

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

**AND IN THE MATTER OF** an application by Lakefront Utilities Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2012.

**LAKEFRONT UTILITIES INC.  
PROPOSED SETTLEMENT AGREEMENT**

**FILED: APRIL 26, 2012**

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**EB-2011-0250**

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**AND IN THE MATTER OF** an application by Lakefront Utilities Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2012.

**LAKEFRONT UTILITIES INC.  
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FILED: APRIL 26, 2012**

**INTRODUCTION:**

Lakefront Utilities Inc. (“Lakefront”) carries on the business of distributing electricity within the Town of Cobourg and the former Village of Colborne.

Lakefront filed an application with the Ontario Energy Board (the “Board”) on October 17, 2011 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Lakefront charges for electricity distribution, to be effective May 1, 2012. Certain evidence which was missing in the original application was provided in an amended application filed on December 5, 2011. The Board assigned the application File Number EB-2011-0250.

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

In Procedural Order No. 1, issued on January 12, 2012, the Board approved the Intervenors in this proceeding, set dates for interrogatories and interrogatory responses and made its determination regarding the cost eligibility of the Intervenors.

In Procedural Order No. 2, issued on January 16, 2012, the Board made provisions for the filing of submissions related to Lakefront's request that certain smart meter-related documents be maintained in confidence. By a Decision and Order dated January 24, 2012, the Board approved Lakefront's confidentiality request.

In Procedural Order No. 3, issued on March 2, 2012, the Board set dates for supplemental interrogatories and responses (March 12 and 23, 2012, respectively); a Settlement Conference (March 29, 2012, continuing March 30, 2012 if necessary); and the filing of any Settlement Proposal arising out of the Settlement Conference (April 18, 2012). In Procedural Order No. 4, issued April 19, 2012, the Board extended the deadline for the filing of any Settlement Proposal arising out of the Settlement Conference to April 26, 2012. The Board indicated that, upon reviewing the Settlement Proposal, it would determine next steps and that, if necessary, the Board expected to consider any unsettled issues by means of an oral hearing. There is no Board-approved Issues List for this proceeding. Lakefront filed responses to both the original and supplemental interrogatories.

The evidence in this proceeding (referred to here as the "Evidence") consists of the Application, including the updates to the Application, and Lakefront's responses to the initial and supplemental interrogatories. The Appendices to this Settlement Agreement (the "Agreement") are also included in the Evidence. The Settlement Conference was duly convened in accordance with the Procedural Order No. 3, with Mr. Chris Haussmann as facilitator. The Settlement Conference was held on March 29, 2012 and March 30, 2012.

Lakefront and the following Intervenor participants participated in the Settlement Conference:

- School Energy Coalition ("SEC")
- Vulnerable Energy Consumers Coalition ("VECC").

Lakefront and the Intervenor participants are collectively referred to below as the "Parties".

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Board's *Settlement Conference Guidelines* (the "Guidelines"). The Parties

understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Agreement.

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

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

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

The Parties explicitly request that the Board consider and accept this Settlement Agreement as a package. None of the matters in respect of which a settlement has been reached is severable. Numerous compromises were made by the Parties with respect to various matters to arrive at this comprehensive Agreement. The distinct issues addressed in this proposal are intricately interrelated, and reductions or increases to the agreed-upon amounts may have financial

consequences in other areas of this proposal which may be unacceptable to one or more of the Parties. If the Board does not accept the Agreement in its entirety, then there is no Agreement unless the Parties agree that those portions of the Agreement that the Board does accept may continue as a valid settlement.

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

It is also agreed that this Agreement is without prejudice to any of the Parties re-examining these issues in any subsequent proceeding and taking positions inconsistent with the resolution of these issues in this Agreement. However, none of the Parties will, in any subsequent proceeding, take the position that the resolution therein of any issue settled in this Agreement, if contrary to the terms of this Agreement, should be applicable for all or any part of the 2012 Test Year.

References to the Evidence supporting this Agreement on each issue are set out in each section of the Agreement. The Appendices to the Agreement provide further evidentiary support. The Parties agree that this Agreement and the Appendices form part of the record in EB-2011-0250. The Appendices were prepared by the Applicant. The Intervenors are relying on the accuracy and completeness of the Appendices in entering into this Agreement. 'Appendix I to this agreement – Proposed Schedule of 2012 Tariff of Rates and Charges (Updated)' is a proposed schedule of Rates and Charges that Lakefront will use as the basis for its draft Rate Order following Board approval of this agreement.

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

The Parties have agreed that the effective date of the rates resulting from this proposed Agreement is May 1, 2012 (referred to below as the “Effective Date”). In the event that the Board does not issue its Final Rate Order in time for Lakefront to implement the rates resulting from this Agreement as of May 1, 2012, the Parties agree that Lakefront may establish a rate rider that would allow it to recover that portion of the Revenue Deficiency that would have been recovered between May 1, 2012 and the Board-Approved Effective Date.

