,706	
3.1.4	Tools & Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	
3.1.5	Other Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	
3.1.6	Applications Software	\$	-	\$	-	\$	-	\$	-	\$	6,105	\$	-	\$	-	\$	6,105	
3.1.7	Total Capital Costs	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>20,974</u>	<u>\$</u>	<u>1,221,869</u>	<u>\$</u>	<u>445,246</u>	<u>\$</u>	<u>263,901</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>1,951,990</u>	
3.2	OM&A Costs																	
3.2.1	Total OM&A Costs	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>21,912</u>	<u>\$</u>	<u>54,385</u>	<u>\$</u>	<u>82,308</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>158,605</u>	



Ontario Energy Board

Smart Meter Model

Lakefront Utilities Inc.

	2006	2007	2008	2009	2010	2011	2012 and later
Cost of Capital							
Capital Structure¹							
Deemed Short-term Debt Capitalization			4.0%	4.0%	4.0%	4.0%	4.0%
Deemed Long-term Debt Capitalization	50.0%	50.0%	49.3%	52.7%	56.0%	56.0%	56.0%
Deemed Equity Capitalization	50.0%	50.0%	46.7%	43.3%	40.0%	40.0%	40.0%
Preferred Shares							
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Capital Parameters							
Deemed Short-term Debt Rate			4.47%	4.47%	4.47%	4.47%	2.46%
Long-term Debt Rate (actual/embedded/deemed) ²	7.25%	7.25%	6.10%	6.10%	6.10%	6.10%	5.32%
Target Return on Equity (ROE)	9.0%	9.00%	8.57%	8.57%	8.57%	8.57%	9.58%
Return on Preferred Shares							
WACC	8.13%	8.13%	7.19%	7.10%	7.02%	7.02%	6.91%
Working Capital Allowance							
Working Capital Allowance Rate	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
<i>(% of the sum of Cost of Power + controllable expenses)</i>							
Taxes/PILs							
Aggregate Corporate Income Tax Rate	36.12%	36.12%	33.50%	33.00%	31.00%	28.25%	26.25%
Capital Tax (until July 1st, 2010)	0.30%	0.225%	0.225%	0.225%	0.075%	0.00%	0.00%
Depreciation Rates							
<i>(expressed as expected useful life in years)</i>							
Smart Meters - years	15	15	15	15	15	15	15
- rate (%)	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
Computer Hardware - years	5	5	5	5	5	5	5
- rate (%)	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Computer Software - years	5	5	5	5	5	5	5

- rate (%)	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Tools & Equipment - years	10	10	10	10	10	10	10
- rate (%)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Other Equipment - years	10	10	10	10	10	10	10
- rate (%)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

CCA Rates

Smart Meters - CCA Class	47	47	47	47	47	47	47
Smart Meters - CCA Rate	8%	8%	8%	8%	8%	8%	8%
Computer Equipment - CCA Class	50	50	50	50	50	50	50
Computer Equipment - CCA Rate	55%	55%	55%	55%	55%	55%	55%
General Equipment - CCA Class	50	50	50	50	50	50	50
General Equipment - CCA Rate	55%	55%	55%	55%	55%	55%	55%
Applications Software - CCA Class							
Applications Software - CCA Rate							

Assumptions

¹ Planned smart meter installations occur evenly throughout the year.

² Fiscal calendar year (January 1 to December 31) used.

³ Amortization is done on a straight line basis and has the "half-year" rule applied.



Ontario Energy Board

Smart Meter Model

Lakefront Utilities Inc.

	2006	2007	2008	2009	2010	2011	2012 and later
Net Fixed Assets - Smart Meters							
Gross Book Value							
Opening Balance		\$ -	\$ -	\$ -	\$ 1,178,454	\$ 1,566,824	\$ 1,822,179
Capital Additions during year (from Smart Meter Costs)	\$ -	\$ -	\$ -	\$ 1,178,454	\$ 388,370	\$ 255,355	\$ -
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ 1,178,454	\$ 1,566,824	\$ 1,822,179	\$ 1,822,179
Accumulated Depreciation							
Opening Balance		\$ -	\$ -	\$ -	-\$ 39,282	-\$ 130,791	-\$ 243,758
Amortization expense during year	\$ -	\$ -	\$ -	-\$ 39,282	-\$ 91,509	-\$ 112,967	-\$ 121,479
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	-\$ 39,282	-\$ 130,791	-\$ 243,758	-\$ 365,236
Net Book Value							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ 1,139,172	\$ 1,436,033	\$ 1,578,421
Closing Balance	\$ -	\$ -	\$ -	\$ 1,139,172	\$ 1,436,033	\$ 1,578,421	\$ 1,456,943
Average Net Book Value	\$ -	\$ -	\$ -	\$ 569,586	\$ 1,287,603	\$ 1,507,227	\$ 1,517,682
Net Fixed Assets - Computer Hardware							
Gross Book Value							
Opening Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions during year (from Smart Meter Costs)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization expense during year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Net Book Value							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Net Book Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Fixed Assets - Computer Software (including Applications Software)							
Gross Book Value							
Opening Balance		\$ -	\$ -	\$ 20,974	\$ 64,389	\$ 121,265	\$ 129,811
Capital Additions during year (from Smart Meter Costs)	\$ -	\$ -	\$ 20,974	\$ 43,415	\$ 56,876	\$ 8,546	\$ -
Retirements/Removals (if applicable)							
Closing Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,974</u>	<u>\$ 64,389</u>	<u>\$ 121,265</u>	<u>\$ 129,811</u>	<u>\$ 129,811</u>
Accumulated Depreciation							
Opening Balance	\$ -	\$ -	\$ -	-\$ 2,097	-\$ 10,634	-\$ 29,199	-\$ 54,307
Amortization expense during year	\$ -	\$ -	-\$ 2,097	-\$ 8,536	-\$ 18,565	-\$ 25,108	-\$ 25,962
Retirements/Removals (if applicable)							
Closing Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-\$ 2,097</u>	<u>-\$ 10,634</u>	<u>-\$ 29,199</u>	<u>-\$ 54,307</u>	<u>-\$ 80,269</u>
Net Book Value							
Opening Balance	\$ -	\$ -	\$ -	\$ 18,877	\$ 53,755	\$ 92,066	\$ 75,504
Closing Balance	\$ -	\$ -	\$ 18,877	\$ 53,755	\$ 92,066	\$ 75,504	\$ 49,542
Average Net Book Value	\$ -	\$ -	\$ 9,438	\$ 36,316	\$ 72,911	\$ 83,785	\$ 62,523



Ontario Energy Board

Smart Meter Model

Lakefront Utilities Inc.

	2006	2007	2008	2009	2010	2011	2012 and Later
Average Net Fixed Asset Values (from Sheet 4)							
Smart Meters	\$ -	\$ -	\$ -	\$ 569,586	\$ 1,287,603	\$ 1,507,227	\$ 1,517,682
Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Software	\$ -	\$ -	\$ 9,438	\$ 36,316	\$ 72,911	\$ 83,785	\$ 62,523
Tools & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net Fixed Assets	\$ -	\$ -	\$ 9,438	\$ 605,902	\$ 1,360,513	\$ 1,591,012	\$ 1,580,205
Working Capital							
Operating Expenses (from Sheet 2)	\$ -	\$ -	\$ -	\$ 21,912	\$ 54,385	\$ 82,308	\$ -
Working Capital Factor (from Sheet 3)	15%	15%	15%	15%	15%	15%	15%
Working Capital Allowance	\$ -	\$ -	\$ -	\$ 3,287	\$ 8,158	\$ 12,346	\$ -
Incremental Smart Meter Rate Base	\$ -	\$ -	\$ 9,438	\$ 609,189	\$ 1,368,671	\$ 1,603,358	\$ 1,580,205
Return on Rate Base							
Capital Structure							
Deemed Short Term Debt	\$ -	\$ -	\$ 378	\$ 24,368	\$ 54,747	\$ 64,134	\$ 63,208
Deemed Long Term Debt	\$ -	\$ -	\$ 4,653	\$ 321,043	\$ 766,456	\$ 897,881	\$ 884,915
Equity	\$ -	\$ -	\$ 4,408	\$ 263,779	\$ 547,468	\$ 641,343	\$ 632,082
Preferred Shares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capitalization	\$ -	\$ -	\$ 9,438	\$ 609,189	\$ 1,368,671	\$ 1,603,358	\$ 1,580,205
Return on							
Deemed Short Term Debt	\$ -	\$ -	\$ 17	\$ 1,089	\$ 2,447	\$ 2,867	\$ 1,555
Deemed Long Term Debt	\$ -	\$ -	\$ 284	\$ 19,584	\$ 46,754	\$ 54,771	\$ 47,077
Equity	\$ -	\$ -	\$ 378	\$ 22,606	\$ 46,918	\$ 54,963	\$ 60,553
Preferred Shares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Return on Capital	\$ -	\$ -	\$ 678	\$ 43,279	\$ 96,119	\$ 112,601	\$ 109,186
Operating Expenses	\$ -	\$ -	\$ -	\$ 21,912	\$ 54,385	\$ 82,308	\$ -
Amortization Expenses (from Sheet 4)							
Smart Meters	\$ -	\$ -	\$ -	\$ 39,282	\$ 91,509	\$ 112,967	\$ 121,479
Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Software	\$ -	\$ -	\$ 2,097	\$ 8,536	\$ 18,565	\$ 25,108	\$ 25,962
Tools & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Amortization Expense in Year	\$ -	\$ -	\$ 2,097	\$ 47,818	\$ 110,075	\$ 138,074	\$ 147,441
Incremental Revenue Requirement before Taxes/PILs	\$ -	\$ -	\$ 2,776	\$ 113,009	\$ 260,579	\$ 332,983	\$ 256,627
Calculation of Taxable Income							
Incremental Operating Expenses	\$ -	\$ -	\$ -	\$ 21,912	\$ 54,385	\$ 82,308	\$ -
Amortization Expense	\$ -	\$ -	\$ 2,097	\$ 47,818	\$ 110,075	\$ 138,074	\$ 147,441
Interest Expense	\$ -	\$ -	\$ 301	\$ 20,673	\$ 49,201	\$ 57,638	\$ 48,632
Net Income for Taxes/PILs	\$ -	\$ -	\$ 378	\$ 22,606	\$ 46,918	\$ 54,963	\$ 60,553

Grossed-up Taxes/PILs (from Sheet 7)	\$	-	\$	-	-\$	1,616.26	\$	4,153.46	\$	8,296.45	\$	14,824.92	\$	24,044.28
Revenue Requirement, including Grossed-up Taxes/PILs	\$	-	\$	-	\$	1,160	\$	117,162	\$	268,875	\$	347,808	\$	280,671



Ontario Energy Board

Smart Meter Model

Lakefront Utilities Inc.

For PILs Calculation

UCC - Smart Meters

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast
Opening UCC	\$ -	\$ -	\$ -	\$ -	\$ 1,131,315.84	\$ 1,413,645.77	\$ 1,545,694.91
Capital Additions	\$ -	\$ -	\$ -	\$ 1,178,454.00	\$ 388,370.00	\$ 255,355.00	\$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	\$ -	\$ -	\$ -	\$ 1,178,454.00	\$ 1,519,685.84	\$ 1,669,000.77	\$ 1,545,694.91
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ 589,227.00	\$ 194,185.00	\$ 127,677.50	\$ -
Reduced UCC	\$ -	\$ -	\$ -	\$ 589,227.00	\$ 1,325,500.84	\$ 1,541,323.27	\$ 1,545,694.91
CCA Rate Class	47	47	47	47	47	47	47
CCA Rate	8%	8%	8%	8%	8%	8%	8%
CCA	\$ -	\$ -	\$ -	\$ 47,138.16	\$ 106,040.07	\$ 123,305.86	\$ 123,655.59
Closing UCC	\$ -	\$ -	\$ -	\$ 1,131,315.84	\$ 1,413,645.77	\$ 1,545,694.91	\$ 1,422,039.32

UCC - Computer Equipment

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast
Opening UCC	\$ -	\$ -	\$ -	\$ 15,206.15	\$ 38,318.64	\$ 54,052.36	\$ 30,519.41
Capital Additions Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions Computer Software	\$ -	\$ -	\$ 20,974.00	\$ 43,415.00	\$ 50,771.00	\$ 8,546.00	\$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	\$ -	\$ -	\$ 20,974.00	\$ 58,621.15	\$ 89,089.64	\$ 62,598.36	\$ 30,519.41
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ 10,487.00	\$ 21,707.50	\$ 25,385.50	\$ 4,273.00	\$ -
Reduced UCC	\$ -	\$ -	\$ 10,487.00	\$ 36,913.65	\$ 63,704.14	\$ 58,325.36	\$ 30,519.41
CCA Rate Class	50	50	50	50	50	50	50
CCA Rate	55%	55%	55%	55%	55%	55%	55%
CCA	\$ -	\$ -	\$ 5,767.85	\$ 20,302.51	\$ 35,037.28	\$ 32,078.95	\$ 16,785.68
Closing UCC	\$ -	\$ -	\$ 15,206.15	\$ 38,318.64	\$ 54,052.36	\$ 30,519.41	\$ 13,733.74



Ontario Energy Board

Smart Meter Model

Lakefront Utilities Inc.

Calculation

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Unaudited Actual	2012 and later Forecast
AX							
Net Income	\$ -	\$ -	\$ 377.74	\$ 22,605.84	\$ 46,918.04	\$ 54,963.12	\$ 60,553.46
Amortization	\$ -	\$ -	\$ 2,097.40	\$ 47,818.10	\$ 110,074.66	\$ 138,074.35	\$ 147,440.78
CCA - Smart Meters	\$ -	\$ -	\$ -	\$ 47,138.16	\$ 106,040.07	\$ 123,305.86	\$ 123,655.59
CCA - Computers	\$ -	\$ -	\$ 5,767.85	\$ 20,302.51	\$ 35,037.28	\$ 32,078.95	\$ 16,785.68
CCA - Applications Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCA - Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in taxable income	\$ -	\$ -	\$ 3,292.71	\$ 2,983.27	\$ 15,915.35	\$ 37,652.66	\$ 67,552.97
Tax Rate (from Sheet 3)	36.12%	36.12%	33.50%	33.00%	31.00%	28.25%	26.25%
Income Taxes Payable	\$ -	\$ -	\$ 1,103.06	\$ 984.48	\$ 4,933.76	\$ 10,636.88	\$ 17,732.65
CAPITAL TAX							
Smart Meters	\$ -	\$ -	\$ -	\$ 1,139,172.20	\$ 1,436,032.93	\$ 1,578,421.17	\$ 1,456,942.57
Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Software	\$ -	\$ -	\$ 18,876.60	\$ 53,755.30	\$ 92,065.83	\$ 75,504.24	\$ 49,542.06
(Including Application Software)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tools & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ -	\$ -	\$ 18,876.60	\$ 1,192,927.50	\$ 1,528,098.76	\$ 1,653,925.41	\$ 1,506,484.63
Less: Exemption							
Deemed Taxable Capital	\$ -	\$ -	\$ 18,876.60	\$ 1,192,927.50	\$ 1,528,098.76	\$ 1,653,925.41	\$ 1,506,484.63
Ontario Capital Tax Rate (from Sheet 3)	0.300%	0.225%	0.225%	0.225%	0.075%	0.000%	0.000%
Net Amount (Taxable Capital x Rate)	\$ -	\$ -	\$ 42.47	\$ 2,684.09	\$ 1,146.07	\$ -	\$ -
Change in Income Taxes Payable	\$ -	\$ -	\$ 1,103.06	\$ 984.48	\$ 4,933.76	\$ 10,636.88	\$ 17,732.65
Change in OCT	\$ -	\$ -	\$ 42.47	\$ 2,684.09	\$ 1,146.07	\$ -	\$ -
PILs	\$ -	\$ -	\$ 1,060.59	\$ 3,668.57	\$ 6,079.83	\$ 10,636.88	\$ 17,732.65
p PILs							
Tax Rate	36.12%	36.12%	33.50%	33.00%	31.00%	28.25%	26.25%
Change in Income Taxes Payable	\$ -	\$ -	\$ 1,658.73	\$ 1,469.37	\$ 7,150.38	\$ 14,824.92	\$ 24,044.28
Change in OCT	\$ -	\$ -	\$ 42.47	\$ 2,684.09	\$ 1,146.07	\$ -	\$ -
PILs	\$ -	\$ -	\$ 1,616.26	\$ 4,153.46	\$ 8,296.45	\$ 14,824.92	\$ 24,044.28



Ontario Energy Board

Smart Meter Model

Lakefront Utilities Inc.

This worksheet calculates the funding adder revenues.

Account 1555 - Sub-account Funding Adder Revenues

Interest Rates	Approved Deferral and Variance Accounts	CWIP	Date	Year	Quarter	Opening Balance (Principal)	Funding Adder Revenues	Interest Rate	Interest	Closing Balance	Annual amounts	Board Approved Smart Meter Funding Adder (from Tariff)
2006 Q1			Jan-06	2006	Q1	\$ -		0.00%	\$ -	\$ -		
2006 Q2	4.14%	4.68%	Feb-06	2006	Q1	\$ -		0.00%	\$ -	\$ -		
2006 Q3	4.59%	5.05%	Mar-06	2006	Q1	\$ -		0.00%	\$ -	\$ -		
2006 Q4	4.59%	4.72%	Apr-06	2006	Q2	\$ -		4.14%	\$ -	\$ -		
2007 Q1	4.59%	4.72%	May-06	2006	Q2	\$ -	\$ 614.00	4.14%	\$ -	\$ 614.00		\$ 0.26
2007 Q2	4.59%	4.72%	Jun-06	2006	Q2	\$ 614.00	\$ 1,766.00	4.14%	\$ 2.12	\$ 2,382.12		\$ 0.26
2007 Q3	4.59%	5.18%	Jul-06	2006	Q3	\$ 2,380.00	\$ 2,343.00	4.59%	\$ 9.10	\$ 4,732.10		\$ 0.26
2007 Q4	5.14%	5.18%	Aug-06	2006	Q3	\$ 4,723.00	\$ 2,119.00	4.59%	\$ 18.07	\$ 6,860.07		\$ 0.26
2008 Q1	5.14%	5.18%	Sep-06	2006	Q3	\$ 6,842.00	\$ 2,322.00	4.59%	\$ 26.17	\$ 9,190.17		\$ 0.26
2008 Q2	4.08%	5.18%	Oct-06	2006	Q4	\$ 9,164.00	\$ 2,715.00	4.59%	\$ 35.05	\$ 11,914.05		\$ 0.26
2008 Q3	3.35%	5.43%	Nov-06	2006	Q4	\$ 11,879.00	\$ 2,265.00	4.59%	\$ 45.44	\$ 14,189.44		\$ 0.26
2008 Q4	3.35%	5.43%	Dec-06	2006	Q4	\$ 14,144.00	\$ 1,896.00	4.59%	\$ 54.10	\$ 16,094.10	\$ 16,230.05	\$ 0.26
2009 Q1	2.45%	6.61%	Jan-07	2007	Q1	\$ 16,040.00	\$ 2,336.00	4.59%	\$ 61.35	\$ 18,437.35		\$ 0.26
2009 Q2	1.00%	6.61%	Feb-07	2007	Q1	\$ 18,376.00	\$ 2,316.00	4.59%	\$ 70.29	\$ 20,762.29		\$ 0.26
2009 Q3	0.55%	5.67%	Mar-07	2007	Q1	\$ 20,692.00	\$ 2,751.00	4.59%	\$ 79.15	\$ 23,522.15		\$ 0.26
2009 Q4	0.55%	4.66%	Apr-07	2007	Q2	\$ 23,443.00	\$ 1,919.00	4.59%	\$ 89.67	\$ 25,451.67		\$ 0.26
2010 Q1	0.55%	4.34%	May-07	2007	Q2	\$ 25,362.00	\$ 2,778.00	4.59%	\$ 97.01	\$ 28,237.01		\$ 0.26
2010 Q2	0.55%	4.34%	Jun-07	2007	Q2	\$ 28,140.00	\$ 1,787.00	4.59%	\$ 107.64	\$ 30,034.64		\$ 0.26
2010 Q3	0.89%	4.66%	Jul-07	2007	Q3	\$ 29,927.00	\$ 1,967.00	4.59%	\$ 114.47	\$ 32,008.47		\$ 0.26
2010 Q4	1.20%	4.01%	Aug-07	2007	Q3	\$ 31,894.00	\$ 2,507.00	4.59%	\$ 121.99	\$ 34,522.99		\$ 0.26
2011 Q1	1.47%	4.29%	Sep-07	2007	Q3	\$ 34,401.00	\$ 2,327.00	4.59%	\$ 131.58	\$ 36,859.58		\$ 0.26
2011 Q2	1.47%	4.29%	Oct-07	2007	Q4	\$ 36,728.00	\$ 2,583.00	5.14%	\$ 157.32	\$ 39,468.32		\$ 0.26
2011 Q3	1.47%	4.29%	Nov-07	2007	Q4	\$ 39,311.00	\$ 2,106.00	5.14%	\$ 168.38	\$ 41,585.38		\$ 0.26
2011 Q4	1.47%	4.29%	Dec-07	2007	Q4	\$ 41,417.00	\$ 6,415.00	5.14%	\$ 177.40	\$ 48,009.40	\$ 33,168.25	\$ 0.26
2012 Q1	1.47%	4.29%	Jan-08	2008	Q1	\$ 47,832.00	\$ 3,149.00	5.14%	\$ 204.88	\$ 51,185.88		\$ 0.26
2012 Q2		4.29%	Feb-08	2008	Q1	\$ 50,981.00	\$ 1,892.00	5.14%	\$ 218.37	\$ 53,091.37		\$ 0.26
2012 Q3		4.29%	Mar-08	2008	Q1	\$ 52,873.00	\$ 2,361.00	5.14%	\$ 226.47	\$ 55,460.47		\$ 0.26
2012 Q4		4.29%	Apr-08	2008	Q2	\$ 55,234.00	\$ 2,587.00	4.08%	\$ 187.80	\$ 58,008.80		\$ 0.26
			May-08	2008	Q2	\$ 57,821.00	\$ 1,927.00	4.08%	\$ 196.59	\$ 59,944.59		\$ 1.00
			Jun-08	2008	Q2	\$ 59,748.00	\$ 2,516.00	4.08%	\$ 203.14	\$ 62,467.14		\$ 1.00
			Jul-08	2008	Q3	\$ 62,264.00	\$ 2,637.00	3.35%	\$ 173.82	\$ 65,074.82		\$ 1.00
			Aug-08	2008	Q3	\$ 64,901.00	\$ 3,506.00	3.35%	\$ 181.18	\$ 68,588.18		\$ 1.00
			Sep-08	2008	Q3	\$ 68,407.00	\$ 6,951.00	3.35%	\$ 190.97	\$ 75,548.97		\$ 1.00
			Oct-08	2008	Q4	\$ 75,358.00	\$ 8,147.00	3.35%	\$ 210.37	\$ 83,715.37		\$ 1.00
			Nov-08	2008	Q4	\$ 83,505.00	\$ 9,104.00	3.35%	\$ 233.12	\$ 92,842.12		\$ 1.00
			Dec-08	2008	Q4	\$ 92,609.00	\$ 4,749.00	3.35%	\$ 258.53	\$ 97,616.53	\$ 52,011.24	\$ 1.00
			Jan-09	2009	Q1	\$ 97,358.00	\$ 9,157.00	2.45%	\$ 198.77	\$ 106,713.77		\$ 1.00



Ontario Energy Board

Smart Meter Model

Lakefront Utilities Inc.

This worksheet calculates the funding adder revenues.

Account 1555 - Sub-account Funding Adder Revenues

Interest Rates	Approved Deferral and Variance Accounts	CWIP				Opening Balance	Funding Adder	Interest				Annual amounts	Board Approved Smart Meter Funding Adder (from Tariff)
			Date	Year	Quarter	(Principal)	Revenues	Rate	Interest	Closing Balance			
			Feb-09	2009	Q1	\$ 106,515.00	\$ 10,237.00	2.45%	\$ 217.47	\$ 116,969.47		\$ 1.00	
			Mar-09	2009	Q1	\$ 116,752.00	\$ 10,050.00	2.45%	\$ 238.37	\$ 127,040.37		\$ 1.00	
			Apr-09	2009	Q2	\$ 126,802.00	\$ 9,472.00	1.00%	\$ 105.67	\$ 136,379.67		\$ 1.00	
			May-09	2009	Q2	\$ 136,274.00	\$ 8,762.00	1.00%	\$ 113.56	\$ 145,149.56		\$ 1.00	
			Jun-09	2009	Q2	\$ 145,036.00	\$ 8,686.00	1.00%	\$ 120.86	\$ 153,842.86		\$ 1.00	
			Jul-09	2009	Q3	\$ 153,722.00	\$ 10,418.00	0.55%	\$ 70.46	\$ 164,210.46		\$ 1.00	
			Aug-09	2009	Q3	\$ 164,140.00	\$ 8,605.00	0.55%	\$ 75.23	\$ 172,820.23		\$ 1.00	
			Sep-09	2009	Q3	\$ 172,745.00	\$ 10,148.00	0.55%	\$ 79.17	\$ 182,972.17		\$ 1.00	
			Oct-09	2009	Q4	\$ 182,893.00	\$ 8,685.00	0.55%	\$ 83.83	\$ 191,661.83		\$ 1.00	
			Nov-09	2009	Q4	\$ 191,578.00	\$ 9,280.00	0.55%	\$ 87.81	\$ 200,945.81		\$ 1.00	
			Dec-09	2009	Q4	\$ 200,858.00	\$ 9,580.00	0.55%	\$ 92.06	\$ 210,530.06	\$ 114,563.26	\$ 1.00	
			Jan-10	2010	Q1	\$ 210,438.00	\$ 9,217.00	0.55%	\$ 96.45	\$ 219,751.45		\$ 1.00	
			Feb-10	2010	Q1	\$ 219,655.00	\$ 7,128.00	0.55%	\$ 100.68	\$ 226,883.68		\$ 1.00	
			Mar-10	2010	Q1	\$ 226,783.00	\$ 10,904.00	0.55%	\$ 103.94	\$ 237,790.94		\$ 1.00	
			Apr-10	2010	Q2	\$ 237,687.00	\$ 9,516.00	0.55%	\$ 108.94	\$ 247,311.94		\$ 1.00	
			May-10	2010	Q2	\$ 247,203.00	\$ 9,230.00	0.55%	\$ 113.30	\$ 256,546.30		\$ 2.00	
			Jun-10	2010	Q2	\$ 256,433.00	\$ 12,883.00	0.55%	\$ 117.53	\$ 269,433.53		\$ 2.00	
			Jul-10	2010	Q3	\$ 269,316.00	\$ 21,158.00	0.89%	\$ 199.74	\$ 290,673.74		\$ 2.00	
			Aug-10	2010	Q3	\$ 290,474.00	\$ 17,465.00	0.89%	\$ 215.43	\$ 308,154.43		\$ 2.00	
			Sep-10	2010	Q3	\$ 307,939.00	\$ 20,366.00	0.89%	\$ 228.39	\$ 328,533.39		\$ 2.00	
			Oct-10	2010	Q4	\$ 328,305.00	\$ 17,735.00	1.20%	\$ 328.31	\$ 346,368.31		\$ 2.00	
			Nov-10	2010	Q4	\$ 346,040.00	\$ 18,676.00	1.20%	\$ 346.04	\$ 365,062.04		\$ 2.00	
			Dec-10	2010	Q4	\$ 364,716.00	\$ 17,508.00	1.20%	\$ 364.72	\$ 382,588.72	\$ 174,109.47	\$ 2.00	
			Jan-11	2011	Q1	\$ 382,224.00	\$ 18,812.27	1.47%	\$ 468.22	\$ 401,504.49		\$ 2.00	
			Feb-11	2011	Q1	\$ 401,036.27	\$ 19,439.17	1.47%	\$ 491.27	\$ 420,966.71		\$ 2.00	
			Mar-11	2011	Q1	\$ 420,475.44	\$ 18,794.02	1.47%	\$ 515.08	\$ 439,784.54		\$ 2.00	
			Apr-11	2011	Q2	\$ 439,269.46	\$ 19,400.68	1.47%	\$ 538.11	\$ 459,208.25		\$ 2.00	
			May-11	2011	Q2	\$ 458,670.14	\$ 18,514.69	1.47%	\$ 561.87	\$ 477,746.70		\$ 2.50	
			Jun-11	2011	Q2	\$ 477,184.83	\$ 21,461.51	1.47%	\$ 584.55	\$ 499,230.89		\$ 2.50	
			Jul-11	2011	Q3	\$ 498,646.34	\$ 23,291.03	1.47%	\$ 610.84	\$ 522,548.21		\$ 2.50	
			Aug-11	2011	Q3	\$ 521,937.37	\$ 24,101.24	1.47%	\$ 639.37	\$ 546,677.98		\$ 2.50	
			Sep-11	2011	Q3	\$ 546,038.61	\$ 23,000.00	1.47%	\$ 668.90	\$ 569,707.51		\$ 2.50	
			Oct-11	2011	Q4	\$ 569,038.61	\$ 21,733.33	1.47%	\$ 697.07	\$ 591,469.01		\$ 2.50	
			Nov-11	2011	Q4	\$ 590,771.94	\$ 24,379.19	1.47%	\$ 723.70	\$ 615,874.83		\$ 2.50	
			Dec-11	2011	Q4	\$ 615,151.13	\$ 25,857.71	1.47%	\$ 753.56	\$ 641,762.40	\$ 266,037.38	\$ 2.50	
			Jan-12	2012	Q1	\$ 641,008.84	\$ 22,108.27	1.47%	\$ 785.24	\$ 663,902.35		\$ 2.50	
			Feb-12	2012	Q1	\$ 663,117.11	\$ 25,850.83	1.47%	\$ 812.32	\$ 689,780.26		\$ 2.50	



Ontario Energy Board

Smart Meter Model

Lakefront Utilities Inc.

This worksheet calculates the funding adder revenues.

Account 1555 - Sub-account Funding Adder Revenues

Interest Rates	Approved Deferral and Variance Accounts	CWIP				Opening Balance	Funding Adder	Interest	Interest	Closing Balance	Annual amounts	Board Approved
			Date	Year	Quarter	(Principal)	Revenues	Rate				Smart Meter Funding Adder (from Tariff)
			Mar-12	2012	Q1	\$ 688,967.94	\$ 23,000.00	1.47%	\$ 843.99	\$ 712,811.93		\$ 2.50
			Apr-12	2012	Q2	\$ 711,967.94	\$ 23,000.00	1.47%	\$ 872.16	\$ 735,840.10		\$ 2.50
			May-12	2012	Q2	\$ 734,967.94		0.00%	\$ -	\$ 734,967.94		
			Jun-12	2012	Q2	\$ 734,967.94		0.00%	\$ -	\$ 734,967.94		
			Jul-12	2012	Q3	\$ 734,967.94		0.00%	\$ -	\$ 734,967.94		
			Aug-12	2012	Q3	\$ 734,967.94		0.00%	\$ -	\$ 734,967.94		
			Sep-12	2012	Q3	\$ 734,967.94		0.00%	\$ -	\$ 734,967.94		
			Oct-12	2012	Q4	\$ 734,967.94		0.00%	\$ -	\$ 734,967.94		
			Nov-12	2012	Q4	\$ 734,967.94		0.00%	\$ -	\$ 734,967.94		
			Dec-12	2012	Q4	\$ 734,967.94		0.00%	\$ -	\$ 734,967.94	\$ 97,272.81	
Total Funding Adder Revenues Collected						\$ 734,967.94			\$ 18,424.52	\$ 753,392.46	\$ 753,392.46	





Ontario Energy Board

Smart Meter Model

Lakefront Utilities Inc.

This worksheet calculates the interest on OM&A and amortization/depreciation expense, based on monthly data.

Account 1556 - Sub-accounts Operating Expenses, Amortization Expenses, Carrying Charges

Prescribed Interest Rates	Approved Deferral and Variance Accounts	CWIP	Date	Year	Quarter	Opening Balance (Principal)	OM&A Expenses	Amortization / Depreciation Expense	Closing Balance (Principal)	(Annual) Interest Rate	Interest (on opening balance)	Cumulative Interest
2006 Q1	0.00%	0.00%	Jan-06	2006	Q1	\$ -			-	0.00%	-	-
2006 Q2	4.14%	4.68%	Feb-06	2006	Q1	-			-	0.00%	-	-
2006 Q3	4.59%	5.05%	Mar-06	2006	Q1	-			-	0.00%	-	-
2006 Q4	4.59%	4.72%	Apr-06	2006	Q2	-			-	4.14%	-	-
2007 Q1	4.59%	4.72%	May-06	2006	Q2	-			-	4.14%	-	-
2007 Q2	4.59%	4.72%	Jun-06	2006	Q2	-			-	4.14%	-	-
2007 Q3	4.59%	5.18%	Jul-06	2006	Q3	-			-	4.59%	-	-
2007 Q4	5.14%	5.18%	Aug-06	2006	Q3	-			-	4.59%	-	-
2008 Q1	5.14%	5.18%	Sep-06	2006	Q3	-			-	4.59%	-	-
2008 Q2	4.08%	5.18%	Oct-06	2006	Q4	-			-	4.59%	-	-
2008 Q3	3.35%	5.43%	Nov-06	2006	Q4	-			-	4.59%	-	-
2008 Q4	3.35%	5.43%	Dec-06	2006	Q4	-			-	4.59%	-	-
2009 Q1	2.45%	6.61%	Jan-07	2007	Q1	-			-	4.59%	-	-
2009 Q2	1.00%	6.61%	Feb-07	2007	Q1	-			-	4.59%	-	-
2009 Q3	0.55%	5.67%	Mar-07	2007	Q1	-			-	4.59%	-	-
2009 Q4	0.55%	4.66%	Apr-07	2007	Q2	-			-	4.59%	-	-
2010 Q1	0.55%	4.34%	May-07	2007	Q2	-			-	4.59%	-	-
2010 Q2	0.55%	4.34%	Jun-07	2007	Q2	-			-	4.59%	-	-
2010 Q3	0.89%	4.66%	Jul-07	2007	Q3	-			-	4.59%	-	-
2010 Q4	1.20%	4.01%	Aug-07	2007	Q3	-			-	4.59%	-	-
2011 Q1	1.47%	4.29%	Sep-07	2007	Q3	-			-	4.59%	-	-

2011 Q2	1.47%	4.29%		Oct-07	2007	Q4	-			-	5.14%	-	-
2011 Q3	1.47%	4.29%		Nov-07	2007	Q4	-			-	5.14%	-	-
2011 Q4	1.47%	4.29%		Dec-07	2007	Q4	-			-	5.14%	-	-
2012 Q1	1.47%	4.29%		Jan-08	2008	Q1	-			-	5.14%	-	-
2012 Q2	0.00%	4.29%		Feb-08	2008	Q1	-			-	5.14%	-	-
2012 Q3	0.00%	4.29%		Mar-08	2008	Q1	-			-	5.14%	-	-
2012 Q4	0.00%	4.29%		Apr-08	2008	Q2	-			-	4.08%	-	-
				May-08	2008	Q2	-			-	4.08%	-	-
				Jun-08	2008	Q2	-			-	4.08%	-	-
				Jul-08	2008	Q3	-			-	3.35%	-	-
				Aug-08	2008	Q3	-			-	3.35%	-	-
				Sep-08	2008	Q3	-			-	3.35%	-	-
				Oct-08	2008	Q4	-			-	3.35%	-	-
				Nov-08	2008	Q4	-			-	3.35%	-	-
				Dec-08	2008	Q4	-			-	3.35%	-	-
				Jan-09	2009	Q1	-			-	2.45%	-	-
				Feb-09	2009	Q1	-			-	2.45%	-	-
				Mar-09	2009	Q1	-			-	2.45%	-	-
				Apr-09	2009	Q2	-			-	1.00%	-	-
				May-09	2009	Q2	-			-	1.00%	-	-
				Jun-09	2009	Q2	-			-	1.00%	-	-
				Jul-09	2009	Q3	-			-	0.55%	-	-
				Aug-09	2009	Q3	-			-	0.55%	-	-
				Sep-09	2009	Q3	-			-	0.55%	-	-
				Oct-09	2009	Q4	-	\$ 11,674.34		11,674.34	0.55%	-	-
				Nov-09	2009	Q4	11,674.34	\$ 2,231.36		13,905.70	0.55%	5.35	5.35
				Dec-09	2009	Q4	13,905.70	\$ 8,007.32		21,913.02	0.55%	6.37	11.72
				Jan-10	2010	Q1	21,913.02	\$ 5,137.12		27,050.14	0.55%	10.04	21.77
				Feb-10	2010	Q1	27,050.14	\$ 3,098.06		30,148.20	0.55%	12.40	34.17
				Mar-10	2010	Q1	30,148.20	\$ 4,144.15		34,292.35	0.55%	13.82	47.98
				Apr-10	2010	Q2	34,292.35	\$ 4,067.89		38,360.24	0.55%	15.72	63.70
				May-10	2010	Q2	38,360.24	\$ 5,287.98		43,648.22	0.55%	17.58	81.28
				Jun-10	2010	Q2	43,648.22	\$ 5,156.79		48,805.01	0.55%	20.01	101.29
				Jul-10	2010	Q3	48,805.01	\$ 55.16		48,860.17	0.89%	36.20	137.49
				Aug-10	2010	Q3	48,860.17	\$ 6,418.98		55,279.15	0.89%	36.24	173.72
				Sep-10	2010	Q3	55,279.15	\$ 9,161.66		64,440.81	0.89%	41.00	214.72
				Oct-10	2010	Q4	64,440.81	\$ 6,334.46		70,775.27	1.20%	64.44	279.16
				Nov-10	2010	Q4	70,775.27	\$ 4,164.00		74,939.27	1.20%	70.78	349.94
				Dec-10	2010	Q4	74,939.27	\$ 1,358.73		76,298.00	1.20%	74.94	424.88
				Jan-11	2011	Q1	76,298.00	\$ 5,143.44		81,441.44	1.47%	93.47	518.34
				Feb-11	2011	Q1	81,441.44	\$ 5,140.38		86,581.82	1.47%	99.77	618.11
				Mar-11	2011	Q1	86,581.82	\$ 8,875.98		95,457.80	1.47%	106.06	724.17
				Apr-11	2011	Q2	95,457.80	\$ 5,348.02		100,805.82	1.47%	116.94	841.11
				May-11	2011	Q2	100,805.82	\$ 5,365.27		106,171.09	1.47%	123.49	964.59
				Jun-11	2011	Q2	106,171.09	\$ 16,502.85		122,673.94	1.47%	130.06	1,094.65

	Jul-11	2011	Q3	122,673.94	\$ 5,074.63		127,748.57	1.47%	150.28	1,244.93
	Aug-11	2011	Q3	127,748.57	\$ 1,423.58		129,172.15	1.47%	156.49	1,401.42
	Sep-11	2011	Q3	129,172.15	\$ 9,165.25		138,337.40	1.47%	158.24	1,559.66
	Oct-11	2011	Q4	138,337.40	\$ 5,325.27		143,662.67	1.47%	169.46	1,729.12
	Nov-11	2011	Q4	143,662.67	\$ 5,529.53		149,192.20	1.47%	175.99	1,905.11
	Dec-11	2011	Q4	149,192.20	\$ 5,792.87		154,985.07	1.47%	182.76	2,087.87
	Jan-12	2012	Q1	154,985.07			154,985.07	1.47%	189.86	2,277.72
	Feb-12	2012	Q1	154,985.07			154,985.07	1.47%	189.86	2,467.58
	Mar-12	2012	Q1	154,985.07			154,985.07	1.47%	189.86	2,657.44
	Apr-12	2012	Q2	154,985.07			154,985.07	1.47%	189.86	2,847.29
	May-12	2012	Q2	154,985.07			154,985.07	0.00%	-	2,847.29
	Jun-12	2012	Q2	154,985.07			154,985.07	0.00%	-	2,847.29
	Jul-12	2012	Q3	154,985.07			154,985.07	0.00%	-	2,847.29
	Aug-12	2012	Q3	154,985.07			154,985.07	0.00%	-	2,847.29
	Sep-12	2012	Q3	154,985.07			154,985.07	0.00%	-	2,847.29
	Oct-12	2012	Q4	154,985.07			154,985.07	0.00%	-	2,847.29
	Nov-12	2012	Q4	154,985.07			154,985.07	0.00%	-	2,847.29
	Dec-12	2012	Q4	154,985.07			154,985.07	0.00%	-	2,847.29
				\$ 154,985.07	\$ -	\$ 154,985.07				



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Lakefront Utilities Inc.

This worksheet calculates the interest on OM&A and amortization/depreciation expense, in the absence of monthly data.

Year	OM&A (from Sheet 5)	Amortization Expense (from Sheet 5)	Cumulative OM&A and Amortization Expense	Average Cumulative OM&A and Amortization Expense	Average Annual Prescribed Interest Rate for Deferral and Variance Accounts (from Sheets 8A and 8B)	Simple Interest on OM&A and Amortization Expenses
2006	\$ -	\$ -	\$ -	\$ -	4.37%	\$ -
2007	\$ -	\$ -	\$ -	\$ -	4.73%	\$ -
2008	\$ -	\$ 2,097.40	\$ 2,097.40	\$ 1,048.70	3.98%	\$ 41.74
2009	\$ 21,912.00	\$ 47,818.10	\$ 71,827.50	\$ 36,962.45	1.14%	\$ 420.45
2010	\$ 54,385.00	\$ 110,074.66	\$ 236,287.16	\$ 154,057.33	0.80%	\$ 1,228.61
2011	\$ 82,308.00	\$ 138,074.35	\$ 456,669.51	\$ 346,478.33	1.47%	\$ 5,093.23
2012	\$ -	\$ 147,440.78	\$ 604,110.29	\$ 530,389.90	1.47%	\$ 7,796.73
Cumulative Interest to 2011						\$ 6,784.02
Cumulative Interest to 2012						\$ 14,580.76



Lakefront Utilities Inc.

Check if applicable

Smart Meter Funding Adder (SMFA)

Smart Meter Disposition Rider (SMDR)

The SMDR is calculated based on costs to December 31, 2011

Smart Meter Incremental Revenue Requirement Rate Rider (SMIRR)

The SMIRR is calculated based on the incremental revenue requirement associated with the recovery of capital related costs to December 31, 2012 and associated OM&A.

	2006	2007	2008	2009	2010	2011	2012 and later	Total
Deferred and forecasted Smart Meter Incremental Revenue Requirement (from Sheet 5)	\$ -	\$ -	\$ 1,159.59	\$ 117,162.22	\$ 268,875.13	\$ 347,807.91	\$ 280,670.91	\$ 1,015,675.76
Interest on Deferred and forecasted OM&A and Amortization Expense (Sheet 8A/8B) (Check one of the boxes below)	\$ -	\$ -	\$ -	\$ 11.72	\$ 413.15	\$ 1,662.99		\$ 2,087.87
<div><input checked="" type="checkbox"/> Sheet 8A (Interest calculated on monthly balances)</div>	\$ -	\$ -	\$ -	\$ 11.72	\$ 413.15	\$ 1,662.99		\$ 2,087.87
<div><input type="checkbox"/> Sheet 8B (Interest calculated on average annual balances)</div>								\$ -
SMFA Revenues (from Sheet 8)	\$ 16,040.00	\$ 31,792.00	\$ 49,526.00	\$ 113,080.00	\$ 171,786.00	\$ 258,784.84	\$ 93,959.10	\$ 734,967.94
SMFA Interest (from Sheet 8)	\$ 190.05	\$ 1,376.25	\$ 2,485.24	\$ 1,483.26	\$ 2,323.47	\$ 7,252.54	\$ 3,313.71	\$ 18,424.52
Net Deferred Revenue Requirement	-\$ 16,230.05	-\$ 33,168.25	-\$ 50,851.65	\$ 2,610.69	\$ 95,178.81	\$ 83,433.52	\$ 183,398.10	\$ 264,371.17
Number of Metered Customers (average for 2012 test year)							9833	
Calculation of Smart Meter Disposition Rider (per metered customer per month)								
Years for collection or refunding	1							

Deferred Incremental Revenue Requirement from 2006 to December 31, 2011	\$	737,092.72	
plus Interest on OM&A and Amortization			
SMFA Revenues collected from 2006 to 2012 test year (inclusive)	\$	753,392.46	
Plus Simple Interest on SMFA Revenues			
Net Deferred Revenue Requirement	-\$	16,299.74	} Match
SMDR			
May 1, 2012 to April 30, 2013	-\$	0.14	
Check: Forecasted SMDR Revenues	-\$	16,519.44	

MIFRS 2011 Opening Balance CGAAP		2011
Account	Components	Net Book Values/Gross Cost Value
1805 Land		219,284
1808 Building	207 Division Street	264,143
1808 Building	Garage	536,290
1808 Building	2011 Additions	75,000
1820 Substations	Victoria Street	379,745
1820 Substations	Brook Road	462,254
1820 Substations	Darcy/Spend	2,800
1820 Substations	Westwood	4,102
1820 Substations	Industrial Park	858
1820 Substations	Orr	5,992
1820 Substations	Kerr	68,435
1820 Substations	Equipment	38,357
1820 Substations	Colborned Substation Vic	39,106
1820 Substations	Solborne Substation Durham	39,106
1820 Substations	Cobourg Wholesale	112,356
1820 Substations	Colborne Wholesale	10,283
1830 Wood Poles	1950	1,419
1830 Wood Poles	1960	2,357
1830 Wood Poles	1965	12,258
1830 Wood Poles	1970	5,990
1830 Wood Poles	1980	63,782
1830 Wood Poles	1985	126,338
1830 Wood Poles	2000	218,850
1830 Wood Poles	2002	270,790
1830 Wood Poles	2007	241,080
1830 Wood Poles	2011 Addition	450,000
1835- OH Conductor & Devices	Conductors	96,816
1835- OH Conductor & Devices	Conductors	120,052
1835- OH Conductor & Devices	Conductors	209,519
1835- OH Conductor & Devices	Conductors	1,862,577
1835- OH Conductor & Devices	2011 Addition	300,000
1835- OH Conductor & Devices	Switches Reclosers Arrestors	101,692
1835- OH Conductor & Devices	Switches Reclosers Arrestors	231,491
1835- OH Conductor & Devices	Switches Reclosers Arrestors	429,805
1835- OH Conductor & Devices	2011 Addition	100,000
1840- Conduit	Plastic	21,974
1840- Conduit	Plastic	69,773
1840- Conduit	Plastic	228,474
1840- Conduit	Plastic	157,563
1840- Conduit	Plastic	74,961
1840- Conduit	Plastic	116,938
1840- Conduit	2011 Addition	332,500
1840- Conduit	Duct Concrete	1,284
1840- Conduit	Duct Concrete	3,789
1840- Conduit	Duct Concrete	12,136

1840- Conduit	Duct Concrete	8,237
1840- Conduit	Duct Concrete	3,881
1840- Conduit	Duct Concrete	5,919
1840- Conduit	2011 Addition	17,500
1845 - Components	Conductors	3,574
1845 - Components	Conductors	8,754
1845 - Components	Conductors	377,716
1845 - Components	Conductors	538,480
1845 - Components	Conductors	168,131
1845 - Components	Other	1,681
1845 - Components	Other	51,507
1845 - Components	Other	73,429
1845 - Components	Other	22,927
1850 - Transformers	OH & Pad Mount	34,459
1850 - Transformers	OH & Pad Mount	536,967
1850 - Transformers	OH & Pad Mount	915,628
1850 - Transformers	OH & Pad Mount	1,419,279
1850 - Transformers	2011 Addition	240,000
1855- Services	OH Services - Conductor Cor	161,496
1855- Services	OH Services - Conductor Cor	106,441
1855- Services	OH Services - Conductor Cor	99,100
1855- Services	2011 Addition	90,000
1860 - Meters	Dumb Meters	11,924
1860 - Meters	Dumb Meters	44,305
1860 - Meters	Dumb Meters	224,474
1860 - Meters	Dumb Meters	82,480
1860 - Meters	2011 Addition	20,000
1860 Meters	Smart Meters	1,436,033
1860 Meters	2011 Addition	255,355
1915 Office Equipment	Equipment	835
1915 Office Equipment	Equipment	22,732
1915 Office Equipment	Equipment	8,703
1915 Office Equipment	Equipment	17,422
1915 Office Equipment	2011 Addition	25,000
1920 Hardware	Computer Hardware	555
1921 Hardware	Computer Hardware	1,664
1922 Hardware	Computer Hardware	16,275
1923 Hardware	2011 Addition	50,000
1925 Software	Software	20,263
1925 Software	Software	47,279
1925 Software	2011 Addition	50,000
1925 Software	Smart Meters	86,571
1925 Software	2011 Addition	8,546
1930 Transportation	All Trans	24,799
1930 Transportation	All Trans	189,525
1930 Transportation	All Trans	44,614
1930 Transportation	All Trans	350,893