## **ORGANIZATION AND SUMMARY OF THE SETTLEMENT AGREEMENT:**

As noted above, there is no Board-approved Issues List for this proceeding. For the purposes of organizing this Agreement, the Parties have used the Issues List in the Guelph Hydro Electric Systems Inc. proceeding (EB-2011-0123) as a guide as that Issues List addresses all of the revenue requirement components, load forecast, deferral and variance account dispositions, cost allocation and rate design and other issues that are also relevant to determining Lakefront’s 2012 distribution rates.

The following Appendices accompany this Settlement Agreement:

- Appendix A – Summary of Significant Changes
- Appendix B – Continuity Tables
- Appendix C – Cost of Power Calculation (Updated)
- Appendix D – 2012 Customer Load Forecast (Updated)
- Appendix E – 2012 Other Revenue (Updated)
- Appendix F – 2012 PILS (Updated)
- Appendix G – 2012 Cost of Capital
- Appendix H – 2012 Revenue Deficiency (Updated)
- Appendix I - Proposed Schedule of 2012 Tariff of Rates and Charges (Updated)
- Appendix J – 2012 Updated Customer Impacts
- Appendix K – Capitalization Policy
  - CGAAP vs MIFRS Comparison of Burdenable Items
- Appendix L – Cost Allocation Sheets O1 and O2
- Appendix M – Revenue Requirement Work Form

## **UNSETTLED MATTERS:**

There are no unsettled matters in this proceeding.



## **OVERVIEW OF THE SETTLED MATTERS:**

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

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

The Parties agree that no rate classes face bill impacts in this proceeding that require mitigation efforts beyond those set out in this Agreement. Specifically, the Parties have agreed that it is appropriate to allow a four year period to bring Lakefront's General Service 3,000 – 4,999 kW customer class to the lower boundary of the Board approved range of revenue-to-cost ratios for that class.

In this Agreement, except where otherwise expressly stated, all dollar figures are calculated and expressed using Modified International Financial Reporting Standards ("MIFRS").

The revised Service Revenue Requirement for the 2012 Test Year is \$4,417,962, which reflects the updated cost of capital parameters (ROE and Deemed ST Debt rate) issued by the Board on March 2, 2012 applicable to applications for rebasing effective May 1, 2012. The long term debt rate was agreed to be 4.33%, for the purpose of settlement. . With the adjustments to the ROE and short term debt rate noted above, this represents a revenue deficiency. Compared to the forecast 2012 revenue at current rates, of \$4,387,263, the revised Service Revenue Requirement represents a deficiency of \$30,708 which is \$713,233 lower than the revenue deficiency of \$743,941 set out in Lakefront's pre-filed evidence. The changes are detailed in the table below.

	Original As per Application (A)	Settlement Submission (B)	Difference (C = B - A)
Service Revenue Requirement	5,131,204	4,417,968	713,236
Revenue Offset	378,462	378,462	-
Base Revenue Requirement	4,752,742	4,039,506	713,236
Revenue at Existing Rates	4,008,801	4,008,801	-
Revenue Deficiency	743,941	30,708	713,233

Through the settlement process, Lakefront has agreed to certain adjustments from its original 2012 Application and subsequent updated Evidence. Any such changes are described in the sections below.

## 1. GENERAL

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

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 1, page 37, lines 10-13

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

1.2 Are Lakefront's economic and business planning assumptions for 2012 appropriate?

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 1, Pages 38-40, 42-44, 76; Exhibit 2, Pages 11-17; Exhibit 3, Pages 6-25; Board Staff IRs: # 21-26, 66-68; VECC IR 1: #7-13 VECC IR 2: #9

For the purposes of settlement, the Parties accept Lakefront's economic and business planning assumptions for 2012.

1.3 Is service quality, based on the Board specified performance assumptions for 2012 appropriate?

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 2, Pages 100-103; VECC IR 1: #4; IR 2 : #1 Board Staff IRs: #14, #64

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

## 2. RATE BASE

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

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 2, Page 9 (Table 2-0A), Page 10 (Table 2-0B), Page 18 (Tables 2-3, 2-4A, 2-4B), Page 75 (Table 2-19); Board Staff IRs: #6, #65. VECC IR 1: #1; SEC IR 1 : #2

For the purposes of settlement, the Parties have agreed that Lakefront's Rate Base is \$17,660,020 for the 2012 Test Year under MIFRS. A full calculation of this agreed Rate Base is set out later in this section in the table titled "Rate Base".

The revised Rate Base value reflects the following:

- Consistent with the Board's approval of Lakefront's 2008 cost of service distribution rate application (EB-2007-0761) and the resulting Board-approved rates, the ½ year rule has been applied to each capital addition for the year in which it went into service, from 2008 onward.
- The Parties have agreed that Lakefront will adjust its 2011 capital expenditures to reflect actual expenditures. The updated value is \$1,183,422 representing a reduction of \$805,479 from the value of \$1,988,901 shown in the Application. This in turn establishes Lakefront's opening 2012 Test Year Rate Base as \$15,970,963.
- The Parties agree that Lakefront's 2012 capital expenditures (net of contributions) for rate making purposes will be \$1,999,000 (CGAAP) which is the same value under MIFRS since Lakefront's capitalization policy under CGAAP met the IFRS standard for capitalizing OM&A. This agreed-upon expenditure level, and the asymmetrical variance

account agreed upon by the Parties in relation to 2012 capital expenditures, are discussed in greater detail under item 2.3 below.