1940 Tools & Equipment	Tools & Equip	3,365
1940 Tools & Equipment	Tools & Equip	1,040
1940 Tools & Equipment	Tools & Equip	3,649
1940 Tools & Equipment	Tools & Equip	1,424
1940 Tools & Equipment	Tools & Equip	7,554
1940 Tools & Equipment	Tools & Equip	4,165
1940 Tools & Equipment	Tools & Equip	41,507
1940 Tools & Equipment	Tools & Equip	47,177
1940 Tools & Equipment	2011 Addition	75,000
1945 Measurement Equipment	Equipment	17,776

	Revised Life	
Depreciation Values	Years	
12,578	21	
11,918	45	
750	50	
15,190	25	
14,445	32	
933	3	
1,367	3	
286	3	
999	6	
4,562	15	
2,256	17	
4,345	9	
4,345	9	
2,740	41	
251	41	
473	3	
589	4	
2,043	6	
545	11	
3,986	16	
6,016	21	
7,060	31	
7,522	36	
5,880	41	
5,000	42	
4,610	21	
3,873	31	
5,110	41	
36,521	51	
2,727	55	
9,245	11	
11,023	21	
13,865	31	
1,111	45	
1,373	16	
3,323	21	
8,787	26	
5,083	31	
2,082	36	
2,852	41	
3,325	50	
49	26	
122	31	
337	36	

201	41
84	46
116	51
159	55
1,191	3
1,459	6
34,338	11
25,642	21
5,424	31
280	6
4,682	11
3,497	21
740	31
5,743	6
48,815	11
43,601	21
45,783	31
3,429	35
3,939	41
2,314	46
1,943	51
818	55
3,975	3
7,384	6
20,407	11
5,155	16
400	25
102,574	14
8,512	15
111	7.5
2,674	8.5
916	9.5
871	10
1,250	10
222	2.5
476	3.5
3,617	4.5
10,000	5
8,105	2.5
9,456	5
10,000	5
17,314	5
855	5
6,200	4
34,459	5.5
6,864	6.5
46,786	7.5

1,683	2
347	3
912	4
285	5
1,259	6
595	7
5,188	8
5,242	9
3,750	10
1,871	9.5

MIFRS 2012		
Account	Components	Net Book Value
1805 Land		\$ 219,284
1808 Building	207 Division Street	\$ 281,897
1808 Building	Garage	\$ 572,337
1808 Building	2012 Additions	\$ 375,000
1820 Substations	Victoria Street	\$ 340,055
1820 Substations	Brook Road	\$ 413,941
1820 Substations	Darcy/Spend	\$ 2,507
1820 Substations	Westwood	\$ 3,673
1820 Substations	Industrial Park	\$ 768
1820 Substations	Orr	\$ 5,366
1820 Substations	Kerr	\$ 61,283
1820 Substations	Equipment	\$ 34,348
1820 Substations	Colborned Substation Vic	\$ 35,019
1820 Substations	Solborne Substation Durham	\$ 35,019
1820 Substations	Cobourg Wholesale	\$ 100,612
1820 Substations	Colborne Wholesale	\$ 9,208
1830 Wood Poles	1950	\$ 2,016
1830 Wood Poles	1960	\$ 3,349
1830 Wood Poles	1965	\$ 17,415
1830 Wood Poles	1970	\$ 8,510
1830 Wood Poles	1980	\$ 90,618
1830 Wood Poles	1985	\$ 179,495
1830 Wood Poles	2000	\$ 310,930
1830 Wood Poles	2002	\$ 384,724
1830 Wood Poles	2007	\$ 342,514
1830 Wood Poles	2012 Additions	\$ 240,000
1835- OH Conductor & Devices	Conductors	\$ 100,797
1835- OH Conductor & Devices	Conductors	\$ 124,988
1835- OH Conductor & Devices	Conductors	\$ 218,133
1835- OH Conductor & Devices	Conductors	\$ 1,939,155
1835- OH Conductor & Devices	2012 Additions	\$ 156,750
1835- OH Conductor & Devices	Switches Reclosers Arrestors	\$ 105,873
1835- OH Conductor & Devices	Switches Reclosers Arrestors	\$ 241,008
1835- OH Conductor & Devices	Switches Reclosers Arrestors	\$ 447,476
1835- OH Conductor & Devices	2012 Additions	\$ 52,250
1840- Conduit	Plastic	\$ 31,547
1840- Conduit	Plastic	\$ 100,166
1840- Conduit	Plastic	\$ 327,998
1840- Conduit	Plastic	\$ 226,198
1840- Conduit	Plastic	\$ 107,614
1840- Conduit	Plastic	\$ 167,877
1840- Conduit	2012 Additions	\$ 152,000
1840- Conduit	Duct Concrete	\$ 1,843
1840- Conduit	Duct Concrete	\$ 5,440
1840- Conduit	Duct Concrete	\$ 17,423

1840- Conduit	Duct Concrete	\$ 11,826
1840- Conduit	Duct Concrete	\$ 5,571
1840- Conduit	Duct Concrete	\$ 8,497
1840- Conduit	2012 Additions	\$ 8,000
1845 - Components	Conductors	\$ 3,225
1845 - Components	Conductors	\$ 7,900
1845 - Components	Conductors	\$ 340,897
1845 - Components	Conductors	\$ 485,990
1845 - Components	Conductors	\$ 151,742
1845 - Components	Other	\$ 1,517
1845 - Components	Other	\$ 46,486
1845 - Components	Other	\$ 66,271
1845 - Components	Other	\$ 20,692
1850 - Transformers	OH & Pad Mount	\$ 34,887
1850 - Transformers	OH & Pad Mount	\$ 543,634
1850 - Transformers	OH & Pad Mount	\$ 926,996
1850 - Transformers	OH & Pad Mount	\$ 1,436,901
1850 - Transformers	2012 Additions	\$ 192,000
1855- Services	OH Services - Conductor Connections	\$ 191,550
1855- Services	OH Services - Conductor Connections	\$ 126,249
1855- Services	OH Services - Conductor Connections	\$ 117,542
1855- Services	2012 Additions	\$ 24,000
1860 - Meters	Dumb Meters	\$ 2,235
1860 - Meters	Dumb Meters	\$ 8,306
1860 - Meters	Dumb Meters	\$ 42,084
1860 - Meters	Dumb Meters	\$ 15,463
1860 - Meters	2012 Additions	\$ 50,000
1860 Meters	Smart Meters	\$ 1,578,421
1915 Office Equipment	Equipment	\$ 1,138
1915 Office Equipment	Equipment	\$ 30,989
1915 Office Equipment	Equipment	\$ 11,863
1915 Office Equipment	Equipment	\$ 23,750
1915 Office Equipment	2012 Additions	\$ 25,000
1920 Hardware	Computer Hardware	\$ 1,177
1920 Hardware	Computer Hardware	\$ 5,262
1920 Hardware	Computer Hardware	\$ 5,815
1920 Hardware	Computer Hardware	\$ 45,000
1920 Hardware	2012 Additions	\$ 150,000
1925 Software	Software	\$ 11,743
1925 Software	Software	\$ 33,451
1925 Software	Software	\$ 45,000
1926 Software	2012 Additions	\$ 325,000
1925 Software	Smart Meters	\$ 71,231
1930 Transportation	All Trans	\$ 20,938
1930 Transportation	All Trans	\$ 160,012
1930 Transportation	All Trans	\$ 37,667
1930 Transportation	All Trans	\$ 296,252

1930 Transportation	2012 Additions	\$ 55,000
1940 Tools & Equipment	Tools & Equip	\$ 5,082
1940 Tools & Equipment	Tools & Equip	\$ 1,571
1940 Tools & Equipment	Tools & Equip	\$ 5,511
1940 Tools & Equipment	Tools & Equip	\$ 2,150
1940 Tools & Equipment	Tools & Equip	\$ 11,409
1940 Tools & Equipment	Tools & Equip	\$ 6,290
1940 Tools & Equipment	Tools & Equip	\$ 62,687
1940 Tools & Equipment	Tools & Equip	\$ 71,250
1940 Tools & Equipment	2012 Additions	\$ 394,000
1945 Measurement Equipment	Equipment	\$ 15,905

		Revised Useful Life
Gross Cost Value	Depreciation Values	Years
\$ 219,284	-	
\$ 328,091	\$ 14,095	20
\$ 666,125	\$ 13,008	44
\$ 375,000	\$ 3,750	50
\$ 901,625	\$ 14,169	24
\$ 1,097,527	\$ 13,353	31
\$ 6,648	\$ 1,254	2
\$ 9,739	\$ 1,837	2
\$ 2,037	\$ 384	2
\$ 14,227	\$ 1,073	5
\$ 162,486	\$ 4,377	14
\$ 91,070	\$ 2,147	16
\$ 92,849	\$ 4,377	8
\$ 92,849	\$ 4,377	8
\$ 266,765	\$ 2,515	40
\$ 24,414	\$ 230	40
\$ 2,344	\$ 1,008	2
\$ 3,893	\$ 1,116	3
\$ 20,246	\$ 3,483	5
\$ 9,893	\$ 851	10
\$ 105,347	\$ 6,041	15
\$ 208,671	\$ 8,975	20
\$ 361,470	\$ 10,364	30
\$ 447,259	\$ 10,992	35
\$ 398,188	\$ 8,563	40
\$ 240,000	\$ 2,667	45
\$ 133,672	\$ 5,040	20
\$ 165,753	\$ 4,166	30
\$ 289,278	\$ 5,453	40
\$ 2,571,613	\$ 38,783	50
\$ 156,750	\$ 1,425	55
\$ 140,404	\$ 10,587	10
\$ 319,613	\$ 12,050	20
\$ 593,421	\$ 14,916	30
\$ 52,250	\$ 581	45
\$ 38,309	\$ 2,103	15
\$ 121,639	\$ 5,008	20
\$ 398,311	\$ 13,120	25
\$ 274,688	\$ 7,540	30
\$ 130,683	\$ 3,075	35
\$ 203,864	\$ 4,197	40
\$ 152,000	\$ 1,520	50
\$ 2,238	\$ 74	25
\$ 6,606	\$ 181	30
\$ 21,158	\$ 498	35

\$ 14,361	\$ 296	40
\$ 6,766	\$ 124	45
\$ 10,319	\$ 170	50
\$ 8,000	\$ 73	55
\$ 8,793	\$ 1,613	2
\$ 21,537	\$ 1,580	5
\$ 929,335	\$ 34,090	10
\$ 1,324,879	\$ 24,299	20
\$ 413,671	\$ 5,058	30
\$ 4,136	\$ 303	5
\$ 126,727	\$ 4,649	10
\$ 180,665	\$ 3,314	20
\$ 56,410	\$ 690	30
\$ 63,445	\$ 6,977	5
\$ 988,648	\$ 54,363	10
\$ 1,685,825	\$ 46,350	20
\$ 2,613,132	\$ 47,897	30
\$ 192,000	\$ 2,743	35
\$ 263,793	\$ 4,789	40
\$ 173,863	\$ 2,806	45
\$ 161,873	\$ 2,351	50
\$ 24,000	\$ 218	55
\$ 7,411	\$ 1,118	2
\$ 27,536	\$ 1,661	5
\$ 139,515	\$ 4,208	10
\$ 51,263	\$ 1,031	15
\$ 50,000	\$ 1,000	25
\$ 1,822,179	\$ 112,744	14
\$ 1,378	\$ 175	6.5
\$ 37,524	\$ 4,132	7.5
\$ 14,365	\$ 1,396	8.5
\$ 28,759	\$ 2,500	9
\$ 25,000	\$ 1,250	10
\$ 1,670	\$ 785	1.5
\$ 7,463	\$ 2,105	2.5
\$ 8,247	\$ 1,662	3.5
\$ 63,820	\$ 10,000	4
\$ 150,000	\$ 15,000	5
\$ 21,344	\$ 7,829	1.5
\$ 60,798	\$ 7,434	4
\$ 81,789	\$ 10,000	4
\$ 325,000	\$ 32,500	5
\$ 123,706	\$ 15,829	4
\$ 30,894	\$ 6,979	3
\$ 236,104	\$ 35,558	4.5
\$ 55,579	\$ 6,849	5.5
\$ 437,129	\$ 45,577	6.5

\$	55,000	\$	5,500	8
\$	7,158	\$	5,082	2
\$	2,213	\$	786	3
\$	7,762	\$	1,837	4
\$	3,028	\$	537	5
\$	16,069	\$	2,282	6
\$	8,859	\$	1,048	7
\$	88,290	\$	8,955	8
\$	100,351	\$	8,906	10
\$	394,000	\$	19,700	10
\$	18,712	\$	1,871	10

FINANCIAL STATEMENTS OF
LAKEFRONT UTILITIES INC.
December 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lakefront Utilities Inc.

T. 705.742.3418
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Report on the Financial Statements

We have audited the accompanying financial statements of Lakefront Utilities Inc., which comprise the balance sheet as at December 31, 2010, and the statements of retained earnings, income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lakefront Utilities Inc. as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
April 11, 2011

LAKEFRONT UTILITIES INC.**BALANCE SHEET****As at December 31, 2010**

	2010	2009
	\$	\$
ASSETS		
Current assets		
Cash	3,651,326	2,141,428
Accounts receivable	1,842,053	1,586,245
Unbilled revenue	3,442,157	2,817,654
Inventory	239,490	238,012
Prepaid expenses	50,110	46,588
Payments-in-lieu of income taxes (note 3)	65,155	222,900
	9,290,291	7,052,827
Other assets		
Property, plant and equipment (note 4)	10,906,076	10,853,308
Future income taxes (note 3)	515,000	555,000
Deferral accounts (note 5)	1,347,373	2,190,895
	12,768,449	13,599,203
	22,058,740	20,652,030

The accompanying notes are an integral part of these financial statements

LAKEFRONT UTILITIES INC.**BALANCE SHEET**

As at December 31, 2010

	2010	2009
	\$	\$
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	2,828,905	3,328,972
Customer deposits refundable within one year	293,453	165,000
	3,122,358	3,493,972
Long-term liabilities		
Customer deposits	77,994	209,063
Employee future benefits (note 7)	268,943	264,156
Long-term debt (note 8)	10,547,658	8,653,000
	10,894,595	9,126,219
	14,016,953	12,620,191
Shareholders' equity		
Share capital (note 9)	5,293,376	5,293,376
Retained earnings	2,748,411	2,738,463
	8,041,787	8,031,839
	22,058,740	20,652,030

Approved on behalf of the Board

Director_____
Director

The accompanying notes are an integral part of these financial statements

LAKEFRONT UTILITIES INC.
STATEMENT OF RETAINED EARNINGS
For the year ended December 31, 2010

	2010	2009
	\$	\$
Retained earnings - beginning of year, as previously stated	2,738,463	2,041,773
Other equity adjustment	-	545,000
Retained earnings, as restated	2,738,463	2,586,773
Net income for the year	609,948	751,690
Dividends paid	(600,000)	(600,000)
Retained earnings - end of year	2,748,411	2,738,463

The accompanying notes are an integral part of these financial statements

LAKEFRONT UTILITIES INC.
STATEMENT OF INCOME
For the year ended December 31, 2010

	2010	2009
	\$	\$
Sales		
Cost of power revenue	20,764,427	19,583,913
Service revenue	4,059,895	4,055,737
	24,824,322	23,639,650
Cost of power purchased	20,764,427	19,583,913
Gross profit	4,059,895	4,055,737
Other operating revenue	359,867	430,513
Gross income from operations	4,419,762	4,486,250
Expenses		
General and administration	973,623	855,700
Amortization	894,073	893,443
Distribution	641,133	645,289
Customer billing and collecting	425,479	407,717
Interest	581,259	587,170
	3,515,567	3,389,319
Income before provision for (recovery of) payments-in-lieu of income taxes	904,195	1,096,931
Provision for payments for (recovery of) payments in-lieu of income taxes (note 3)		
Current	254,247	355,241
Future	40,000	(10,000)
	294,247	345,241
Net income for the year	609,948	751,690

The accompanying notes are an integral part of these financial statements

LAKEFRONT UTILITIES INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2010

	2010 \$	2009 \$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Net income for the year	609,948	751,690
Items not affecting cash		
Amortization	894,073	893,443
Future income taxes	40,000	(10,000)
Employee future benefits	4,787	6,781
Gain on sale of property, plant and equipment	-	(10,178)
	1,548,808	1,631,736
Change in non-cash working capital items (note 10)	(1,230,249)	(411,698)
	318,559	1,220,038
Investing activities		
Purchase of property, plant and equipment	(946,841)	(1,003,897)
Proceeds on disposal of property, plant and equipment	-	10,178
Decrease (increase) in deferral accounts	843,522	(1,398,434)
	(103,319)	(2,392,153)
Financing activities		
Proceeds of long-term debt	1,894,658	1,653,000
Dividends paid	(600,000)	(600,000)
	1,294,658	1,053,000
Increase (decrease) in cash	1,509,898	(119,115)
Cash - beginning of year	2,141,428	2,260,543
Cash - end of year	3,651,326	2,141,428

The accompanying notes are an integral part of these financial statements

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

1. NATURE OF OPERATIONS

Lakefront Utilities Inc. was incorporated under the Business Corporations Act (Ontario) on April 12, 2000 and is engaged in the distribution of electricity and associated business activities.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These financial statements have been prepared in accordance with accounting principles for electrical utilities in Ontario as required by the Ontario Energy Board ("OEB") and reflect the policies as set forth in the "Accounting Procedures Handbook for Utilities in Ontario". These principles are in accordance with Canadian generally accepted accounting principles.

(b) Electricity regulation

The Company is regulated by the OEB under authority of the Ontario Energy Board Act, 1988. The OEB is charged with the responsibility of approving or setting rates for the transmission and distribution of electricity and ensuring that distribution companies fulfil obligations to connect and service customers. The following regulatory policy is practiced in a rate regulated environment:

Deferral Accounts

Deferral accounts represent future revenue associated with certain costs, incurred in current or prior periods, that are expected to be recovered through the rate setting process. These assets and liabilities include various rate and retail variance accounts which arise from differences in amounts billed to customers (based on regulated rates) and the actual cost of electricity services to the Company. These amounts are accumulated for accounting purposes because it is probable that they will be recovered (repaid) in future rates. Deferral accounts recognized at December 31, 2010 are disclosed in Note 4.

(c) Revenue recognition

Revenue is recognized on the accrual basis when the energy is supplied to the users, whether billed or unbilled.

Revenues related to Conservation and Demand Management ("CDM") agreements with the Ontario Power Authority ("OPA") are recognized on a net basis. Performance fees are recognized as CDM programs are delivered.

(d) Inventory

Inventory is recorded at the lower of cost and net realizable value, where cost is generally determined using the average cost basis.

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Property, plant and equipment

Property, plant and equipment are recorded at cost. The Company provides for amortization using the straight-line method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Buildings	10-50 years
Equipment and other	5-10 years
Transportation equipment	5-8 years
Distribution Stations	30 years
Meters	25 years
Distribution lines - overhead	25 years
Distribution lines - underground	25 years
Transformers	25 years

Capital contributions in aid of construction toward the cost of constructing distribution assets are recorded with capital assets as a contra account. Contributions are amortized based on the useful life of the asset.

The Company monitors events and changes in circumstances which may require an assessment of the recoverability of its long lived assets. If the carrying value of an asset is not recoverable, an impairment loss is recognized in operations, measured by comparing the carrying amount of the asset to its fair value.

(f) Customer deposits

Customer deposits are cash collections from customers to guarantee the payment of energy bills. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability.

(g) Management estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, impairment of assets; inventory provisions; useful lives, amortization and carrying values of property, plant and equipment; carrying value of regulatory assets and liabilities; unbilled revenue; allowance for doubtful accounts; employee future benefits; and payments in lieu of tax. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Pension plan

The Company accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi employer public sector pension fund, as a defined benefit plan. Both participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Company recognizes the expense related to this plan as contributions are made.

(i) Employee future benefits

The Company pays certain medical and life insurance benefits on behalf of its retired employees. The Company recognizes these post-retirement costs in the period in which the employees earn the benefits. The cost of employee future benefits earned by employees is actuarially determined using the projected benefit method prorated on length of service and management's best estimate of salary escalation, retirement ages of employees, employee turnover and expected health care costs.

The excess of the net actuarial gains (losses) over 10% of the accrued benefit obligation are amortized on a straight-line basis over the average remaining service life of the active employees. Details related to the post-employment benefits are detailed in Note 7.

(j) New accounting pronouncements

International Financial Reporting Standards (IFRS)

On February 13, 2008 the Accounting Standards Board (AcSB) confirmed that IFRS will be required to be adopted by publicly accountable enterprises and certain government enterprises for annual reporting purposes for fiscal years beginning on or after January 1, 2011.

On September 10, 2010 the AcSB allowed the option of a one year deferral of IFRS adoption for entities subject to rate regulation. This deferral allowed for additional time for the AcSB to determine the impact of regulatory assets and liabilities for entities subject to rate regulation and IFRS.

Due to the uncertainty, the Company exercised its option to defer the implementation of IFRS.

The Company is continuing to assess the financial reporting impacts of the adoption of IFRS and, at this time, the impact on future financial position and results of operations is not reasonably determinable or estimable. The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required and any necessary system changes to gather and process the information.

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

3. **PAYMENTS IN LIEU OF TAXES**

The components of future income tax balance are as follows:

	2010	2009
	\$	\$
Future income tax asset		
Tax basis of equipment in excess of carrying amount	440,000	471,000
Reserves deductible when paid	75,000	84,000
	515,000	555,000

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 31% (2009 - 33%) to the income for the years as follows:

	2010	2009
	\$	\$
Income for the year before income taxes	904,195	1,096,931
Anticipated income tax expense	280,300	361,987
Impact of tax rate changes	13,947	(16,746)
Provision for payments in lieu of taxes	294,247	345,241

An amount of \$65,155 is receivable and represents the excess of amounts installed and amounts due.

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

4. **PROPERTY, PLANT AND EQUIPMENT**

	Cost \$	Accumulated amortization \$	2010 Net book value \$	2009 Net book value \$
Land	219,284	-	219,284	219,284
Buildings	919,216	118,783	800,433	763,214
Equipment and other	379,542	155,833	223,709	69,350
Transportation equipment	759,706	110,202	649,504	501,234
Distribution Stations	2,762,235	1,598,842	1,163,393	1,230,905
Meters	894,463	531,280	363,183	394,465
Distribution lines - overhead	5,162,737	987,495	4,175,242	3,903,972
Distribution lines - underground	4,267,822	2,075,216	2,192,606	2,302,963
Transformers	5,111,049	2,204,716	2,906,333	2,768,747
	20,476,054	7,782,367	12,693,687	12,154,134
Contributions in aid of construction	(2,157,659)	(370,048)	(1,787,611)	(1,300,826)
	18,318,395	7,412,319	10,906,076	10,853,308

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

5. DEFERRAL ACCOUNTS

As described in Note 2(b), the Company has recorded the following deferral accounts.

	2010	2009
	\$	\$
Cost of power variance accounts	73,808	1,685,143
Retail settlement variance accounts	(236,498)	(787,281)
Smart Meters	1,365,795	1,044,727
Other deferral accounts	144,268	248,306
	<u>1,347,373</u>	<u>2,190,895</u>

The deferral accounts are accumulated as prescribed by regulatory policy and will be subject to review and disposition through future rate review processes, the timing of which have yet to be determined. It is fully expected that the approved disposition of any asset or liability accumulated at that time will be through the adjustment of future rates. The Company continually assesses the likelihood of the recovery of recoverable assets. If recovery is no longer considered probable, the amounts are charged to operations in the year the assessment is made.

During the year there were authorized expenditures on the Smart Meter program in the aggregate amount of \$423,500 (2009 - \$1,267,837), which have been partially funded and offset by approved interim rate recoveries in the amount of \$184,055 (2009 - \$218,210). In addition, included in capital assets is an amount of \$317,000 (2009 - \$217,000) for meters which have been replaced. These amounts have not yet been written down as it is anticipated that these amounts will be approved and recoverable in future rate setting processes.

In the absence of rate regulation supporting the accumulation of these amounts, the Company would capitalize the amounts as equipment and the current year net income would be reduced by \$159,000 (2009 - \$241,000) for additional amortization of approximately \$59,000 (2009 - \$24,000) and for the writedown of \$100,000 (2009 - \$217,000) for the meter assets no longer in service.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010	2009
	\$	\$
Accounts payable - energy purchased	2,198,517	1,987,383
Other accounts payable and accrued	630,388	1,341,589
	<u>2,828,905</u>	<u>3,328,972</u>

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

7. EMPLOYEE FUTURE BENEFITS

The Company provides certain health, dental and life insurance benefits for retired employees pursuant to the Company's policy. The accrued benefit obligation and net periodic expense for the year were determined by actuarial valuation. The most recent valuation was performed on December 14, 2009.

Significant actuarial assumptions employed for the valuations are as follows: future general inflation level of 2%, discount rate of 6%, salary and wage level increases at 3.3% per annum. A 5% annual rate of increase in the per capita cost of covered dental costs was assumed for 2010 and thereafter. A 8.3% annual rate of increase for health costs was assumed for 2010, decreasing by 0.7% per annum until 2015.

Information about the Company's defined benefit plan is as follows:

	2010 \$	2009 \$
Accrued Benefit Obligation, beginning of period	264,156	257,375
Current service cost	6,311	6,010
Interest on accrued benefit obligation	14,326	15,068
Benefits paid	(15,850)	(14,297)
	268,943	264,156

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

8. LONG-TERM DEBT

	2010 \$	2009 \$
Demand note payable, Town of Cobourg Holdings Inc., 7.25%	7,000,000	7,000,000
Infrastructure Ontario Loan, floating rate	3,547,658	1,653,000
	<u>10,547,658</u>	<u>8,653,000</u>

The note payable to the Town of Cobourg has been classified as a long-term liability as the Town has indicated that they will not demand repayment prior to January 1, 2012, therefore the note has been classified as long-term. During the year the Company paid \$507,500 in interest on the loan.

The Infrastructure Ontario loan was signed August 26, 2009 with Ontario Infrastructure Projects Corporation (OIPC). Under this agreement the Company has financing available up to a maximum principal amount of \$3,800,000 for Smart Meters and various other projects. At year end the Company has been advanced \$3,547,658 (2009 - \$1,653,000) at a floating interest rate with interest only payments required. The floating interest rate is determined by OIPC based on their costs of funds plus a spread. The rate ranged from 0.95% to 1.75% in 2010. During the year the Company paid \$24,920 in interest on the loan. Under the agreement, the loan is convertible at any time within the next five years to debentures with terms to a maximum of 15 years.

9. SHARE CAPITAL

Authorized

Unlimited number of common shares

Issued

	2010 \$	2009 \$
11,300,000 Common shares	5,293,376	5,293,376

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

10. STATEMENT OF CASH FLOWS

	2010	2009
	\$	\$
Increase in accounts receivable	(255,808)	(202,542)
Decrease (increase) in unbilled revenue	(624,503)	175,608
Decrease (increase) in inventory	(1,478)	51,278
Decrease (increase) in prepaid expenses	(3,522)	1,113
Decrease (increase) in payments-in-lieu of income taxes	157,745	(494,900)
Increase (decrease) in accounts payable and accrued liabilities	(500,067)	26,299
Increase in customer deposits refundable within one year	128,453	35,000
Repayment of customer deposits	(131,069)	(3,554)
	(1,230,249)	(411,698)
Interest paid	544,906	534,170
Payments-in-lieu of income taxes	325,155	850,141

11. RELATED PARTY TRANSACTIONS

During the year, the Company collected rent recoveries of \$51,600 (2009 - \$51,600) from companies under common control. In addition, the Company receives hydro and service revenue from related companies and the Town of Cobourg. Related party transactions are in the normal course of operations and are measured at the exchange value being the amount of consideration established and agreed to by both parties.

At year end, included in accounts receivable is of \$135,520 (2009 - \$32,033), due from the Town of Cobourg, the ultimate parent entity.

12. PENSION AGREEMENT

The Company makes contributions to the Ontario Municipal Employees' Retirement System (O.M.E.R.S.), which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of retirement benefits to be received by the employees based on the length of service and rates of pay.

The amount that the Company contributed to O.M.E.R.S. for the year ended was \$84,292 (2009 - \$70,678).

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

13. CREDIT FACILITIES

The Company has a \$500,000 operating line available which bears interest at prime rate plus 0.5% per year. The operating line is secured by a General Security Agreement covering substantially all of the Company's assets. At December 31 the company had not drawn on this operating line.

The Company has posted \$1,222,663 in stand-by letters of credit with the Independent Electricity System Operator, as required by regulation. The facility bears interest at 0.75% per annum.

14. CAPITAL DISCLOSURES

The Company's primary objective when managing capital is to address the expectations as outlined in the Shareholder Agreement between the Company's shareholder, Town of Cobourg Holdings Inc. and its shareholder, the Corporation of the Town of Cobourg. The expectation is that the Company will maintain a prudent financial structure in order to safeguard the Company's assets and to provide adequate returns for its shareholders and benefits to the stakeholders.

The Ontario Energy Board sets rates based on a deemed capital structure of 60% debt and 40% equity.

The Company's current capital structure is defined as follows:

	2010 \$	2009 \$
Infrastructure Ontario loan	3,547,658	1,653,000
Note payable	7,000,000	7,000,000
	10,547,658	8,653,000
	2010 \$	2009 \$
Share capital	5,293,376	5,293,376
Retained earnings	2,748,411	2,041,773
	8,041,787	7,335,149

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

15. CONTINGENCIES

a) The Company participates with other municipal utilities in Ontario in an agreement to exchange reciprocal contracts of indemnity through the Municipal Electric Association Reciprocal Insurance Exchange. Under this agreement, the Company is contingently liable for additional assessments to the extent that premiums collected are not sufficient to cover actual losses, claims and costs experienced.

16. FINANCIAL INSTRUMENTS

Financial instruments consist of recorded amounts of cash, accounts receivable, unbilled revenue which will result in future cash receipts, as well as accounts payable and accrued liabilities, customer deposits, demand loan, accounts payable and accruals, promissory note payable to shareholder and long-term note payable will result in future cash outflows.

The Company manages its exposure to interest rate risk through a combination of fixed and floating rate borrowings. The fixed rate debt is subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

The Company does not believe that it is exposed to significant liquidity or foreign exchange risk. The Company is exposed to the following risks in respect of certain financial instruments held:

(a) Fair value

The Company's carrying value of cash, accounts receivable, unbilled revenue, accounts payable and accrued liabilities and customer deposits approximates its fair value due to the immediate or short-term maturity of these instruments.

The carrying value of the note payable and Infrastructure Ontario loan approximates the fair value as the interest rates are consistent with the current rates offered to the Company for debt with similar terms.

(b) Interest rate risk

The Company manages its exposure to interest rate risk through floating rate borrowings. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

LAKEFRONT UTILITIES INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2010

16. FINANCIAL INSTRUMENTS, continued

(c) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from customers.

The Company carries out credit checks on its customers on a continuing basis, retains a deposit where allowed by OEB regulation and maintains provisions for contingent credit losses.

The Company has a significant number of customers which minimizes concentration of credit risk.

17. ASSET RETIREMENT OBLIGATION

The Company recognizes that there may be future costs for the environmental remediation of certain properties and for future removal and handling costs related to distribution equipment currently in service. The Company assumes that these sites will remain in used for perpetuity and therefore no retirement obligation exists. If factors indicate that a particular site will not remain in use for perpetuity and an obligation to remediate the site exists, only at this time will the Company attempt to value the liability .

18. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

	A	B	C	D	E	F	G	H
1		0	ITEM		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Initial		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)		Estimate		Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2002							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
14	I) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	1,026,657		-133,400		893,257	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	734,456		-72,290		662,166	
21	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			0		0	
24	Regulatory Adjustments - increase in income	5	63,055		-63,055		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"				0		0	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	466,068		101,731		567,799	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	434,516		133,942		568,458	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				23,924		23,924	
49								
50	TAXABLE INCOME/ (LOSS)		923,584		(528,342)	Before loss C/F	395,242	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		0.0000%		38.62%	
54								
55	REGULATORY INCOME TAX		356,688		-336,184	Actual	20,504	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		356,688		-336,184	Actual	20,504	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	13,988,892		-1,014,311		12,974,581	
67	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		0		5,000,000	
68	Taxable Capital		8,988,892		-1,014,311		7,974,581	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		26,967		-3,043		23,924	
73								
74	Federal Large Corporations Tax							
75	Base	18	13,988,892		-1,125,115		12,863,777	
76	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		0		10,000,000	
77	Taxable Capital		3,988,892		-1,125,115		2,863,777	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		8,975		-2,532		6,443	
82	Less: Federal Surtax 1.12% x Taxable Income	21	10,344		-9,143		1,201	
83								
84	Net LCT		0		6,612		5,242	
85								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		38.62%					
89								
90	Income Tax (proxy tax is grossed-up)	22	581,114			Actual 2002	20,504	
91	LCT (proxy tax is grossed-up)	23	0			Actual 2002	5,242	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	26,967			Actual 2002	23,924	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	608,081			Actual 2002	49,670	
96	RAM DECISION							
97								

	A	B	C	D	E	F	G	H
1		0	ITEM	Initial	M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2002							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			0			
103	Tax reserves deducted in prior year	4			0			
104	Reserves from financial statements-end of year	4			0			
105	Regulatory Adjustments	5			-63,055			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			0			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I204)	11			60,163			
113	Tax reserves claimed in current year	4			0			
114	Reserves from F/S beginning of year	4			0			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	-123,218			
121								
122	Income Tax Rate			x	38.62%			
123								
124	Income Tax Effect on True-up adjustments			=	-47,587			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				-47,587			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				37.50%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				(76,139)			
133								
134	IV b) Calculation of the Deferral Account Variance caused by							
135	changes in legislation							
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the			=	923,584			
137	initial estimate column)							
138	REVISED CORPORATE INCOME TAX RATE			x	38.62%			
139								
140	REVISED REGULATORY INCOME TAX			=	356,688			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	356,688			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column			-	356,688			
147	(Cell C58)							
148	Regulatory Income Tax Variance			=	0			
149								
150	Ontario Capital Tax							
151	Base			=	13,988,892			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	8,988,892			
154								
155	Rate			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	26,967			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell			-	26,967			
159	C70)							
160	Regulatory Ontario Capital Tax Variance			=	0			
161								
162	Federal LCT							
163	Base			=	13,988,892			
164	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			
165	Revised Federal LCT			=	3,988,892			
166								
167	Rate			=	0.2250%			
168								
169	Gross Amount			=	8,975			
170	Less: Federal surtax			-	10,344			
171	Revised Net LCT			=				
172								
173	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	0			
174	Regulatory Federal LCT Variance			=	0			
175								
176	Actual Income Tax Rate used for gross-up (exclude surtax)				0.00%			
177								
178	Income Tax (grossed-up)			+	0			
179	LCT (grossed-up)			+	0			
180	Ontario Capital Tax			+	0			
181								
182	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	0			
183								
184	TRUE-UP VARIANCE (from cell I130)			+	(76,139)			
185								
186	Total Deferral Account Entry (Positive Entry = Debit)			=	(76,139)			
187	(Deferral Account Variance + True-up Variance)							
188								

	A	B	C	D	E	F	G	H
1		0	ITEM	Initial	M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2002							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				507,097			
194	Interest phased-in (Cell C36)				434,516			
195								
196	Variance due to phase-in of debt component of MARR in rates				72,581			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41) Adjusted				567,260			
202	Total deemed interest (REGINFO CELL D61)				507,097			
203								
204	Variance caused by excess debt				60,163			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I110)				60,163			
207								
208	Total Interest Variance				12,418			
209								
210								
211								

	A	B	C	D	E
1					Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Lakefront Utilities Inc.			Colour Code	
4	Reporting period: 2002			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N		
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N		
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
20	shared among the corporate group?	LCT	Y/N		
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
24	Accounting Year End		Date	12-31-2002	
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
31	Rate Base (wires-only)			13,988,892	
33	Common Equity Ratio (CER)			50.00%	
35	1-CER			50.00%	
37	Target Return On Equity			9.88%	
39	Debt rate			7.25%	
41	Market Adjusted Revenue Requirement			1,198,149	
43	1999 return from RUD Sheet #7			683,673	683,673
45	Total Incremental revenue			514,476	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			177,858	177,858
48	Amount allowed in 2002			165,126	165,126
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				1,026,657
56	Equity			6,994,446	
58	Return at target ROE			691,051	
60	Debt			6,994,446	
62	Deemed interest amount in 100% of MARR			507,097	
64	Phase-in of interest - Year 1 (2001)			364,629	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			434,516	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			434,516	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			507,097	
71					
72					

	A	B	C	D	E	F
1		0	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Lakefront Utilities Inc.					
8	Reporting period: 2002					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		365	days		
12						
13	Please enter the Materiality Level :		17,486	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N				
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	20,480,636		20,480,636	
32	Distribution Revenue	+	2,667,307		2,667,307	
33	Other Income	+	230,030		230,030	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	20,480,636		20,480,636	
40	Administration	-	544,293		544,293	
41	Customer billing and collecting	-	315,189		315,189	
42	Operations and maintenance	-	482,432		482,432	
43	Amortization	-	662,166		662,166	
44	Ontario Capital Tax	-			0	
45	Reg Assets	-			0	
46		-			0	
47	Other items expensed	-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	893,257	0	893,257	
51	Less: Interest expense for accounting purposes	-	568,458		568,458	
52	Provision for payments in lieu of income taxes	-	62,703		62,703	
53	Net Income (loss)	=	262,096	0	262,096	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	62,703	0	62,703	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	662,166	0	662,166	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		0	0	0	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	Subtotal		724,869	0	724,869	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76	DEPRECIATION DIFFERENCE	+			0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	724,869	0	724,869	
83						
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	

	A	B	C	D	E	F
1		0	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	567,799		567,799	
98	Cumulative eligible capital deduction	-			0	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	0	0	0	
105	Reserves from financial statements- beginning of year	-	0	0	0	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		23,924	0	23,924	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	591,723	0	591,723	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	591,723	0	591,723	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	395,242	0	395,242	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	288,000		288,000	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	107,242	0	107,242	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	14,070		14,070	
143	Net Ontario Income Tax (Must agree with tax return)	+	6,434		6,434	
144	Subtotal	=	20,504	0	20,504	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	20,504	0	20,504	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
151	Blended Income Tax Rate		0.00%	*****	0.00%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	20,504	0	20,504	
157	Ontario Capital Tax	+	23,924		23,924	
158	Federal Large Corporations Tax	+	5,242		5,242	
159						
160	Total income and capital taxes	=	49,670	0	49,670	
161						

	A	B	C	D	E	F
1	0	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: Lakefront Utilities Inc.					
8	Reporting period: 2002					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Employee Future Benefits				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Employee Future Benefits				0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2		0 LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Lakefront Utilities Inc.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		17,486			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	0	0	0	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		0	0	0	

	A	B	C	D	E	F
1						
2		0 LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Lakefront Utilities Inc.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		17,486			
12						
13						
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-				
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96		-			0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
101	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		0	0	0	
120	Other deductions less than materiality level		0	0	0	
121	Total Deductions		0	0	0	
122						

	A	B	C	D	E	F
1						
2		0				
3	TAX RETURN RECONCILIATION (TAXREC 3)					
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: Lakefront Utilities Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2002					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+			0	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books				0	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
40		+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46		+			0	
47	Total Additions on which true-up does not apply	=	0	0	0	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60		-			0	
61		-			0	
62		-			0	
63		-			0	
64	Other deductions: (Please explain in detail the nature of the item)	-			0	
65		-			0	
66	Provincial Capital Tax	-	23,924		23,924	
67		-			0	
68		-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	23,924	0	23,924	
74						
75						

	A	B	C	D	E	F	G	H	I	J
1	0									
2	Corporate Tax Rates					Version 2009.1				
3	Exemptions, Deductions, or Thresholds									
4	Utility Name: Lakefront Utilities Inc.									
5	Reporting period: 2002									
6										
7										
8	Table 1									
9	Rates Used in 2002 RAM PILs Applications for 2002									
10	Income Range		0		200,001					
11	RAM 2002		to		to					
12		Year	200,000		700,000		>700,000			
13	Income Tax Rate									
14	Proxy Tax Year	2002								
15	Federal (Includes surtax)		13.12%		26.12%		26.12%			
16	and Ontario blended		6.00%		6.00%		12.50%			
17	Blended rate		19.12%		34.12%		38.62%			
18										
19	Capital Tax Rate		0.300%							
20	LCT rate		0.225%							
21	Surtax		1.12%							
22	Ontario Capital Tax Exemption **	MAX \$5MM	5,000,000							
23	Federal Large Corporations Tax Exemption **	MAX \$10MM	10,000,000							
24	**Exemption amounts must agree with the Board-approved 2002 RAM PILs filing									
25										
26	Table 2									
27	Expected Income Tax Rates for 2002 and Capital Tax Exemptions for 2002									
28	Income Range		0		200,001					
29	Expected Rates		to		to		>700,000			
30		Year	200,000		700,000					
31	Income Tax Rate									
32	Current year	2002								
33	Federal (Includes surtax)	2002					26.12%			
34	Ontario	2002					12.50%			
35	Blended rate	2002					38.62%			
36										
37	Capital Tax Rate	2002	0.300%							
38	LCT rate	2002	0.225%							
39	Surtax	2002	1.12%							
40	Ontario Capital Tax Exemption *** 2002	MAX \$5MM	5,000,000							
41	Federal Large Corporations Tax Exemption *** 2002	MAX \$10MM	10,000,000							
42	***Allocation of exemptions must comply with the Board's instructions regarding regulated activities.									
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
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55										
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58										
59										
60										
61										

[illegible]

	A	B	C	D	E	F	G	H
1		ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	Utility Name: Lakefront Utilities Inc.				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2003							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
14	I) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	1,026,657		1,097,340		2,123,997	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	734,456		-48,714		685,742	
21	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			0		0	
24	Regulatory Adjustments - increase in income	5	63,055		-63,055		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"				0		0	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	466,068		18,820		484,888	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	434,516		137,199		571,715	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				22,243		22,243	
49								
50	TAXABLE INCOME/ (LOSS)		923,584		807,309		1,730,893	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		-2.9830%		35.64%	
54								
55	REGULATORY INCOME TAX		356,688		49,934	Actual	406,622	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		356,688		49,934	Actual	406,622	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	13,988,892		-1,574,972		12,413,920	
67	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		0		5,000,000	
68	Taxable Capital		8,988,892		-1,574,972		7,413,920	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		26,967		-4,725		22,242	
73								
74	Federal Large Corporations Tax							
75	Base	18	13,988,892		-2,550,603		11,438,289	
76	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		0		10,000,000	
77	Taxable Capital		3,988,892		-2,550,603		1,438,289	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		8,975		-5,739		3,236	
82	Less: Federal Surtax 1.12% x Taxable Income	21	10,344		2,435		12,779	
83								
84	Net LCT		0		-8,174		0	
85								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		38.62%					
89								
90	Income Tax (proxy tax is grossed-up)	22	581,114			Actual 2003	406,622	
91	LCT (proxy tax is grossed-up)	23				Actual 2003	0	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	26,967			Actual 2003	22,242	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	608,081			Actual 2003	428,864	
96	RAM DECISION							
97								

	A	B	C	D	E	F	G	H
1		ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	Utility Name: Lakefront Utilities Inc.				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2003							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			0			
103	Tax reserves deducted in prior year	4			0			
104	Reserves from financial statements-end of year	4			0			
105	Regulatory Adjustments	5			-63,055			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			0			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I206)	11			43,560			
113	Tax reserves claimed in current year	4			0			
114	Reserves from F/S beginning of year	4			0			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	-106,615			
121								
122	Income Tax Rate			x	36.62%			
123								
124	Income Tax Effect on True-up adjustments			=	-39,042			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				-39,042			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				35.50%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				(60,531)			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	923,584			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	36.62%			
139								
140	REVISED REGULATORY INCOME TAX			=	338,216			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	338,216			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	356,688			
147								
148	Regulatory Income Tax Variance			=	(18,472)			
149								
150	Ontario Capital Tax							
151	Base			=	13,988,892			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	8,988,892			
154								
155	Rate - Tab Tax Rates cell C36			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	26,967			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	26,967			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
161	Federal LCT							
162	Base			=	13,988,892			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			
164	Revised Federal LCT			=	3,988,892			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C37				0.2250%			
167								
168	Gross Amount				8,975			
169	Less: Federal surtax			-	10,344			
170	Revised Net LCT			=				
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	0			
173	Regulatory Federal LCT Variance			=	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				35.50%			
176								
177	Income Tax (grossed-up)			+	(28,638)			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	(28,638)			
182								
183	TRUE-UP VARIANCE (from cell I132)			+	(60,531)			
184								
185	Total Deferral Account Entrv (Positive Entrv = Debit)			=	(89,169)			
186	(Deferral Account Variance + True-up Variance)							
187								
188								

	A	B	C	D	E	F	G	H
1		ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	Utility Name: Lakefront Utilities Inc.				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2003							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				507,097			
194	Interest phased-in (Cell C36)				434,516			
195								
196	Variance due to phase-in of debt component of MARR in rates				72,581			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41) Adjusted				550,657			
202	Total deemed Interest (REGINFO D62)				507,097			
203								
204	Variance caused by excess debt				43,560			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)				43,560			
207								
208	Total Interest Variance				29,021			
209								
210								
211								

	A	B	C	D	E
1					Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Lakefront Utilities Inc.			Colour Code	
4	Reporting period: 2003			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N		
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N		
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
20	shared among the corporate group?	LCT	Y/N		
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
24	Accounting Year End		Date	12-31-2003	
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			13,988,892	
33	Common Equity Ratio (CER)			50.00%	
35	1-CER			50.00%	
37	Target Return On Equity			9.88%	
39	Debt rate			7.25%	
41	Market Adjusted Revenue Requirement			1,198,149	
43	1999 return from RUD Sheet #7			683,673	683,673
45	Total Incremental revenue			514,476	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			177,858	177,858
48	Amount allowed in 2002			165,126	165,126
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				1,026,657
55					
56	Equity			6,994,446	
57					
58	Return at target ROE			691,051	
59					
60	Debt			6,994,446	
61					
62	Deemed interest amount in 100% of MARR			507,097	
63					
64	Phase-in of interest - Year 1 (2001)			364,629	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			434,516	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			434,516	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			507,097	
71					
72					

	A	B	C	D	E	F
1		LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3			Tax		Return	
4	0		Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Lakefront Utilities Inc.					
8	Reporting period: 2003					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		365	days		
12						
13	Please enter the Materiality Level :		17,486	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N				
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	17,490,864		17,490,864	
32	Distribution Revenue	+	3,778,116		3,778,116	
33	Other Income	+	236,929		236,929	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	17,490,864		17,490,864	
40	Administration	-	502,075		502,075	
41	Customer billing and collecting	-	273,895		273,895	
42	Operations and maintenance	-	429,336		429,336	
43	Amortization	-	685,742		685,742	
44	Ontario Capital Tax	-			0	
45	Employee Future Benefits	-			0	
46	Restatement adjustment	-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	2,123,997	0	2,123,997	
51	Less: Interest expense for accounting purposes	-	571,715		571,715	
52	Provision for payments in lieu of income taxes	-	425,670		425,670	
53	Net Income (loss)	=	1,126,612	0	1,126,612	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	425,670	0	425,670	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	685,742	0	685,742	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		0	0	0	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	Subtotal		1,111,412	0	1,111,412	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76		+	0		0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	1,111,412	0	1,111,412	
83						

	A	B	C	D	E	F
1		LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3			Tax		Return	
4	0		Return			
5					Version 2009.1	
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	484,888		484,888	
98	Cumulative eligible capital deduction	-			0	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	0	0	0	
105	Reserves from financial statements- beginning of year	-	0	0	0	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		22,243	0	22,243	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	507,131	0	507,131	
114	Other deductions (Please explain the nature of the deductions)					
115		-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	507,131	0	507,131	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	1,730,893	0	1,730,893	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	589,883		589,883	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	1,141,010	0	1,141,010	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	263,996		263,996	
143	Net Ontario Income Tax (Must agree with tax return)	+	142,626		142,626	
144	Subtotal	=	406,622	0	406,622	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	406,622	0	406,622	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		23.14%		23.14%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		12.50%		12.50%	
151	Blended Income Tax Rate		35.64%		35.64%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	406,622	0	406,622	
157	Ontario Capital Tax	+	22,242		22,242	
158	Federal Large Corporations Tax	+	0		0	
159						
160	Total income and capital taxes	=	428,864	0	428,864	
161						

	A	B	C	D	E	F
1	0	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	Utility Name: Lakefront Utilities Inc.		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: Lakefront Utilities Inc.					
8	Reporting period: 2003					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Employee Future Benefits				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Employee Future Benefits				0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2		0	LINE	M of F	Non-wires	Wires-only
3				Corporate	Eliminations	Tax
4				Tax		Return
5				Return		
6					Version 2009.1	
7						
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	A	B	C	D	E	F
1						
2	0					
3						
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7	0		Return			
8	Utility Name: Lakefront Utilities Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2003					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+			0	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books		0		0	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
40	Regulatory Variance Accounts - Dec 2002 balance	+			0	
41	Transition costs - opening tax balance	+			0	
42		+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Bad debts - pre-October 1, 2001 Denied	+			0	
45		+			0	
46		+			0	
47	Total Additions on which true-up does not apply	=	0	0	0	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60		-			0	
61		-			0	
62		-			0	
63		-			0	
64		-			0	
65		-			0	
66		-			0	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
69		-			0	
70	Provincial Capital Tax	-	22,243		22,243	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	22,243	0	22,243	
74						
75						

SEE MONTHLY PILS CONTINUITY SCHEDULE

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	0														
2	Analysis of PILs Tax Account 1562:														
3	Utility Name: Lakefront Utilities Inc.														
4	Reporting period: 2003		Sign Convention: + for increase; - for decrease										Version 2009.1 0		
5															
6															
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10															
11	Opening balance:	=	0		0		0		0		0		0		0
12	Board-approved PILs tax proxy from Decisions (1)	+/-					0		0		0		0		0
13	PILs proxy from April 1, 2005 - input 9/12 of amount														0
14	True-up Variance Adjustment Q4, 2001 (2)	+/-													0
15	True-up Variance Adjustment (3)	+/-													0
16	Deferral Account Variance Adjustment Q4, 2001 (4)														0
17	Deferral Account Variance Adjustment (5)	+/-													0
18	Adjustments to reported prior years' variances (6)	+/-													0
19	Carrying charges (7)	+/-													0
20	PILs billed to (collected from) customers (8)	-	0												0
21															
22	Ending balance: # 1562		0		0		0		0		0		0		0
23															
24															
25															
26	Uncollected PILs														
27															
28	NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.														
29	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
30															
31	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:														
32															
33	(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.														
34	Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.														
35	If the Board gave more than one decision in the year, calculate a weighted average proxy.														
36	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.														
37	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.														
38	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.														
39	(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.														
40	(vi) Column M - The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.														
41															
42	(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
43	trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.														
44															
45	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.														
46	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
47															
48	(4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
49	trued up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.														
50															
51	(5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet.														
52	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
53															
54	(6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.														
55															
56	(7) Carrying charges are calculated on a simple interest basis.														
57															
58	(8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate														
59	components for Q4, 2001and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the														
60	2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.														
61	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.														
62															
63	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied														
64	by the PILs volumetric proxy rates by class (from the Q4, 2001and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;														
65	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.														
66															
67	In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,														
68	for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.														
69															
70	In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,														
71	for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used														
72	to calculate the recovery for the period January 1 to March 31, 2005.														
73															
74	(9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes														
75	will have to include amounts from 1562 and from 1590.														
76															
77															

	A	B	C	D	E	F	G	H
1		ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3					Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2004							
8							Column	
9	Days in reporting period:	366	days				Brought	
10	Total days in the calendar year:	366	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
14	II) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	1,026,657		1,138,471		2,165,128	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	734,456		-10,400		724,056	
21	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			0		0	
24	Regulatory Adjustments - increase in income	5	63,055		-63,055		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"				0		0	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	466,068		47,128		513,196	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	434,516		121,280		555,796	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				23,278		23,278	
49								
50	TAXABLE INCOME/ (LOSS)		923,584		873,330	Before loss C/F	1,796,914	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		-3.3919%		35.23%	
54								
55	REGULATORY INCOME TAX		356,688		276,330	Actual	633,018	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		356,688		276,330	Actual	633,018	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	13,988,862		-1,229,388		12,759,474	
67	Less: Exemption	16	5,000,000		0		5,000,000	
68	Taxable Capital		8,988,862		-1,229,388		7,759,474	
69								
70	Rate	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		26,967		-3,688		23,278	
73								
74	Federal Large Corporations Tax							
75	Base	18	13,988,862		-13,988,862			
76	Less: Exemption	19	10,000,000		-10,000,000			
77	Taxable Capital		3,988,862		-23,988,862		0	
78								
79	Rate	20	0.2250%		-0.0250%		0.2000%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		8,975		-8,975		0	
82	Less: Federal Surtax 1.12% x Taxable Income	21	10,344		9,781		20,125	
83								
84	Net LCT		0		-18,756		0	
85								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross-up (exclude surtax)		38.62%					
89								
90	Income Tax (proxy tax is grossed-up)	22	581,114			Actual 2004	633,018	
91	LCT (proxy tax is grossed-up)	23				Actual 2004	0	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	26,967			Actual 2004	23,278	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	608,081			Actual 2004	656,296	
96	RAM DECISION							
97								

	A	B	C	D	E	F	G	H
1		0	ITEM	Initial Estimate		M of F Filing Variance K-C	M of F Filing Variance Explanation	Tax Returns
2	PIL's DEFERRAL AND VARIANCE ACCOUNTS							
3								
4	("Wires-only" business - see Tab TAXREC)							
5		0						Version 2009.1
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2004							
8								
9	Days in reporting period:	366	days					Column Brought
10	Total days in the calendar year:	366	days					From
11								TAXREC
12			\$		\$		\$	
13								
14								
15	IV) FUTURE TRUE-UPS							
16	IV a) Calculation of the True-up Variance				DR/(CR)			
17	In Additions:							
18	Employee Benefit Plans - Accrued, Not Paid	3			0			
19	Tax reserves deducted in prior year	4			0			
20	Reserves from financial statements-end of year	4			0			
21	Regulatory Adjustments	5			-63,055			
22	Other additions "Material" Items TAXREC	6			0			
23	Other additions "Material" Items TAXREC 2	6			0			
24	In Deductions - positive numbers							
25	Employee Benefit Plans - Paid Amounts	8			0			
26	Items Capitalized for Regulatory Purposes	9			0			
27	Regulatory Adjustments	10			0			
28	Interest Adjustment for tax purposes (See Below - cell I206)	11			22,482			
29	Tax reserves claimed in current year	4			0			
30	Reserves from F/S beginning of year	4			0			
31	Contributions to deferred income plans	3			0			
32	Contributions to pension plans	3			0			
33	Other deductions "Material" Items TAXREC	12			0			
34	Other deductions "Material" Item TAXREC 2	12			0			
35								
36	Total TRUE-UPS before tax effect	26		=	-85,537			
37								
38	Income Tax Rate			x	32.65%			
39								
40	Income Tax Effect on True-up adjustments			=	-27,928			
41								
42	Less: Miscellaneous Tax Credits	14			0			
43								
44	Total Income Tax on True-ups				-27,928			
45								
46	Income Tax Rate used for gross-up (exclude surtax)				31.53%			
47								
48	TRUE-UP VARIANCE ADJUSTMENT				(40,788)			
49								
50	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
51								
52	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	923,584			
53								
54	REVISED CORPORATE INCOME TAX RATE			x	32.65%			
55								
56	REVISED REGULATORY INCOME TAX			=	301,550			
57								
58	Less: Revised Miscellaneous Tax Credits			-	0			
59								
60	Total Revised Regulatory Income Tax			=	301,550			
61								
62	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	356,688			
63								
64	Regulatory Income Tax Variance			=	(55,138)			
65								
66	Ontario Capital Tax							
67	Base			=	13,988,862			
68	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
69	Revised deemed taxable capital			=	8,988,862			
70								
71	Rate - Tab Tax Rates cell C36			x	0.3000%			
72								
73	Revised Ontario Capital Tax			=	26,967			
74	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	26,967			
75	Regulatory Ontario Capital Tax Variance			=	0			
76								
77	Federal LCT							
78	Base				13,988,862			
79	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	50,000,000			
80	Revised Federal LCT			=	(36,011,138)			
81								
82	Rate (as a result of legislative changes) tab 'Tax Rates' cell C36				0.3000%			
83								
84	Gross Amount				0			
85	Less: Federal surtax			-	20,125			
86	Revised Net LCT			=	0			
87								
88	Less: Federal LCT included in rates			-	0			
89	Regulatory Federal LCT Variance			=	0			
90								
91	Actual Income Tax Rate used for gross-up (exclude surtax)				31.53%			
92								
93	Income Tax (grossed-up)			+	(80,529)			
94	LCT (grossed-up)			+	0			
95	Ontario Capital Tax			+	0			
96								
97	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	(80,529)			
98								
99	TRUE-UP VARIANCE (from cell I132)			+	(40,788)			
100								
101	Total Deferral Account Entry (Positive Entry = Debit)			=	(121,317)			
102	(Deferral Account Variance + True-up Variance)							
103								
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	A	B	C	D	E	F	G	H
1			Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS	0	Estimate		Filing	Filing	Returns	
3					Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2004							
8							Column	
9	Days in reporting period:	366	days				Brought	
10	Total days in the calendar year:	366	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				507,096			
194	Interest phased-in (Cell C36)				434,516			
195								
196	Variance due to phase-in of debt component of MARR in rates				72,580			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41) Adjusted				529,578			
202	Total deemed Interest (REGINFO D62)				507,096			
203								
204	Variance caused by excess debt				22,482			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)				22,482			
207								
208	Total Interest Variance				50,098			
209								
210								
211								

	A	B	C	D	E
1					Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Lakefront Utilities Inc.			Colour Code	
4	Reporting period: 2004			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	366	days		
7	Total days in the calendar year:	366	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N		
13					
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N		
16					
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
20	shared among the corporate group?	LCT	Y/N		
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
23					
24	Accounting Year End		Date	12-31-2004	
25					
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			13,988,862	
32					
33	Common Equity Ratio (CER)			50.00%	
34					
35	1-CER			50.00%	
36					
37	Target Return On Equity			9.88%	
38					
39	Debt rate			7.25%	
40					
41	Market Adjusted Revenue Requirement			1,198,146	
42					
43	1999 return from RUD Sheet #7			683,673	683,673
44					
45	Total Incremental revenue			514,473	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			177,858	177,858
48	Amount allowed in 2002			165,126	165,126
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				1,026,657
55					
56	Equity			6,994,431	
57					
58	Return at target ROE			691,050	
59					
60	Debt			6,994,431	
61					
62	Deemed interest amount in 100% of MARR			507,096	
63					
64	Phase-in of interest - Year 1 (2001)			364,629	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			434,516	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			434,516	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			507,096	
71					
72					

	A	B	C	D	E	F
1		0	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3			Tax		Return	
4		0	Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Lakefront Utilities Inc.					
8	Reporting period: 2004					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		366	days		
12						
13	Please enter the Materiality Level :		17,486	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N				
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	18,917,556		18,917,556	
32	Distribution Revenue	+	4,108,278		4,108,278	
33	Other Income	+	166,970		166,970	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	18,917,556		18,917,556	
40	Administration	-	618,682		618,682	
41	Customer billing and collecting	-	223,961		223,961	
42	Operations and maintenance	-	543,421		543,421	
43	Amortization	-	724,056		724,056	
44	Ontario Capital Tax	-			0	
45	Loss on disposal of assets	-			0	
46		-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	2,165,128	0	2,165,128	
51	Less: Interest expense for accounting purposes	-	555,796		555,796	
52	Provision for payments in lieu of income taxes	-	660,000		660,000	
53	Net Income (loss)	=	949,332	0	949,332	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	660,000	0	660,000	
60	Federal large corporation tax	+	0		0	
61	Depreciation & Amortization	+	724,056	0	724,056	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		0	0	0	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	Subtotal		1,384,056	0	1,384,056	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76		+	0		0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	1,384,056	0	1,384,056	
83						

	A	B	C	D	E	F
1		0	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3			Tax		Return	
4		0	Return			
5					Version 2009.1	
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	513,196		513,196	
98	Cumulative eligible capital deduction	-			0	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	0	0	0	
105	Reserves from financial statements- beginning of year	-	0	0	0	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		23,278	0	23,278	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	536,474	0	536,474	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118					0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	536,474	0	536,474	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	1,796,914	0	1,796,914	
135	DEDUCT:					
136	Non-capital loss applied positive number	-			0	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	1,796,914	0	1,796,914	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	381,450		381,450	
143	Net Ontario Income Tax (Must agree with tax return)	+	251,568		251,568	
144	Subtotal	=	633,018		633,018	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	633,018	0	633,018	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		21.23%		21.23%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		14.00%		14.00%	
151	Blended Income Tax Rate		35.23%		35.23%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	633,018	0	633,018	
157	Ontario Capital Tax	+	23,278		23,278	
158	Federal Large Corporations Tax	+	0		0	
159						
160	Total income and capital taxes	=	656,296	0	656,296	
161						

	A	B	C	D	E	F
1	0	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3			Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: Lakefront Utilities Inc.					
8	Reporting period: 2004					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Employee Future Benefits				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Employee Future Benefits				0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2		0	LINE	M of F	Non-wires	Wires-only
3			Corporate	Eliminations		Tax
4	(for "wires-only" business - see s. 72 OFB Act)		Tax			Return
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Lakefront Utilities Inc.					
9	Reporting period: 2004					
10	Number of days in taxation year:		366			
11	Materiality Level:		17,486			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41	Income - joint ventures / partnerships	+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	0	0	0	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		0	0	0	
80						
81	Deduct:					
82	Gain on disposal of assets per I/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule S	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-			0	
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96	2003 OCT included in 2004 income tax	-			0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
101	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		0	0	0	
120	Other deductions less than materiality level		0	0	0	
121	Total Deductions		0	0	0	
122						

	A	B	C	D	E	F
1						
2		0				
3						
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: Lakefront Utilities Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2004					
12	Number of days in taxation year:		366			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+			0	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books				0	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Ontario capital tax adjustments				0	
39		+			0	
40	Regulatory Variance Accounts - Dec 31, 2003 balance	+			0	
41	Transition Costs - opening tax balance	+			0	
42	PILS - Dec 31, 2003 balance	+			0	
43	Regulatory Variance Accounts - ending CR balances	+			0	
44		+			0	
45	Non Deductible interest expense	+			0	
46		+				
47	Total Additions on which true-up does not apply	=	0	0	0	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60		-			0	
61	Provincial Capital Tax	-	23,278		23,278	
62		-			0	
63		-			0	
64		-			0	
65		-			0	
66		-			0	
67		-			0	
68		-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	23,278	0	23,278	
74						
75						

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1		0													
2	Analysis of PILs Tax Account 1562:														
3	Utility Name: Lakefront Utilities Inc.														
4	Reporting period: 2004														
5	Sign Convention: + for increase; - for decrease														
6															
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10															
11	Opening balance:	=	0		0		0		0		0		0		0
12	Board-approved PILs tax proxy from Decisions (1)	+/-					0		0		0		0		0
13	PILs proxy from April 1, 2005 - input 9/12 of amount														0
14	True-up Variance Adjustment Q4, 2001 (2)	+/-													0
15	True-up Variance Adjustment (3)	+/-													0
16	Deferral Account Variance Adjustment Q4, 2001 (4)														0
17	Deferral Account Variance Adjustment (5)	+/-													0
18	Adjustments to reported prior years' variances (6)	+/-													0
19	Carrying charges (7)	+/-													0
20	PILs billed to (collected from) customers (8)	-	0												0
21															
22	Ending balance: # 1562		0		0		0		0		0		0		0
23															
24															
25															
26	Uncollected PILs														
27															
28	NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.														
29	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
30															
31	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:														
32															
33	(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.														
34	Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.														
35	If the Board gave more than one decision in the year, calculate a weighted average proxy.														
36	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.														
37	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.														
38	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.														
39	(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.														
40	(vi) Column M - The 2005 PILs tax proxy will used for the period from January 1 to April 30, 2006.														
41															
42	(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
43	true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.														
44															
45	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.														
46	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
47															
48	(4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
49	true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.														
50															
51	(5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet.														
52	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
53															
54	(6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.														
55															
56	(7) Carrying charges are calculated on a simple interest basis.														
57															
58	(8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate														
59	components for Q4, 2001 and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the														
60	2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.														
61	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.														
62															
63	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW's, Kva) for the period (including net unbilled at period end), multiplied														
64	by the PILs volumetric proxy rates by class (from the Q4, 2001 and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;														
65	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.														
66															
67	In 2004, use the Board-approved 2002 PILs proxy, recovered on a volumetric basis by class as calculated by the 2004 RAM, sheet 7,														
68	for the period April 1 to December 31, 2004, and add this total to the results from the sentence above for January 1 to March 31, 2004.														
69															
70	In 2005, use the Board-approved 2005 PILs proxy, recovered on a volumetric basis by class as calculated by the 2005 RAM, sheet 4,														
71	for the period April 1 to December 31, 2005. To this total, the 2004 volumetric PILs proxy rate by class should be used														
72	to calculate the recovery for the period January 1 to March 31, 2005.														
73															
74	(9) Any interim PILs recovery from Board Decisions will be recorded in APH Account # 1590. Final reconciliation of PILs proxy taxes														
75	will have to include amounts from 1562 and from 1590.														
76															
77															

	A	B	C	D	E	F	G	H
1		0	ITEM	Initial	M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2002							
8								
9	Days in reporting period:	365	days				Column	
10	Total days in the calendar year:	365	days				Brought	
11							From	
12			\$		\$		TAXREC	
13							\$	
14	I) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	1,026,657		-133,400		893,257	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	734,456		-72,290		662,166	
21	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			0		0	
24	Regulatory Adjustments - increase in income	5	63,055		-63,055		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"				0		0	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	466,068		101,731		567,799	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	434,516		133,942		568,458	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				23,924		23,924	
49								
50	TAXABLE INCOME/ (LOSS)		923,584		(528,342)	Before loss C/F	395,242	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		0.0000%		38.62%	
54								
55	REGULATORY INCOME TAX		356,688		-336,184	Actual	20,504	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		356,688		-336,184	Actual	20,504	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	13,988,892		-1,014,311		12,974,581	
67	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		0		5,000,000	
68	Taxable Capital		8,988,892		-1,014,311		7,974,581	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		26,967		-3,043		23,924	
73								
74	Federal Large Corporations Tax							
75	Base	18	13,988,892		-1,125,115		12,863,777	
76	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		0		10,000,000	
77	Taxable Capital		3,988,892		-1,125,115		2,863,777	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		8,975		-2,532		6,443	
82	Less: Federal Surtax 1.12% x Taxable Income	21	10,344		-9,143		1,201	
83								
84	Net LCT		0		6,612		5,242	
85								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		38.62%					
89								
90	Income Tax (proxy tax is grossed-up)	22	581,114			Actual 2002	20,504	
91	LCT (proxy tax is grossed-up)	23	0			Actual 2002	5,242	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	26,967			Actual 2002	23,924	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	608,081			Actual 2002	49,670	
96	RAM DECISION							
97								

	A	B	C	D	E	F	G	H
1		0	ITEM	Initial	M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2002							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			0			
103	Tax reserves deducted in prior year	4			0			
104	Reserves from financial statements-end of year	4			0			
105	Regulatory Adjustments	5			-63,055			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			0			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I204)	11			60,163			
113	Tax reserves claimed in current year	4			0			
114	Reserves from F/S beginning of year	4			0			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	-123,218			
121								
122	Income Tax Rate			x	19.12%			
123								
124	Income Tax Effect on True-up adjustments			=	-23,559			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				-23,559			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				18.00%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				(28,731)			
133								
134	IV b) Calculation of the Deferral Account Variance caused by							
135	changes in legislation							
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the							
137	initial estimate column)			=	923,584			
138	REVISED CORPORATE INCOME TAX RATE			x	19.12%			
139								
140	REVISED REGULATORY INCOME TAX			=	176,589			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	176,589			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column			-	356,688			
147	(Cell C58)							
148	Regulatory Income Tax Variance			=	(180,099)			
149								
150	Ontario Capital Tax							
151	Base			=	13,988,892			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	8,988,892			
154								
155	Rate			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	26,967			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell			-	26,967			
159	C70)							
160	Regulatory Ontario Capital Tax Variance			=	0			
161	Federal LCT							
162	Base			=	13,988,892			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			
164	Revised Federal LCT			=	3,988,892			
165								
166	Rate				0.2250%			
167								
168	Gross Amount				8,975			
169	Less: Federal surtax			-	10,344			
170	Revised Net LCT			=				
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	0			
173	Regulatory Federal LCT Variance			=	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				18.00%			
176								
177	Income Tax (grossed-up)			+	(219,633)			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	(219,633)			
182								
183	TRUE-UP VARIANCE (from cell I130)			+	(28,731)			
184								
185	Total Deferral Account Entry (Positive Entry = Debit)			=	(248,363)			
186	(Deferral Account Variance + True-up Variance)							
187								
188								

	A	B	C	D	E	F	G	H
1		0	ITEM	Initial	M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	TAX CALCULATIONS (TAXCALC)				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5		0					Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2002							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				507,097			
194	Interest phased-in (Cell C36)				434,516			
195								
196	Variance due to phase-in of debt component of MARR in rates				72,581			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41) Adjusted				567,260			
202	Total deemed interest (REGINFO CELL D61)				507,097			
203								
204	Variance caused by excess debt				60,163			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I110)				60,163			
207								
208	Total Interest Variance				12,418			
209								
210								
211								

	A	B	C	D	E
1					Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Lakefront Utilities Inc.			Colour Code	
4	Reporting period: 2002			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N		
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N		
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
20	shared among the corporate group?	LCT	Y/N		
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
24	Accounting Year End		Date	12-31-2002	
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
31	Rate Base (wires-only)			13,988,892	
33	Common Equity Ratio (CER)			50.00%	
35	1-CER			50.00%	
37	Target Return On Equity			9.88%	
39	Debt rate			7.25%	
41	Market Adjusted Revenue Requirement			1,198,149	
43	1999 return from RUD Sheet #7			683,673	683,673
45	Total Incremental revenue			514,476	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			177,858	177,858
48	Amount allowed in 2002			165,126	165,126
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				1,026,657
56	Equity			6,994,446	
58	Return at target ROE			691,051	
60	Debt			6,994,446	
62	Deemed interest amount in 100% of MARR			507,097	
64	Phase-in of interest - Year 1 (2001)			364,629	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			434,516	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			434,516	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			507,097	
71					
72					

	A	B	C	D	E	F
1		0	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Lakefront Utilities Inc.					
8	Reporting period: 2002					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		365	days		
12						
13	Please enter the Materiality Level :		17,486	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N				
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	20,480,636		20,480,636	
32	Distribution Revenue	+	2,667,307		2,667,307	
33	Other Income	+	230,030		230,030	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	20,480,636		20,480,636	
40	Administration	-	544,293		544,293	
41	Customer billing and collecting	-	315,189		315,189	
42	Operations and maintenance	-	482,432		482,432	
43	Amortization	-	662,166		662,166	
44	Ontario Capital Tax	-			0	
45	Reg Assets	-			0	
46		-			0	
47	Other items expensed	-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	893,257	0	893,257	
51	Less: Interest expense for accounting purposes	-	568,458		568,458	
52	Provision for payments in lieu of income taxes	-	62,703		62,703	
53	Net Income (loss)	=	262,096	0	262,096	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	62,703	0	62,703	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	662,166	0	662,166	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		0	0	0	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	Subtotal		724,869	0	724,869	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76	DEPRECIATION DIFFERENCE	+			0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	724,869	0	724,869	
83						
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	

	A	B	C	D	E	F
1		0	LINE	M of F	Non-wires	Wires-only
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
4		0	Return			
5					Version 2009.1	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	567,799		567,799	
98	Cumulative eligible capital deduction	-			0	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	0	0	0	
105	Reserves from financial statements- beginning of year	-	0	0	0	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		23,924	0	23,924	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	591,723	0	591,723	
114	Other deductions (Please explain the nature of the deductions)					
115	Charitable donations - tax basis	-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	591,723	0	591,723	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	395,242	0	395,242	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	288,000		288,000	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	107,242	0	107,242	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	14,070		14,070	
143	Net Ontario Income Tax (Must agree with tax return)	+	6,434		6,434	
144	Subtotal	=	20,504	0	20,504	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	20,504	0	20,504	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		0.00%		0.00%	
151	Blended Income Tax Rate		0.00%	*****	0.00%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	20,504	0	20,504	
157	Ontario Capital Tax	+	23,924		23,924	
158	Federal Large Corporations Tax	+	5,242		5,242	
159						
160	Total income and capital taxes	=	49,670	0	49,670	
161						

	A	B	C	D	E	F
1	0	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	For MoF Column of TAXCALC		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: Lakefront Utilities Inc.					
8	Reporting period: 2002					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Employee Future Benefits				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Employee Future Benefits				0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2		0 LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Lakefront Utilities Inc.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		17,486			
12						
13						
14						
15	Section C: Reconciliation of accounting income to taxable income					
16	Add:					
17		+			0	
18	Gain on sale of eligible capital property	+			0	
19	Loss on disposal of assets	+			0	
20	Charitable donations (Only if it benefits ratepayers)	+			0	
21	Taxable capital gains	+			0	
22		+			0	
23	Scientific research expenditures deducted	+			0	
24	per financial statements	+			0	
25	Capitalized interest	+			0	
26	Soft costs on construction and renovation of buildings	+			0	
27	Capital items expensed	+			0	
28	Debt issue expense	+			0	
29	Financing fees deducted in books	+			0	
30	Gain on settlement of debt	+			0	
31	Interest paid on income debentures	+			0	
32	Recapture of SR&ED expenditures	+			0	
33	Share issue expense	+			0	
34	Write down of capital property	+			0	
35	Amounts received in respect of qualifying environment trust	+			0	
36	Provision for bad debts	+			0	
37		+			0	
38		+			0	
39		+			0	
40	Other Additions: (please explain in detail the nature of the item)	+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46	Total Additions	=	0	0	0	
47						
48	Recap of Material Additions:					
49			0	0	0	
50			0	0	0	
51			0	0	0	
52			0	0	0	
53			0	0	0	
54			0	0	0	
55			0	0	0	
56			0	0	0	
57			0	0	0	
58			0	0	0	
59			0	0	0	
60			0	0	0	
61			0	0	0	
62			0	0	0	
63			0	0	0	
64			0	0	0	
65			0	0	0	
66			0	0	0	
67			0	0	0	
68			0	0	0	
69			0	0	0	
70			0	0	0	
71			0	0	0	
72			0	0	0	
73			0	0	0	
74			0	0	0	
75			0	0	0	
76			0	0	0	
77	Total Material additions		0	0	0	
78	Other additions less than materiality level		0	0	0	
79	Total Additions		0	0	0	

	A	B	C	D	E	F
1						
2		0 LINE	M of F	Non-wires	Wires-only	
3	TAX RETURN RECONCILIATION (TAXREC 2)		Corporate	Eliminations	Tax	
4	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
5	RATEPAYERS ONLY		Return			
6	Shareholder-only items should be shown on TAXREC 3				Version 2009.1	
7						
8	Utility Name: Lakefront Utilities Inc.					
9	Reporting period: 2002					
10	Number of days in taxation year:		365			
11	Materiality Level:		17,486			
12						
13						
80						
81	Deduct:					
82	Gain on disposal of assets per f/s	-			0	
83	Dividends not taxable under section 83	-			0	
84	Terminal loss from Schedule 8	-			0	
85	Depreciation in inventory, end of prior year	-			0	
86	Scientific research expenses claimed in year from Form T661	-			0	
87	Bad debts	-			0	
88	Book income of joint venture or partnership	-			0	
89	Equity in income from subsidiary or affiliates	-			0	
90	Contributions to a qualifying environment trust	-			0	
91	Other income from financial statements	-			0	
92		-				
93		-			0	
94		-			0	
95	Other deductions: (Please explain in detail the nature of the item)	-			0	
96		-			0	
97		-			0	
98		-			0	
99	Total Deductions	=	0	0	0	
100						
101	Recap of Material Deductions:					
102			0	0	0	
103			0	0	0	
104			0	0	0	
105			0	0	0	
106			0	0	0	
107			0	0	0	
108			0	0	0	
109			0	0	0	
110			0	0	0	
111			0	0	0	
112			0	0	0	
113			0	0	0	
114			0	0	0	
115			0	0	0	
116			0	0	0	
117			0	0	0	
118			0	0	0	
119	Total Deductions exceed materiality level		0	0	0	
120	Other deductions less than materiality level		0	0	0	
121	Total Deductions		0	0	0	
122						

	A	B	C	D	E	F
1						
2		0				
3	TAX RETURN RECONCILIATION (TAXREC 3)					
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7		0	Return			
8	Utility Name: Lakefront Utilities Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2002					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+			0	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books				0	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
40		+			0	
41		+			0	
42		+			0	
43		+			0	
44		+			0	
45		+			0	
46		+			0	
47	Total Additions on which true-up does not apply	=	0	0	0	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60		-			0	
61		-			0	
62		-			0	
63		-			0	
64	Other deductions: (Please explain in detail the nature of the item)	-			0	
65		-			0	
66	Provincial Capital Tax	-	23,924		23,924	
67		-			0	
68		-			0	
69		-			0	
70		-			0	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	23,924	0	23,924	
74						
75						

[illegible]

[illegible]

	A	B	C	D	E	F	G	H
1		ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	Utility Name: Lakefront Utilities Inc.				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2003							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
14	I) CORPORATE INCOME TAXES							
15								
16	Regulatory Net Income REGINFO E53	1	1,026,657		1,097,340		2,123,997	
17								
18	BOOK TO TAX ADJUSTMENTS							
19	Additions:							
20	Depreciation & Amortization	2	734,456		-48,714		685,742	
21	Employee Benefit Plans - Accrued, Not Paid	3			0		0	
22	Tax reserves - beginning of year	4			0		0	
23	Reserves from financial statements - end of year	4			0		0	
24	Regulatory Adjustments - increase in income	5	63,055		-63,055		0	
25	Other Additions (See Tab entitled "TAXREC")							
26	"Material" Items from "TAXREC" worksheet	6			0		0	
27	Other Additions (not "Material") "TAXREC"	6			0		0	
28	"Material" Items from "TAXREC 2" worksheet	6			0		0	
29	Other Additions (not "Material") "TAXREC 2"	6			0		0	
30	Items on which true-up does not apply "TAXREC 3"				0		0	
31								
32	Deductions: Input positive numbers							
33	Capital Cost Allowance and CEC	7	466,068		18,820		484,888	
34	Employee Benefit Plans - Paid Amounts	8			0		0	
35	Items Capitalized for Regulatory Purposes	9			0		0	
36	Regulatory Adjustments - deduction for tax purposes in Item 5	10			0		0	
37	Interest Expense Deemed/ Incurred	11	434,516		137,199		571,715	
38	Tax reserves - end of year	4			0		0	
39	Reserves from financial statements - beginning of year	4			0		0	
40	Contributions to deferred income plans	3			0		0	
41	Contributions to pension plans	3			0		0	
42	Interest capitalized for accounting but deducted for tax	11			0		0	
43	Other Deductions (See Tab entitled "TAXREC")							
44	"Material" Items from "TAXREC" worksheet	12			0		0	
45	Other Deductions (not "Material") "TAXREC"	12			0		0	
46	Material Items from "TAXREC 2" worksheet	12			0		0	
47	Other Deductions (not "Material") "TAXREC 2"	12			0		0	
48	Items on which true-up does not apply "TAXREC 3"				22,243		22,243	
49								
50	TAXABLE INCOME/ (LOSS)		923,584		807,309		1,730,893	
51								
52	BLENDED INCOME TAX RATE							
53	Tab Tax Rates - Regulatory from Table 1; Actual from Table 3	13	38.62%		-2.9830%		35.64%	
54								
55	REGULATORY INCOME TAX		356,688		49,934	Actual	406,622	
56								
57								
58	Miscellaneous Tax Credits	14			0	Actual	0	
59								
60	Total Regulatory Income Tax		356,688		49,934	Actual	406,622	
61								
62								
63	II) CAPITAL TAXES							
64								
65	Ontario							
66	Base	15	13,988,892		-1,574,972		12,413,920	
67	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	16	5,000,000		0		5,000,000	
68	Taxable Capital		8,988,892		-1,574,972		7,413,920	
69								
70	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	17	0.3000%		0.0000%		0.3000%	
71								
72	Ontario Capital Tax		26,967		-4,725		22,242	
73								
74	Federal Large Corporations Tax							
75	Base	18	13,988,892		-2,550,603		11,438,289	
76	Less: Exemption - Tax Rates - Regulatory, Table 1; Actual, Table 3	19	10,000,000		0		10,000,000	
77	Taxable Capital		3,988,892		-2,550,603		1,438,289	
78								
79	Rate - Tax Rates - Regulatory, Table 1; Actual, Table 3	20	0.2250%		0.0000%		0.2250%	
80								
81	Gross Amount of LCT before surtax offset (Taxable Capital x Rate)		8,975		-5,739		3,236	
82	Less: Federal Surtax 1.12% x Taxable Income	21	10,344		2,435		12,779	
83								
84	Net LCT		0		-8,174		0	
85								
86	III) INCLUSION IN RATES							
87								
88	Income Tax Rate used for gross- up (exclude surtax)		38.62%					
89								
90	Income Tax (proxy tax is grossed-up)	22	581,114			Actual 2003	406,622	
91	LCT (proxy tax is grossed-up)	23				Actual 2003	0	
92	Ontario Capital Tax (no gross-up since it is deductible)	24	26,967			Actual 2003	22,242	
93								
94								
95	Total PILs for Rate Adjustment -- MUST AGREE WITH 2002	25	608,081			Actual 2003	428,864	
96	RAM DECISION							
97								

	A	B	C	D	E	F	G	H
1		ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	Utility Name: Lakefront Utilities Inc.				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2003							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
98								
99	IV) FUTURE TRUE-UPS							
100	IV a) Calculation of the True-up Variance				DR/(CR)			
101	In Additions:							
102	Employee Benefit Plans - Accrued, Not Paid	3			0			
103	Tax reserves deducted in prior year	4			0			
104	Reserves from financial statements-end of year	4			0			
105	Regulatory Adjustments	5			-63,055			
106	Other additions "Material" Items TAXREC	6			0			
107	Other additions "Material" Items TAXREC 2	6			0			
108	In Deductions - positive numbers							
109	Employee Benefit Plans - Paid Amounts	8			0			
110	Items Capitalized for Regulatory Purposes	9			0			
111	Regulatory Adjustments	10			0			
112	Interest Adjustment for tax purposes (See Below - cell I206)	11			43,560			
113	Tax reserves claimed in current year	4			0			
114	Reserves from F/S beginning of year	4			0			
115	Contributions to deferred income plans	3			0			
116	Contributions to pension plans	3			0			
117	Other deductions "Material" Items TAXREC	12			0			
118	Other deductions "Material" Item TAXREC 2	12			0			
119								
120	Total TRUE-UPS before tax effect	26		=	-106,615			
121								
122	Income Tax Rate			x	35.64%			
123								
124	Income Tax Effect on True-up adjustments			=	-37,997			
125								
126	Less: Miscellaneous Tax Credits	14			0			
127								
128	Total Income Tax on True-ups				-37,997			
129								
130	Income Tax Rate used for gross-up (exclude surtax)				34.52%			
131								
132	TRUE-UP VARIANCE ADJUSTMENT				(58,029)			
133								
134	IV b) Calculation of the Deferral Account Variance caused by changes in legislation							
135								
136	REGULATORY TAXABLE INCOME /(LOSSES) (as reported in the initial estimate column)			=	923,584			
137								
138	REVISED CORPORATE INCOME TAX RATE			x	35.64%			
139								
140	REVISED REGULATORY INCOME TAX			=	329,165			
141								
142	Less: Revised Miscellaneous Tax Credits			-	0			
143								
144	Total Revised Regulatory Income Tax			=	329,165			
145								
146	Less: Regulatory Income Tax reported in the Initial Estimate Column (Cell C58)			-	356,688			
147								
148	Regulatory Income Tax Variance			=	(27,523)			
149								
150	Ontario Capital Tax							
151	Base			=	13,988,892			
152	Less: Exemption from tab Tax Rates, Table 2, cell C39			-	5,000,000			
153	Revised deemed taxable capital			=	8,988,892			
154								
155	Rate - Tab Tax Rates cell C36			x	0.3000%			
156								
157	Revised Ontario Capital Tax			=	26,967			
158	Less: Ontario Capital Tax reported in the initial estimate column (Cell C70)			-	26,967			
159	Regulatory Ontario Capital Tax Variance			=	0			
160								
161	Federal LCT							
162	Base			=	13,988,892			
163	Less: Exemption from tab Tax Rates, Table 2, cell C40			-	10,000,000			
164	Revised Federal LCT			=	3,988,892			
165								
166	Rate (as a result of legislative changes) tab 'Tax Rates' cell C37				0.2250%			
167								
168	Gross Amount				8,975			
169	Less: Federal surtax			-	10,344			
170	Revised Net LCT			=				
171								
172	Less: Federal LCT reported in the initial estimate column (Cell C82)			-	0			
173	Regulatory Federal LCT Variance			=	0			
174								
175	Actual Income Tax Rate used for gross-up (exclude surtax)				34.52%			
176								
177	Income Tax (grossed-up)			+	(42,032)			
178	LCT (grossed-up)			+	0			
179	Ontario Capital Tax			+	0			
180								
181	DEFERRAL ACCOUNT VARIANCE ADJUSTMENT			=	(42,032)			
182								
183	TRUE-UP VARIANCE (from cell I132)			+	(58,029)			
184								
185	Total Deferral Account Entrv (Positive Entrv = Debit)			=	(100,061)			
186	(Deferral Account Variance + True-up Variance)							
187								
188								

	A	B	C	D	E	F	G	H
1		ITEM	Initial		M of F	M of F	Tax	
2	PILs DEFERRAL AND VARIANCE ACCOUNTS		Estimate		Filing	Filing	Returns	
3	Utility Name: Lakefront Utilities Inc.				Variance	Variance		
4	("Wires-only" business - see Tab TAXREC)				K-C	Explanation		
5	0						Version 2009.1	
6	Utility Name: Lakefront Utilities Inc.							
7	Reporting period: 2003							
8							Column	
9	Days in reporting period:	365	days				Brought	
10	Total days in the calendar year:	365	days				From	
11							TAXREC	
12			\$		\$		\$	
13								
189								
190	V) INTEREST PORTION OF TRUE-UP							
191	Variance Caused By Phase-in of Deemed Debt							
192								
193	Total deemed interest (REGINFO)				507,097			
194	Interest phased-in (Cell C36)				434,516			
195								
196	Variance due to phase-in of debt component of MARR in rates				72,581			
197	according to the Board's decision							
198								
199	Other Interest Variances (i.e. Borrowing Levels							
200	Above Deemed Debt per Rate Handbook)							
201	Interest deducted on MoF filing (Cell K36+K41) Adjusted				550,657			
202	Total deemed Interest (REGINFO D62)				507,097			
203								
204	Variance caused by excess debt				43,560			
205								
206	Interest Adjustment for Tax Purposes (carry forward to Cell I112)				43,560			
207								
208	Total Interest Variance				29,021			
209								
210								
211								

	A	B	C	D	E
1					Version 2009.1
2	REGULATORY INFORMATION (REGINFO)				
3	Utility Name: Lakefront Utilities Inc.			Colour Code	
4	Reporting period: 2003			Input Cell	
5				Formula in Cell	
6	Days in reporting period:	365	days		
7	Total days in the calendar year:	365	days		
8					
9	BACKGROUND				
10	Has the utility reviewed section 149(1) ITA to				
11	confirm that it is not subject to regular corporate				
12	tax (and therefore subject to PILs)?		Y/N		
14	Was the utility recently acquired by Hydro One				
15	and now subject to s.89 & 90 PILs?		Y/N		
17	Is the utility a non-profit corporation?		Y/N		
18	(If it is a non-profit corporation, please contact the Rates Manager at the OEB)				
19	Are the Ontario Capital Tax & Large Corporations Tax Exemptions	OCT	Y/N		
20	shared among the corporate group?	LCT	Y/N		
21	Please identify the % used to allocate the OCT and LCT exemptions in	OCT		100%	
22	Cells C65 & C74 in the TAXCALC spreadsheet.	LCT		100%	
24	Accounting Year End		Date	12-31-2003	
26	MARR NO TAX CALCULATIONS				Regulatory
27	SHEET #7 FINAL RUD MODEL DATA				Income
28	(FROM 1999 FINANCIAL STATEMENTS)				
29	USE BOARD-APPROVED AMOUNTS				
30					
31	Rate Base (wires-only)			13,988,892	
33	Common Equity Ratio (CER)			50.00%	
35	1-CER			50.00%	
37	Target Return On Equity			9.88%	
39	Debt rate			7.25%	
41	Market Adjusted Revenue Requirement			1,198,149	
43	1999 return from RUD Sheet #7			683,673	683,673
45	Total Incremental revenue			514,476	
46	Input: Board-approved dollar amounts phased-in				
47	Amount allowed in 2001			177,858	177,858
48	Amount allowed in 2002			165,126	165,126
49	Amount allowed in 2003 and 2004 (will be zero due to Bill 210				0
50	unless authorized by the Minister and the Board)				0
51	Amount allowed in 2005 - Third tranche of MARR re: CDM				0
52	Other Board-approved changes to MARR or incremental revenue				0
53					0
54	Total Regulatory Income				1,026,657
55					
56	Equity			6,994,446	
57					
58	Return at target ROE			691,051	
59					
60	Debt			6,994,446	
61					
62	Deemed interest amount in 100% of MARR			507,097	
63					
64	Phase-in of interest - Year 1 (2001)			364,629	
65	((D43+D47)/D41)*D61				
66	Phase-in of interest - Year 2 (2002)			434,516	
67	((D43+D47+D48)/D41)*D61				
68	Phase-in of interest - Year 3 (2003) and forward			434,516	
69	((D43+D47+D48)/D41)*D61 (due to Bill 210)				
70	Phase-in of interest - 2005			507,097	
71					
72					

	A	B	C	D	E	F
1		LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3			Tax		Return	
4	0		Return			
5					Version 2009.1	
6	Section A: Identification:					
7	Utility Name: Lakefront Utilities Inc.					
8	Reporting period: 2003					
9	Taxation Year's start date:					
10	Taxation Year's end date:					
11	Number of days in taxation year:		365	days		
12						
13	Please enter the Materiality Level :		17,486	< - enter materiality level		
14	(0.25% x Rate Base x CER)	Y/N				
15	(0.25% x Net Assets)	Y/N				
16	Or other measure (please provide the basis of the amount)	Y/N				
17	Does the utility carry on non-wires related operation?	Y/N				
18	(Please complete the questionnaire in the Background questionnaire worksheet.)					
19						
20	Note: Carry forward Wires-only Data to Tab "TAXCALC" Column K					
21						
22	Section B: Financial statements data:					
23	Input unconsolidated financial statement data submitted with Tax returns.					
24	The actual categories of the income statements should be used.					
25	If required please change the descriptions except for amortization, interest expense and provision for income tax					
26						
27	Please enter the non-wire operation's amount as a positive number, the program automatically treats all amounts					
28	in the "non-wires elimination column" as negative values in TAXREC and TAXREC2.					
29						
30	Income:					
31	Energy Sales	+	17,490,864		17,490,864	
32	Distribution Revenue	+	3,778,116		3,778,116	
33	Other Income	+	236,929		236,929	
34	Miscellaneous income	+			0	
35		+			0	
36	Revenue should be entered above this line					
37						
38	Costs and Expenses:					
39	Cost of energy purchased	-	17,490,864		17,490,864	
40	Administration	-	502,075		502,075	
41	Customer billing and collecting	-	273,895		273,895	
42	Operations and maintenance	-	429,336		429,336	
43	Amortization	-	685,742		685,742	
44	Ontario Capital Tax	-			0	
45	Employee Future Benefits	-			0	
46	Restatement adjustment	-			0	
47		-			0	
48		-			0	
49						
50	Net Income Before Interest & Income Taxes EBIT	=	2,123,997	0	2,123,997	
51	Less: Interest expense for accounting purposes	-	571,715		571,715	
52	Provision for payments in lieu of income taxes	-	425,670		425,670	
53	Net Income (loss)	=	1,126,612	0	1,126,612	
54	(The Net Income (loss) on the MoF column should equal to the net income (loss) per financial statements on Schedule 1 of the tax return.)					
55						
56	Section C: Reconciliation of accounting income to taxable income					
57	From T2 Schedule 1					
58	BOOK TO TAX ADDITIONS:					
59	Provision for income tax	+	425,670	0	425,670	
60	Federal large corporation tax	+			0	
61	Depreciation & Amortization	+	685,742	0	685,742	
62	Employee benefit plans-accrued, not paid	+		0	0	
63	Tax reserves - beginning of year	+	0	0	0	
64	Reserves from financial statements- end of year	+	0	0	0	
65	Regulatory adjustments on which true-up may apply (see A66)	+			0	
66	Items on which true-up does not apply "TAXREC 3"		0	0	0	
67	Material addition items from TAXREC 2	+	0	0	0	
68	Other addition items (not Material) from TAXREC 2	+	0	0	0	
69						
70	Subtotal		1,111,412	0	1,111,412	
71						
72	Other Additions: (Please explain the nature of the additions)					
73	Recapture of CCA	+			0	
74	Non-deductible meals and entertainment expense	+			0	
75	Capital items expensed	+			0	
76		+	0		0	
77		+			0	
78		+			0	
79		+			0	
80	Total Other Additions	=	0	0	0	
81						
82	Total Additions	=	1,111,412	0	1,111,412	
83						

	A	B	C	D	E	F
1		LINE	M of F	Non-wires	Wires-only	
2	TAX RETURN RECONCILIATION (TAXREC)		Corporate	Eliminations	Tax	
3			Tax		Return	
4	0		Return			
5					Version 2009.1	
84	Recap Material Additions:					
85			0	0	0	
86			0	0	0	
87			0	0	0	
88			0	0	0	
89			0	0	0	
90			0	0	0	
91			0	0	0	
92	Total Other additions >materiality level		0	0	0	
93	Other additions (less than materiality level)		0	0	0	
94	Total Other Additions		0	0	0	
95						
96	BOOK TO TAX DEDUCTIONS:					
97	Capital cost allowance	-	484,888		484,888	
98	Cumulative eligible capital deduction	-			0	
99	Employee benefit plans-paid amounts	-			0	
100	Items capitalized for regulatory purposes	-			0	
101	Regulatory adjustments :	-			0	
102	CCA	-			0	
103	other deductions	-			0	
104	Tax reserves - end of year	-	0	0	0	
105	Reserves from financial statements- beginning of year	-	0	0	0	
106	Contributions to deferred income plans	-			0	
107	Contributions to pension plans	-			0	
108	Items on which true-up does not apply "TAXREC 3"		22,243	0	22,243	
109	Interest capitalized for accounting deducted for tax	-			0	
110	Material deduction items from TAXREC 2	-	0	0	0	
111	Other deduction items (not Material) from TAXREC 2	-	0	0	0	
112						
113	Subtotal	=	507,131	0	507,131	
114	Other deductions (Please explain the nature of the deductions)					
115		-			0	
116	Gain on disposal of assets	-			0	
117		-			0	
118		-			0	
119		-			0	
120	Total Other Deductions	=	0	0	0	
121						
122	Total Deductions	=	507,131	0	507,131	
123						
124	Recap Material Deductions:					
125			0	0	0	
126			0	0	0	
127			0	0	0	
128			0	0	0	
129			0	0	0	
130	Total Other Deductions exceed materiality level		0	0	0	
131	Other Deductions less than materiality level		0	0	0	
132	Total Other Deductions		0	0	0	
133						
134	TAXABLE INCOME	=	1,730,893	0	1,730,893	
135	DEDUCT:					
136	Non-capital loss applied positive number	-	589,883		589,883	
137	Net capital loss applied positive number	-			0	
138					0	
139	NET TAXABLE INCOME	=	1,141,010	0	1,141,010	
140						
141	FROM ACTUAL TAX RETURNS					
142	Net Federal Income Tax (Must agree with tax return)	+	263,996		263,996	
143	Net Ontario Income Tax (Must agree with tax return)	+	142,626		142,626	
144	Subtotal	=	406,622	0	406,622	
145	Less: Miscellaneous tax credits (Must agree with tax returns)	-	0		0	
146	Total Income Tax	=	406,622	0	406,622	
147						
148	FROM ACTUAL TAX RETURNS					
149	Net Federal Income Tax Rate (Must agree with tax return)		23.14%		23.14%	
150	Net Ontario Income Tax Rate (Must agree with tax return)		12.50%		12.50%	
151	Blended Income Tax Rate		35.64%		35.64%	
152						
153	Section F: Income and Capital Taxes					
154						
155	RECAP					
156	Total Income Taxes	+	406,622	0	406,622	
157	Ontario Capital Tax	+	22,242		22,242	
158	Federal Large Corporations Tax	+	0		0	
159						
160	Total income and capital taxes	=	428,864	0	428,864	
161						

	A	B	C	D	E	F
1	0	LINE	M of F	Non-wires	Wires-only	
2	Tax and Accounting Reserves		Corporate	Eliminations	Tax	
3	Utility Name: Lakefront Utilities Inc.		Tax		Return	
4	(for "wires-only" business - see s. 72 OEB Act)		Return			
5	0				Version 2009.1	
6						
7	Utility Name: Lakefront Utilities Inc.					
8	Reporting period: 2003					
9						
10	TAX RESERVES					
11						
12	Beginning of Year:					
13					0	
14	Reserve for doubtful accounts ss. 20(1)(l)				0	
15	Reserve for goods & services ss.20(1)(m)				0	
16	Reserve for unpaid amounts ss.20(1)(n)				0	
17	Debt and share issue expenses ss.20(1)(e)				0	
18	Other - Please describe				0	
19	Other - Please describe				0	
20					0	
21					0	
22	Total (carry forward to the TAXREC worksheet)		0	0	0	
23						
24	End of Year:					
25					0	
26	Reserve for doubtful accounts ss. 20(1)(l)				0	
27	Reserve for goods & services ss.20(1)(m)				0	
28	Reserve for unpaid amounts ss.20(1)(n)				0	
29	Debt and share issue expenses ss.20(1)(e)				0	
30	Other - Please describe				0	
31	Other - Please describe				0	
32					0	
33					0	
34	Insert line above this line					
35	Total (carry forward to the TAXREC worksheet)		0	0	0	
36						
37						
38	FINANCIAL STATEMENT RESERVES					
39						
40	Beginning of Year:					
41					0	
42					0	
43	Environmental				0	
44	Allowance for doubtful accounts				0	
45	Inventory obsolescence				0	
46	Property taxes				0	
47	Employee Future Benefits				0	
48	Other - Please describe				0	
49					0	
50	Total (carry forward to the TAXREC worksheet)		0	0	0	
51						
52	End of Year:					
53					0	
54					0	
55	Environmental				0	
56	Allowance for doubtful accounts				0	
57	Inventory obsolescence				0	
58	Property taxes				0	
59	Employee Future Benefits				0	
60	Other - Please describe				0	
61					0	
62	Insert line above this line					
63	Total (carry forward to the TAXREC worksheet)		0	0	0	
64						

	A	B	C	D	E	F
1						
2		0	LINE	M of F	Non-wires	Wires-only
3				Corporate	Eliminations	Tax
4				Tax		Return
5				Return		
6					Version 2009.1	
7						
8						
9						
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122						

	A	B	C	D	E	F
1						
2	0					
3						
4	Shareholder-only Items should be shown on TAXREC 3	LINE	M of F	Non-wires	Wires-only	
5	ITEMS ON WHICH TRUE-UP DOES NOT APPLY		Corporate	Eliminations	Tax	
6	(for "wires-only" business - see s. 72 OEB Act)		Tax		Return	
7	0		Return			
8	Utility Name: Lakefront Utilities Inc.				Version 2009.1	
9						
10						
11	Reporting period: 2003					
12	Number of days in taxation year:		365			
13						
14						
15						
16	Section C: Reconciliation of accounting income to taxable income					
17	Add:					
18						
19	Recapture of capital cost allowance	+			0	
20	CCA adjustments	+			0	
21	CEC adjustments	+			0	
22	Gain on sale of non-utility eligible capital property	+			0	
23	Gain on sale of utility eligible capital property	+			0	
24	Loss from joint ventures or partnerships	+			0	
25	Deemed dividend income	+			0	
26	Loss in equity of subsidiaries and affiliates	+			0	
27	Loss on disposal of utility assets	+			0	
28	Loss on disposal of non-utility assets	+			0	
29	Depreciation in inventory -end of year	+			0	
30	Depreciation and amortization adjustments	+			0	
31	Dividends credited to investment account	+			0	
32	Non-deductible meals	+			0	
33	Non-deductible club dues	+			0	
34	Non-deductible automobile costs	+			0	
35	Donations - amount per books		0		0	
36	Interest and penalties on unpaid taxes				0	
37	Management bonuses unpaid after 180 days of year end				0	
38	Imputed interest expense on Regulatory Assets				0	
39		+			0	
40	Regulatory Variance Accounts - Dec 2002 balance	+			0	
41	Transition costs - opening tax balance	+			0	
42		+			0	
43	<i>Other Additions: (please explain in detail the nature of the item)</i>	+			0	
44	Bad debts - pre-October 1, 2001 Denied	+			0	
45		+			0	
46		+			0	
47	Total Additions on which true-up does not apply	=	0	0	0	
48						
49	Deduct:					
50						
51	CCA adjustments	-			0	
52	CEC adjustments	-			0	
53	Depreciation and amortization adjustments	-			0	
54	Gain on disposal of assets per financial statements	-			0	
55	Financing fee amortization - considered to be interest expense for PILs	-			0	
56	Imputed interest income on Regulatory Assets	-			0	
57	Donations - amount deductible for tax purposes	-			0	
58	Income from joint ventures or partnerships	-			0	
59		-			0	
60		-			0	
61		-			0	
62		-			0	
63		-			0	
64		-			0	
65		-			0	
66		-			0	
67		-			0	
68	<i>Other deductions: (Please explain in detail the nature of the item)</i>	-			0	
69		-			0	
70	Provincial Capital Tax	-	22,243		22,243	
71		-			0	
72		-			0	
73	Total Deductions on which true-up does not apply	=	22,243	0	22,243	
74						
75						

SEE MONTHLY PILS CONTINUITY SCHEDULE

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	0														
2	Analysis of PILs Tax Account 1562:														
3	Utility Name: Lakefront Utilities Inc.														
4	Reporting period: 2003														
5	Sign Convention: + for increase; - for decrease														
6															
7															
8	Year start:		10/1/2001		1/1/2002		1/1/2003		1/1/2004		1/1/2005		1/1/2006		
9	Year end:		12/31/2001		12/31/2002		12/31/2003		12/31/2004		12/31/2005		4/30/2006		Total
10															
11	Opening balance:	=	0		0		0		0		0		0		0
12	Board-approved PILs tax proxy from Decisions (1)	+/-					0		0		0		0		0
13	PILs proxy from April 1, 2005 - input 9/12 of amount														0
14	True-up Variance Adjustment Q4, 2001 (2)	+/-													0
15	True-up Variance Adjustment (3)	+/-													0
16	Deferral Account Variance Adjustment Q4, 2001 (4)														0
17	Deferral Account Variance Adjustment (5)	+/-													0
18	Adjustments to reported prior years' variances (6)	+/-													0
19	Carrying charges (7)	+/-													0
20	PILs billed to (collected from) customers (8)	-	0												0
21															
22	Ending balance: # 1562		0		0		0		0		0		0		0
23															
24															
25															
26	Uncollected PILs														
27															
28	NOTE: The purpose of this worksheet is to show the movement in Account 1562 which establishes the receivable from or liability to ratepayers.														
29	For explanation of Account 1562 please refer to Accounting Procedures Handbook for Electric Distribution Utilities and FAQ April 2003.														
30															
31	Please identify if Method 1, 2 or 3 was used to account for the PILs proxy and recovery. ANSWER:														
32															
33	(1) (i) From the Board's Decision - see Inclusion in Rates, Part III of the TAXCALC spreadsheet for Q4 2001 and 2002.														
34	Please insert the Q4, 2001 proxy in column C even though it was approved effective March 1, 2002.														
35	If the Board gave more than one decision in the year, calculate a weighted average proxy.														
36	(ii) If the Board approved different amounts, input the Board-approved amounts in cells C13 and E13.														
37	(iii) Column G - In 2003, the initial estimate should include the Q4 2001 PILs tax proxy and the 2002 PILs tax proxy.														
38	(iv) Column I - The Q4 2001 PILs tax proxy was removed from rates on April 1, 2004 and the 2002 PILs tax proxy remained.														
39	(v) Column K - The 2002 PILs tax proxy applies to January 1 to March 31, 2005, and the new 2005 PILs tax proxy from April 1 to December 31, 2005.														
40	(vi) Column M - The 2005 PILs tax proxy will be used for the period from January 1 to April 30, 2006.														
41															
42	(2) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
43	true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the variance in the whole year reconciliation.														
44															
45	(3) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I132, of the TAXCALC spreadsheet.														
46	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
47															
48	(4) From the Ministry of Finance Variance Column, under Future True-ups, Part IV b, cell I181, of the TAXCALC spreadsheet. The Q4, 2001 proxy has to be														
49	true up in 2002, 2003 and for the period January 1- March 31, 2004. Input the deferral variance in the whole year reconciliation.														
50															
51	(5) From the Ministry of Finance Variance Column, under Future True-ups, Part IV a, cell I181, of the TAXCALC spreadsheet.														
52	The true-up will compare to the 2002 proxy for 2002, 2003, 2004 and January 1 to March 31, 2005.														
53															
54	(6) The correcting entry should be shown in the year the entry was made. The true-up of the carrying charges will have to be reviewed.														
55															
56	(7) Carrying charges are calculated on a simple interest basis.														
57															
58	(8) (i) PILs collected from customers from March 1, 2002 to March 31, 2004 were based on a fixed charge and a volumetric charge recovery by class. The PILs rate														
59	components for Q4, 2001 and 2002 were calculated in the 2002 approved RAM on sheet 6 and sheet 8. In April 2004, the PILs recovery was based on the														
60	2002 PILs tax proxy recovered by the volumetric rate by class as calculated on sheet 7 of the 2004 RAM.														
61	The 2005 PILs tax proxy is being recovered on a volumetric basis by class.														
62															
63	(ii) Collections should equal: (a) the actual volumes/ load (kWhs, kW, Kva) for the period (including net unbilled at period end), multiplied														
64	by the PILs volumetric proxy rates by class (from the Q4, 2001 and 2002 RAM worksheets) for 2002, 2003 and January 1 to March 31, 2004;														
65	plus, (b) customer counts by class in the same period multiplied by the PILs fixed charge rate components.														
66															
67	In 2004, use the Board-approved 20														

Lakefront Utilities Inc.

1562 Deferred PILS - Continuity Schedule

Incorporating Board Staff Adjustments from IR 56 a) to d)

Year: Q4 2001

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
	Entitlement	PILS Revenue		Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
October	\$ 59,069.33	\$ -		\$ 59,069.33	\$ 59,069.33	7.25%	\$ -	\$ -	\$ 59,069.33
November	\$ 59,069.33	\$ -		\$ 59,069.33	\$ 118,138.67	7.25%	\$ 356.88	\$ 356.88	\$ 118,495.54
December	\$ 59,069.33	\$ -		\$ 59,069.33	\$ 177,208.00	7.25%	\$ 713.75	\$ 1,070.63	\$ 178,278.63
Total	\$ 177,208.00	\$ -	\$ -	\$ 177,208.00			\$ 1,070.63		

Year: 2002

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
	Entitlement	PILS Revenue		Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January	\$ 50,673.42	\$ -		\$ 50,673.42	\$ 227,881.42	7.25%	\$ 1,070.63	\$ 2,141.26	\$ 230,022.68
February	\$ 50,673.42	\$ -		\$ 50,673.42	\$ 278,554.83	7.25%	\$ 1,376.78	\$ 3,518.05	\$ 282,072.88
March	\$ 50,673.42	\$ 23,734.04		\$ 26,939.38	\$ 305,494.21	7.25%	\$ 1,682.94	\$ 5,200.98	\$ 310,695.20
April	\$ 50,673.42	\$ 55,254.89		\$ 4,581.47	\$ 300,912.74	7.25%	\$ 1,845.69	\$ 7,046.68	\$ 307,959.42
May	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 288,544.45	7.25%	\$ 1,818.01	\$ 8,864.69	\$ 297,409.14
June	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 276,176.16	7.25%	\$ 1,743.29	\$ 10,607.98	\$ 286,784.14
July	\$ 50,673.42	\$ 63,041.71	\$ -	\$ 12,368.29	\$ 263,807.87	7.25%	\$ 1,668.56	\$ 12,276.54	\$ 276,084.41
August	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 251,439.58	7.25%	\$ 1,593.84	\$ 13,870.38	\$ 265,309.96
September	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 239,071.29	7.25%	\$ 1,519.11	\$ 15,389.50	\$ 254,460.78
October	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 226,703.00	7.25%	\$ 1,444.39	\$ 16,833.89	\$ 243,536.88
November	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 214,334.70	7.25%	\$ 1,369.66	\$ 18,203.55	\$ 232,538.26
December	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 201,966.41	7.25%	\$ 1,294.94	\$ 19,498.49	\$ 221,464.90
Total	\$ 608,081.00	\$ 583,322.59	\$ -	\$ 24,758.41			\$ 18,427.86		

Year: 2003

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
	Entitlement	PILS Revenue		Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January	\$ 65,440.75	\$ 71,395.51		\$ 5,954.76	\$ 196,011.65	7.25%	\$ 1,220.21	\$ 20,718.70	\$ 216,730.36
February	\$ 65,440.75	\$ 71,395.55		\$ 5,954.80	\$ 190,056.85	7.25%	\$ 1,184.24	\$ 21,902.94	\$ 211,959.79
March	\$ 65,440.75	\$ 71,395.64		\$ 5,954.89	\$ 184,101.96	7.25%	\$ 1,148.26	\$ 23,051.20	\$ 207,153.17
April	\$ 65,440.75	\$ 71,395.72		\$ 5,954.97	\$ 178,146.99	7.25%	\$ 1,112.28	\$ 24,163.48	\$ 202,310.48
May	\$ 65,440.75	\$ 71,395.81		\$ 5,955.06	\$ 172,191.94	7.25%	\$ 1,076.30	\$ 25,239.79	\$ 197,431.73
June	\$ 65,440.75	\$ 63,378.62		\$ 2,062.13	\$ 174,254.07	7.25%	\$ 1,040.33	\$ 26,280.11	\$ 200,534.18
July	\$ 65,440.75	\$ 70,740.52	\$ 248,363.00	\$ 253,662.77	\$ 79,408.70	7.25%	\$ 1,052.78	\$ 27,332.90	\$ 52,075.80
August	\$ 65,440.75	\$ 66,231.96		\$ 791.21	\$ 80,199.91	7.25%	\$ 479.76	\$ 26,853.14	\$ 53,346.77
September	\$ 65,440.75	\$ 68,181.45		\$ 2,740.70	\$ 82,940.60	7.25%	\$ 484.54	\$ 26,368.60	\$ 56,572.01
October	\$ 65,440.75	\$ 66,285.66		\$ 844.91	\$ 83,785.52	7.25%	\$ 501.10	\$ 25,867.50	\$ 57,918.02
November	\$ 65,440.75	\$ 65,551.80		\$ 111.05	\$ 83,896.57	7.25%	\$ 506.20	\$ 25,361.29	\$ 58,535.27
December	\$ 65,440.75	\$ 66,811.95		\$ 1,371.20	\$ 85,267.77	7.25%	\$ 506.88	\$ 24,854.42	\$ 60,413.35
Total	\$ 785,289.00	\$ 824,160.18	\$ 248,363.00	\$ 287,234.18			\$ 5,355.93		

Year: 2004

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
	Entitlement	PILS Revenue		Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January	\$ 65,440.75	\$ 74,579.04		\$ 9,138.29	\$ 94,406.05	7.25%	\$ 515.16	\$ 24,339.26	\$ 70,066.79
February	\$ 65,440.75	\$ 72,265.57		\$ 6,824.82	\$ 101,230.87	7.25%	\$ 570.37	\$ 23,768.89	\$ 77,461.98
March	\$ 65,440.75	\$ 76,183.09		\$ 10,742.34	\$ 111,973.21	7.25%	\$ 611.60	\$ 23,157.29	\$ 88,815.92
April	\$ 50,673.42	\$ 60,525.17		\$ 9,851.76	\$ 121,824.97	7.25%	\$ 676.50	\$ 22,480.78	\$ 99,344.18
May	\$ 50,673.42	\$ 58,092.53		\$ 7,419.11	\$ 129,244.08	7.25%	\$ 736.03	\$ 21,744.76	\$ 107,499.32
June	\$ 50,673.42	\$ 64,111.72		\$ 13,438.30	\$ 142,682.38	7.25%	\$ 780.85	\$ 20,963.91	\$ 121,718.48
July	\$ 50,673.42	\$ 55,782.89	\$ 100,061.00	\$ 105,170.48	\$ 247,852.86	7.25%	\$ 862.04	\$ 20,101.87	\$ 227,750.99
August	\$ 50,673.42	\$ 61,809.77		\$ 11,136.35	\$ 258,989.21	7.25%	\$ 1,497.44	\$ 18,604.42	\$ 240,384.79
September	\$ 50,673.42	\$ 53,200.07		\$ 2,526.65	\$ 261,515.86	7.25%	\$ 1,564.73	\$ 17,039.70	\$ 244,476.17
October	\$ 50,673.42	\$ 57,653.23		\$ 6,979.81	\$ 268,495.68	7.25%	\$ 1,579.99	\$ 15,459.70	\$ 253,035.97
November	\$ 50,673.42	\$ 58,818.98		\$ 8,145.56	\$ 276,641.23	7.25%	\$ 1,622.16	\$ 13,837.54	\$ 262,803.69
December	\$ 50,673.42	\$ 59,032.02		\$ 8,358.60	\$ 284,999.84	7.25%	\$ 1,671.37	\$ 12,166.17	\$ 272,833.67
Total	\$ 652,383.00	\$ 752,054.07	\$ 100,061.00	\$ 199,732.07			\$ 12,688.25		

Lakefront Utilities Inc.

1562 Deferred PILS - Continuity Schedule

Year: 2005

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
				Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January	\$ 50,673.42	\$ 67,753.44		-\$ 17,080.02	302,079.86	7.25%	1,721.87	\$ 10,444.29	-\$ 291,635.56
February	\$ 50,673.42	\$ 67,699.46		-\$ 17,026.04	319,105.90	7.25%	1,825.07	\$ 8,619.23	-\$ 310,486.67
March	\$ 50,673.42	\$ 52,507.25		-\$ 1,833.83	320,939.73	7.25%	1,927.93	\$ 6,691.30	-\$ 314,248.43
April	\$ 30,738.58	\$ 45,126.82		-\$ 14,388.24	335,327.97	7.25%	1,939.01	\$ 4,752.29	-\$ 330,575.68
May	\$ 30,738.58	\$ 36,601.19		-\$ 5,862.61	341,190.58	7.25%	2,025.94	\$ 2,726.35	-\$ 338,464.23
June	\$ 30,738.58	\$ 32,959.12		-\$ 2,220.54	343,411.12	7.25%	2,061.36	\$ 664.99	-\$ 342,746.13
July	\$ 30,738.58	\$ 36,364.24	-\$ 121,317.00	-\$ 126,942.66	470,353.78	7.25%	2,074.78	1,409.79	-\$ 471,763.57
August	\$ 30,738.58	\$ 42,172.08		-\$ 11,433.50	481,787.27	7.25%	2,841.72	4,251.51	-\$ 486,038.78
September	\$ 30,738.58	\$ 37,141.48		-\$ 6,402.90	488,190.18	7.25%	2,910.80	7,162.31	-\$ 495,352.49
October	\$ 30,738.58	\$ 35,275.76		-\$ 4,537.18	492,727.36	7.25%	2,949.48	10,111.79	-\$ 502,839.15
November	\$ 30,738.58	\$ 35,009.43		-\$ 4,270.85	496,998.21	7.25%	2,976.89	13,088.68	-\$ 510,086.89
December	\$ 30,738.58	\$ 37,045.81		-\$ 6,307.23	503,305.44	7.25%	3,002.70	16,091.38	-\$ 519,396.83
Total	\$ 428,667.47	\$ 525,656.08	-\$ 121,317.00	-\$ 218,305.61			28,257.55		

Year: 2006

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
				Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January	\$ 30,738.58	\$ 37,655.30		-\$ 6,916.72	510,222.16	7.25%	3,040.80	19,132.19	-\$ 529,354.35
February	\$ 30,738.58	\$ 44,292.41		-\$ 13,553.83	523,776.00	7.25%	3,082.59	22,214.78	-\$ 545,990.77
March	\$ 30,738.58	\$ 41,869.83		-\$ 11,131.25	534,907.24	7.25%	3,164.48	25,379.26	-\$ 560,286.50
April	\$ 30,738.58	\$ 36,144.09		-\$ 5,405.51	540,312.75	7.25%	3,231.73	28,610.99	-\$ 568,923.74
May		\$ 24,437.88		-\$ 24,437.88	564,750.63	4.14%	1,864.08	30,475.07	-\$ 595,225.70
June		\$ 3,962.42		-\$ 3,962.42	568,713.05	4.14%	1,948.39	32,423.46	-\$ 601,136.51
July			\$ 46,380.00	\$ 46,380.00	522,333.05	4.59%	2,175.33	34,598.79	-\$ 556,931.84
August					522,333.05	4.59%	1,997.92	36,596.71	-\$ 558,929.76
September					522,333.05	4.59%	1,997.92	38,594.63	-\$ 560,927.68
October					522,333.05	4.59%	1,997.92	40,592.56	-\$ 562,925.61
November					522,333.05	4.59%	1,997.92	42,590.48	-\$ 564,923.53
December					522,333.05	4.59%	1,997.92	44,588.40	-\$ 566,921.46
Total	\$ 122,954.32	\$ 188,361.93	\$ 46,380.00	-\$ 19,027.61			28,497.02		

Note: LUI did not have any LCT included in approved PILS entitlement, therefore no adjustment to revenue required.

Year: 2007

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
				Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January				\$ -	522,333.05	4.59%	1,997.92	46,586.33	-\$ 568,919.38
February				\$ -	522,333.05	4.59%	1,997.92	48,584.25	-\$ 570,917.30
March				\$ -	522,333.05	4.59%	1,997.92	50,582.18	-\$ 572,915.23
April				\$ -	522,333.05	4.59%	1,997.92	52,580.10	-\$ 574,913.15
May				\$ -	522,333.05	4.59%	1,997.92	54,578.02	-\$ 576,911.07
June				\$ -	522,333.05	4.59%	1,997.92	56,575.95	-\$ 578,909.00
July				\$ -	522,333.05	4.59%	1,997.92	58,573.87	-\$ 580,906.92
August				\$ -	522,333.05	4.59%	1,997.92	60,571.80	-\$ 582,904.85
September				\$ -	522,333.05	4.59%	1,997.92	62,569.72	-\$ 584,902.77
October				\$ -	522,333.05	5.14%	2,237.33	64,807.05	-\$ 587,140.10
November				\$ -	522,333.05	5.14%	2,237.33	67,044.37	-\$ 589,377.42
December				\$ -	522,333.05	5.14%	2,237.33	69,281.70	-\$ 591,614.75
Total	\$ -	\$ -	\$ -	\$ -			24,693.29		

Year: 2008

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
				Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January				\$ -	522,333.05	5.14%	2,237.33	71,519.03	-\$ 593,852.08
February				\$ -	522,333.05	5.14%	2,237.33	73,756.35	-\$ 596,089.40
March				\$ -	522,333.05	5.14%	2,237.33	75,993.68	-\$ 598,326.73
April				\$ -	522,333.05	4.08%	1,775.93	77,769.61	-\$ 600,102.66
May				\$ -	522,333.05	4.08%	1,775.93	79,545.54	-\$ 601,878.59
June				\$ -	522,333.05	4.08%	1,775.93	81,321.48	-\$ 603,654.53
July				\$ -	522,333.05	3.35%	1,458.18	82,779.66	-\$ 605,112.71
August				\$ -	522,333.05	3.35%	1,458.18	84,237.84	-\$ 606,570.89
September				\$ -	522,333.05	3.35%	1,458.18	85,696.02	-\$ 608,029.07
October				\$ -	522,333.05	3.35%	1,458.18	87,154.20	-\$ 609,487.25
November				\$ -	522,333.05	3.35%	1,458.18	88,612.38	-\$ 610,945.43
December				\$ -	522,333.05	3.35%	1,458.18	90,070.56	-\$ 612,403.61
Total	\$ -	\$ -	\$ -	\$ -			20,788.86		

Lakefront Utilities Inc.

1562 Deferred PILS - Continuity Schedule

Year: 2009

	Approved PILS		SIMPILS True-Up		Variance (neg. = payable)		Interest Improvement (neg = payable)				
	Entitlement	PILS Revenue	Adjustments	(neg = CR)	Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	Total Variance	
January					\$ -	-\$ 522,333.05	2.45%	-\$ 1,066.43	-\$ 91,136.98	-\$ 613,470.04	
February					\$ -	-\$ 522,333.05	2.45%	-\$ 1,066.43	-\$ 92,203.41	-\$ 614,536.47	
March					\$ -	-\$ 522,333.05	2.45%	-\$ 1,066.43	-\$ 93,269.84	-\$ 615,602.90	
April					\$ -	-\$ 522,333.05	1.00%	-\$ 435.28	-\$ 93,705.12	-\$ 616,038.17	
May					\$ -	-\$ 522,333.05	1.00%	-\$ 435.28	-\$ 94,140.40	-\$ 616,473.45	
June					\$ -	-\$ 522,333.05	1.00%	-\$ 435.28	-\$ 94,575.68	-\$ 616,908.73	
July					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 94,815.08	-\$ 617,148.13	
August					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 95,054.48	-\$ 617,387.53	
September					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 95,293.89	-\$ 617,626.94	
October					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 95,533.29	-\$ 617,866.34	
November					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 95,772.69	-\$ 618,105.74	
December					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 96,012.09	-\$ 618,345.14	
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		-\$ 5,941.54			

Year: 2010

	Approved PILS		SIMPILS True-Up		Variance (neg. = payable)		Interest Improvement (neg = payable)					
	Entitlement	PILS Revenue	Adjustments	(neg			Approved					
			= CR)		Monthly	Cumulative	Interest Rate	Monthly	Cumulative		Total Variance	
January					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 96,251.50	-\$	618,584.55	
February					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 96,490.90	-\$	618,823.95	
March					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 96,730.30	-\$	619,063.35	
April					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 96,969.70	-\$	619,302.75	
May					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 97,209.11	-\$	619,542.16	
June					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 97,448.51	-\$	619,781.56	
July					\$ -	-\$ 522,333.05	0.89%	-\$ 387.40	-\$ 97,835.91	-\$	620,168.96	
August					\$ -	-\$ 522,333.05	0.89%	-\$ 387.40	-\$ 98,223.30	-\$	620,556.35	
September					\$ -	-\$ 522,333.05	0.89%	-\$ 387.40	-\$ 98,610.70	-\$	620,943.75	
October					\$ -	-\$ 522,333.05	1.20%	-\$ 522.33	-\$ 99,133.03	-\$	621,466.08	
November					\$ -	-\$ 522,333.05	1.20%	-\$ 522.33	-\$ 99,655.37	-\$	621,988.42	
December					\$ -	-\$ 522,333.05	1.20%	-\$ 522.33	-\$ 100,177.70	-\$	622,510.75	
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		-\$ 4,165.61				

Year: 2011

	Approved PILS Entitlement	PILS Revenue	SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)				
				Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	Total Variance	
January				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 100,817.56	-\$ 623,150.61	
February				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 101,457.42	-\$ 623,790.47	
March				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 102,097.27	-\$ 624,430.32	
April				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 102,737.13	-\$ 625,070.18	
May				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 103,376.99	-\$ 625,710.04	
June				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 104,016.85	-\$ 626,349.90	
July				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 104,656.71	-\$ 626,989.76	
August				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 105,296.56	-\$ 627,629.61	
September				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 105,936.42	-\$ 628,269.47	
October				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 106,576.28	-\$ 628,909.33	
November				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 107,216.14	-\$ 629,549.19	
December				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 107,856.00	-\$ 630,189.05	
Total	\$ -	\$ -	\$ -	\$ -	\$ -		-\$ 7,678.30			

Year: 2012

	Approved PILS		SIMPILS True-Up		Variance (neg. = payable)		Interest Improvement (neg = payable)				
	Entitlement	PILS Revenue	Adjustments (neg = CR)		Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	Total Variance	
January					\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 108,495.85	-\$ 630,828.90	
February					\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 109,135.71	-\$ 631,468.76	
March					\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 109,775.57	-\$ 632,108.62	
April					\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 110,415.43	-\$ 632,748.48	
Total	\$ -	\$ -	\$ -	\$ -	\$ -			-\$ 2,559.43			

Lakefront Utilities Inc.

1562 Deferred PILS - Continuity Schedule

Incorporating Board Staff Adjustments from IR 56 a) to d)

Year: Q4 2001

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
	Entitlement	PILS Revenue		Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
October	\$ 59,069.33	\$ -		\$ 59,069.33	\$ 59,069.33	7.25%	\$ -	\$ -	\$ 59,069.33
November	\$ 59,069.33	\$ -		\$ 59,069.33	\$ 118,138.67	7.25%	\$ 356.88	\$ 356.88	\$ 118,495.54
December	\$ 59,069.33	\$ -		\$ 59,069.33	\$ 177,208.00	7.25%	\$ 713.75	\$ 1,070.63	\$ 178,278.63
Total	\$ 177,208.00	\$ -	\$ -	\$ 177,208.00			\$ 1,070.63		

Year: 2002

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
	Entitlement	PILS Revenue		Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January	\$ 50,673.42	\$ -		\$ 50,673.42	\$ 227,881.42	7.25%	\$ 1,070.63	\$ 2,141.26	\$ 230,022.68
February	\$ 50,673.42	\$ -		\$ 50,673.42	\$ 278,554.83	7.25%	\$ 1,376.78	\$ 3,518.05	\$ 282,072.88
March	\$ 50,673.42	\$ 23,734.04		\$ 26,939.38	\$ 305,494.21	7.25%	\$ 1,682.94	\$ 5,200.98	\$ 310,695.20
April	\$ 50,673.42	\$ 55,254.89		\$ 4,581.47	\$ 300,912.74	7.25%	\$ 1,845.69	\$ 7,046.68	\$ 307,959.42
May	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 288,544.45	7.25%	\$ 1,818.01	\$ 8,864.69	\$ 297,409.14
June	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 276,176.16	7.25%	\$ 1,743.29	\$ 10,607.98	\$ 286,784.14
July	\$ 50,673.42	\$ 63,041.71	\$ -	\$ 12,368.29	\$ 263,807.87	7.25%	\$ 1,668.56	\$ 12,276.54	\$ 276,084.41
August	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 251,439.58	7.25%	\$ 1,593.84	\$ 13,870.38	\$ 265,309.96
September	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 239,071.29	7.25%	\$ 1,519.11	\$ 15,389.50	\$ 254,460.78
October	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 226,703.00	7.25%	\$ 1,444.39	\$ 16,833.89	\$ 243,536.88
November	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 214,334.70	7.25%	\$ 1,369.66	\$ 18,203.55	\$ 232,538.26
December	\$ 50,673.42	\$ 63,041.71		\$ 12,368.29	\$ 201,966.41	7.25%	\$ 1,294.94	\$ 19,498.49	\$ 221,464.90
Total	\$ 608,081.00	\$ 583,322.59	\$ -	\$ 24,758.41			\$ 18,427.86		

Year: 2003

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
	Entitlement	PILS Revenue		Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January	\$ 65,440.75	\$ 71,395.51		\$ 5,954.76	\$ 196,011.65	7.25%	\$ 1,220.21	\$ 20,718.70	\$ 216,730.36
February	\$ 65,440.75	\$ 71,395.55		\$ 5,954.80	\$ 190,056.85	7.25%	\$ 1,184.24	\$ 21,902.94	\$ 211,959.79
March	\$ 65,440.75	\$ 71,395.64		\$ 5,954.89	\$ 184,101.96	7.25%	\$ 1,148.26	\$ 23,051.20	\$ 207,153.17
April	\$ 65,440.75	\$ 71,395.72		\$ 5,954.97	\$ 178,146.99	7.25%	\$ 1,112.28	\$ 24,163.48	\$ 202,310.48
May	\$ 65,440.75	\$ 71,395.81		\$ 5,955.06	\$ 172,191.94	7.25%	\$ 1,076.30	\$ 25,239.79	\$ 197,431.73
June	\$ 65,440.75	\$ 63,378.62		\$ 2,062.13	\$ 174,254.07	7.25%	\$ 1,040.33	\$ 26,280.11	\$ 200,534.18
July	\$ 65,440.75	\$ 70,740.52	\$ 248,363.00	\$ 253,662.77	\$ 79,408.70	7.25%	\$ 1,052.78	\$ 27,332.90	\$ 52,075.80
August	\$ 65,440.75	\$ 66,231.96		\$ 791.21	\$ 80,199.91	7.25%	\$ 479.76	\$ 26,853.14	\$ 53,346.77
September	\$ 65,440.75	\$ 68,181.45		\$ 2,740.70	\$ 82,940.60	7.25%	\$ 484.54	\$ 26,368.60	\$ 56,572.01
October	\$ 65,440.75	\$ 66,285.66		\$ 844.91	\$ 83,785.52	7.25%	\$ 501.10	\$ 25,867.50	\$ 57,918.02
November	\$ 65,440.75	\$ 65,551.80		\$ 111.05	\$ 83,896.57	7.25%	\$ 506.20	\$ 25,361.29	\$ 58,535.27
December	\$ 65,440.75	\$ 66,811.95		\$ 1,371.20	\$ 85,267.77	7.25%	\$ 506.88	\$ 24,854.42	\$ 60,413.35
Total	\$ 785,289.00	\$ 824,160.18	\$ 248,363.00	\$ 287,234.18			\$ 5,355.93		

Year: 2004

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
	Entitlement	PILS Revenue		Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January	\$ 65,440.75	\$ 74,579.04		\$ 9,138.29	\$ 94,406.05	7.25%	\$ 515.16	\$ 24,339.26	\$ 70,066.79
February	\$ 65,440.75	\$ 72,265.57		\$ 6,824.82	\$ 101,230.87	7.25%	\$ 570.37	\$ 23,768.89	\$ 77,461.98
March	\$ 65,440.75	\$ 76,183.09		\$ 10,742.34	\$ 111,973.21	7.25%	\$ 611.60	\$ 23,157.29	\$ 88,815.92
April	\$ 50,673.42	\$ 60,525.17		\$ 9,851.76	\$ 121,824.97	7.25%	\$ 676.50	\$ 22,480.78	\$ 99,344.18
May	\$ 50,673.42	\$ 58,092.53		\$ 7,419.11	\$ 129,244.08	7.25%	\$ 736.03	\$ 21,744.76	\$ 107,499.32
June	\$ 50,673.42	\$ 64,111.72		\$ 13,438.30	\$ 142,682.38	7.25%	\$ 780.85	\$ 20,963.91	\$ 121,718.48
July	\$ 50,673.42	\$ 55,782.89	\$ 100,061.00	\$ 105,170.48	\$ 247,852.86	7.25%	\$ 862.04	\$ 20,101.87	\$ 227,750.99
August	\$ 50,673.42	\$ 61,809.77		\$ 11,136.35	\$ 258,989.21	7.25%	\$ 1,497.44	\$ 18,604.42	\$ 240,384.79
September	\$ 50,673.42	\$ 53,200.07		\$ 2,526.65	\$ 261,515.86	7.25%	\$ 1,564.73	\$ 17,039.70	\$ 244,476.17
October	\$ 50,673.42	\$ 57,653.23		\$ 6,979.81	\$ 268,495.68	7.25%	\$ 1,579.99	\$ 15,459.70	\$ 253,035.97
November	\$ 50,673.42	\$ 58,818.98		\$ 8,145.56	\$ 276,641.23	7.25%	\$ 1,622.16	\$ 13,837.54	\$ 262,803.69
December	\$ 50,673.42	\$ 59,032.02		\$ 8,358.60	\$ 284,999.84	7.25%	\$ 1,671.37	\$ 12,166.17	\$ 272,833.67
Total	\$ 652,383.00	\$ 752,054.07	\$ 100,061.00	\$ 199,732.07			\$ 12,688.25		

Lakefront Utilities Inc.

1562 Deferred PILS - Continuity Schedule

Year: 2005

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
				Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January	\$ 50,673.42	\$ 67,753.44		-\$ 17,080.02	302,079.86	7.25%	1,721.87	\$ 10,444.29	-\$ 291,635.56
February	\$ 50,673.42	\$ 67,699.46		-\$ 17,026.04	319,105.90	7.25%	1,825.07	\$ 8,619.23	-\$ 310,486.67
March	\$ 50,673.42	\$ 52,507.25		-\$ 1,833.83	320,939.73	7.25%	1,927.93	\$ 6,691.30	-\$ 314,248.43
April	\$ 30,738.58	\$ 45,126.82		-\$ 14,388.24	335,327.97	7.25%	1,939.01	\$ 4,752.29	-\$ 330,575.68
May	\$ 30,738.58	\$ 36,601.19		-\$ 5,862.61	341,190.58	7.25%	2,025.94	\$ 2,726.35	-\$ 338,464.23
June	\$ 30,738.58	\$ 32,959.12		-\$ 2,220.54	343,411.12	7.25%	2,061.36	\$ 664.99	-\$ 342,746.13
July	\$ 30,738.58	\$ 36,364.24	-\$ 121,317.00	-\$ 126,942.66	470,353.78	7.25%	2,074.78	1,409.79	-\$ 471,763.57
August	\$ 30,738.58	\$ 42,172.08		-\$ 11,433.50	481,787.27	7.25%	2,841.72	4,251.51	-\$ 486,038.78
September	\$ 30,738.58	\$ 37,141.48		-\$ 6,402.90	488,190.18	7.25%	2,910.80	7,162.31	-\$ 495,352.49
October	\$ 30,738.58	\$ 35,275.76		-\$ 4,537.18	492,727.36	7.25%	2,949.48	10,111.79	-\$ 502,839.15
November	\$ 30,738.58	\$ 35,009.43		-\$ 4,270.85	496,998.21	7.25%	2,976.89	13,088.68	-\$ 510,086.89
December	\$ 30,738.58	\$ 37,045.81		-\$ 6,307.23	503,305.44	7.25%	3,002.70	16,091.38	-\$ 519,396.83
Total	\$ 428,667.47	\$ 525,656.08	-\$ 121,317.00	-\$ 218,305.61			28,257.55		

Year: 2006

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
				Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January	\$ 30,738.58	\$ 37,655.30		-\$ 6,916.72	510,222.16	7.25%	3,040.80	19,132.19	-\$ 529,354.35
February	\$ 30,738.58	\$ 44,292.41		-\$ 13,553.83	523,776.00	7.25%	3,082.59	22,214.78	-\$ 545,990.77
March	\$ 30,738.58	\$ 41,869.83		-\$ 11,131.25	534,907.24	7.25%	3,164.48	25,379.26	-\$ 560,286.50
April	\$ 30,738.58	\$ 36,144.09		-\$ 5,405.51	540,312.75	7.25%	3,231.73	28,610.99	-\$ 568,923.74
May		\$ 24,437.88		-\$ 24,437.88	564,750.63	4.14%	1,864.08	30,475.07	-\$ 595,225.70
June		\$ 3,962.42		-\$ 3,962.42	568,713.05	4.14%	1,948.39	32,423.46	-\$ 601,136.51
July			\$ 46,380.00	\$ 46,380.00	522,333.05	4.59%	2,175.33	34,598.79	-\$ 556,931.84
August					522,333.05	4.59%	1,997.92	36,596.71	-\$ 558,929.76
September					522,333.05	4.59%	1,997.92	38,594.63	-\$ 560,927.68
October					522,333.05	4.59%	1,997.92	40,592.56	-\$ 562,925.61
November					522,333.05	4.59%	1,997.92	42,590.48	-\$ 564,923.53
December					522,333.05	4.59%	1,997.92	44,588.40	-\$ 566,921.46
Total	\$ 122,954.32	\$ 188,361.93	\$ 46,380.00	-\$ 19,027.61			28,497.02		

Note: LUI did not have any LCT included in approved PILS entitlement, therefore no adjustment to revenue required.

Year: 2007

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
				Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January				\$ -	522,333.05	4.59%	1,997.92	46,586.33	-\$ 568,919.38
February				\$ -	522,333.05	4.59%	1,997.92	48,584.25	-\$ 570,917.30
March				\$ -	522,333.05	4.59%	1,997.92	50,582.18	-\$ 572,915.23
April				\$ -	522,333.05	4.59%	1,997.92	52,580.10	-\$ 574,913.15
May				\$ -	522,333.05	4.59%	1,997.92	54,578.02	-\$ 576,911.07
June				\$ -	522,333.05	4.59%	1,997.92	56,575.95	-\$ 578,909.00
July				\$ -	522,333.05	4.59%	1,997.92	58,573.87	-\$ 580,906.92
August				\$ -	522,333.05	4.59%	1,997.92	60,571.80	-\$ 582,904.85
September				\$ -	522,333.05	4.59%	1,997.92	62,569.72	-\$ 584,902.77
October				\$ -	522,333.05	5.14%	2,237.33	64,807.05	-\$ 587,140.10
November				\$ -	522,333.05	5.14%	2,237.33	67,044.37	-\$ 589,377.42
December				\$ -	522,333.05	5.14%	2,237.33	69,281.70	-\$ 591,614.75
Total	\$ -	\$ -	\$ -	\$ -			24,693.29		

Year: 2008

	Approved PILS		SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)			Total Variance
				Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	
January				\$ -	522,333.05	5.14%	2,237.33	71,519.03	-\$ 593,852.08
February				\$ -	522,333.05	5.14%	2,237.33	73,756.35	-\$ 596,089.40
March				\$ -	522,333.05	5.14%	2,237.33	75,993.68	-\$ 598,326.73
April				\$ -	522,333.05	4.08%	1,775.93	77,769.61	-\$ 600,102.66
May				\$ -	522,333.05	4.08%	1,775.93	79,545.54	-\$ 601,878.59
June				\$ -	522,333.05	4.08%	1,775.93	81,321.48	-\$ 603,654.53
July				\$ -	522,333.05	3.35%	1,458.18	82,779.66	-\$ 605,112.71
August				\$ -	522,333.05	3.35%	1,458.18	84,237.84	-\$ 606,570.89
September				\$ -	522,333.05	3.35%	1,458.18	85,696.02	-\$ 608,029.07
October				\$ -	522,333.05	3.35%	1,458.18	87,154.20	-\$ 609,487.25
November				\$ -	522,333.05	3.35%	1,458.18	88,612.38	-\$ 610,945.43
December				\$ -	522,333.05	3.35%	1,458.18	90,070.56	-\$ 612,403.61
Total	\$ -	\$ -	\$ -	\$ -			20,788.86		

Lakefront Utilities Inc.

1562 Deferred PILS - Continuity Schedule

Year: 2009

	Approved PILS		SIMPILS True-Up		Variance (neg. = payable)		Interest Improvement (neg = payable)				
	Entitlement	PILS Revenue	Adjustments	(neg = CR)	Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	Total Variance	
January					\$ -	-\$ 522,333.05	2.45%	-\$ 1,066.43	-\$ 91,136.98	-\$ 613,470.04	
February					\$ -	-\$ 522,333.05	2.45%	-\$ 1,066.43	-\$ 92,203.41	-\$ 614,536.47	
March					\$ -	-\$ 522,333.05	2.45%	-\$ 1,066.43	-\$ 93,269.84	-\$ 615,602.90	
April					\$ -	-\$ 522,333.05	1.00%	-\$ 435.28	-\$ 93,705.12	-\$ 616,038.17	
May					\$ -	-\$ 522,333.05	1.00%	-\$ 435.28	-\$ 94,140.40	-\$ 616,473.45	
June					\$ -	-\$ 522,333.05	1.00%	-\$ 435.28	-\$ 94,575.68	-\$ 616,908.73	
July					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 94,815.08	-\$ 617,148.13	
August					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 95,054.48	-\$ 617,387.53	
September					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 95,293.89	-\$ 617,626.94	
October					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 95,533.29	-\$ 617,866.34	
November					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 95,772.69	-\$ 618,105.74	
December					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 96,012.09	-\$ 618,345.14	
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		-\$ 5,941.54			

Year: 2010

	Approved PILS		SIMPILS True-Up		Variance (neg. = payable)		Interest Improvement (neg = payable)					
	Entitlement	PILS Revenue	Adjustments	(neg			Approved					
			= CR)		Monthly	Cumulative	Interest Rate	Monthly	Cumulative		Total Variance	
January					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 96,251.50	-\$	618,584.55	
February					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 96,490.90	-\$	618,823.95	
March					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 96,730.30	-\$	619,063.35	
April					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 96,969.70	-\$	619,302.75	
May					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 97,209.11	-\$	619,542.16	
June					\$ -	-\$ 522,333.05	0.55%	-\$ 239.40	-\$ 97,448.51	-\$	619,781.56	
July					\$ -	-\$ 522,333.05	0.89%	-\$ 387.40	-\$ 97,835.91	-\$	620,168.96	
August					\$ -	-\$ 522,333.05	0.89%	-\$ 387.40	-\$ 98,223.30	-\$	620,556.35	
September					\$ -	-\$ 522,333.05	0.89%	-\$ 387.40	-\$ 98,610.70	-\$	620,943.75	
October					\$ -	-\$ 522,333.05	1.20%	-\$ 522.33	-\$ 99,133.03	-\$	621,466.08	
November					\$ -	-\$ 522,333.05	1.20%	-\$ 522.33	-\$ 99,655.37	-\$	621,988.42	
December					\$ -	-\$ 522,333.05	1.20%	-\$ 522.33	-\$ 100,177.70	-\$	622,510.75	
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		-\$ 4,165.61				

Year: 2011

	Approved PILS Entitlement	PILS Revenue	SIMPILS True-Up Adjustments (neg = CR)	Variance (neg. = payable)		Interest Improvement (neg = payable)				
				Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	Total Variance	
January				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 100,817.56	-\$ 623,150.61	
February				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 101,457.42	-\$ 623,790.47	
March				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 102,097.27	-\$ 624,430.32	
April				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 102,737.13	-\$ 625,070.18	
May				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 103,376.99	-\$ 625,710.04	
June				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 104,016.85	-\$ 626,349.90	
July				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 104,656.71	-\$ 626,989.76	
August				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 105,296.56	-\$ 627,629.61	
September				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 105,936.42	-\$ 628,269.47	
October				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 106,576.28	-\$ 628,909.33	
November				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 107,216.14	-\$ 629,549.19	
December				\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 107,856.00	-\$ 630,189.05	
Total	\$ -	\$ -	\$ -	\$ -	\$ -		-\$ 7,678.30			

Year: 2012

	Approved PILS		SIMPILS True-Up		Variance (neg. = payable)		Interest Improvement (neg = payable)				
	Entitlement	PILS Revenue	Adjustments (neg = CR)		Monthly	Cumulative	Approved Interest Rate	Monthly	Cumulative	Total Variance	
January					\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 108,495.85	-\$ 630,828.90	
February					\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 109,135.71	-\$ 631,468.76	
March					\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 109,775.57	-\$ 632,108.62	
April					\$ -	-\$ 522,333.05	1.47%	-\$ 639.86	-\$ 110,415.43	-\$ 632,748.48	
Total	\$ -	\$ -	\$ -	\$ -	\$ -			-\$ 2,559.43			