- With respect to its load forecast, the Parties have agreed for the purposes of settlement to accept Lakefront's 2012 Load Forecast of 264,343,709 purchased kWh (net of CDM), as set out in its Application. The Parties have also agreed that the Cost of Power will be an RPP price of \$75.65/MWh and a Non-RPP price of \$71.91/MWh based on the October 17, 2011 Regulated Price Plan Price Report for November 1, 2011 to October 31, 2012. The \$75.65/MWh is outlined in Table E3-1 on page 3 of the report and the \$71.91/MWh reflects the Forecast Wholesale Electricity Price of \$31.83/MWh plus the impact of the Global Adjustment (\$40.08/MWh) also shown in Table E3-1. Please see Appendix C for the detailed Cost of Power calculation.

Agreed-upon adjustments to Lakefront's proposed Rate Base under MIFRS are set out in the following table:

#### RATE BASE

	Initial Application	Adjustments	Settlement Agreement
Gross Fixed Assets (Average)	22,295,173	41,855	22,253,318
Accumulated Amortization (Average)	8,695,275	140,633	8,554,642
Net Fixed Assets (Average)	13,599,899	(98,777)	13,698,676
Allowance for Working Capital	3,926,020	(35,324)	3,961,344
Total Rate Base	17,525,919	(134,101)	17,660,020

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

<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 2, Page 10 (Table 2-1 A),Page 11 (Table 2-1B), Page 90; Exhibit 4, Page 10; Board Staff IRs: #10,

For the purposes of settlement, the Parties agree to the following Working Capital Allowance calculated based on 15 % of the OM&A expenses of \$2,519,628 (MIFRS – see item 4.1, below, for CGAAP) and COP of \$23,839,792. The Parties have agreed that the following adjustments, reflecting the settled matters, will be made to Lakefront’s Working Capital Allowance calculation:

### ALLOWANCE FOR WORKING CAPITAL

	Initial Application	Adjustments	Settlement
Controllable Expenses	3,116,856	547,686	2,569,170
Cost of Power	23,056,611	-	23,839,792
Working Capital	26,173,467	547,686	26,408,962
Working Capital Rate %	15%	-	15%
Working Capital Allowance	3,926,020	(35,324)	3,961,344

Note: There has been no adjustment between the Application and the settlement in the use of 15% in the calculation of the Working Capital Allowance. The value of 0.00% shown in the “Adjustments” table above confirms that there has been no change to that value.



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

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**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 2, Table 2-19, Page 75  
Board Staff IRs: #6, #65;  
VECC IRR 1 #3, #5;

As noted above, for the purposes of obtaining complete settlement of all issues, the Parties agree to a reduction of the 2011 Bridge Year capital expenditures in the amount of \$805,479, from \$1,988,901 as proposed in the Application, to \$1,183,422.

For the purpose of settlement, the Parties agree that the 2012 Test Year net capital expenditures will be \$1,999,000 under CGAAP, as proposed in the Application, which translates to, \$1,999,000 under MIFRS. Please see Appendix K– Capitalization Policy and CGAAP vs MIFRS Comparison of Burdenable Items, for additional information.

The Parties accept the resulting forecast of 2012 Test Year capital expenditures. However, in the event that actual capital expenditures are less than the amount forecast, the Parties have agreed that it is appropriate to establish an asymmetrical variance account (“Capital Additions Variance Account”) that would provide for the return to customers of the revenue requirement impact related to the difference between \$1,999,000 (under IFRS) of capital expenditures, and actual 2012 capital expenditures, if lower.

The Capital Additions Variance Account would record the difference in all components of annual revenue requirement (including, but not limited to, depreciation, interest, return on equity and PILs) resulting from any under spending on total capital expenditures closed to rate base in the Test Year. That is, if the net capital expenditures are less than \$1,999,000, the revenue requirement impact of the shortfall will be calculated and credited to the account for the test year and each year after the test year until Lakefront’s rates are rebased. The account would be

subject to disposition in accordance with the Board's normal policies from time to time on the disposition of applicable variance accounts.

2.4 Is the capitalization policy and allocation procedure appropriate?

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 2, Appendix E; pages 123-127 Board Staff IRs: #44;

For the purpose of obtaining complete settlement of all issues, the Parties have accepted Lakefront's capitalization policy under IFRS, as set out in Appendix K to this Settlement Agreement.

The Parties have agreed that Lakefront will provide information on the record of this proceeding in the form shown in Appendix K, immediately following Lakefront's capitalization policy, indicating changes in Lakefront's capitalization of various categories of expenses as between CGAAP and IFRS. The table at the end of Appendix K is similar to that produced by Hydro Ottawa Limited in its response to Oral Hearing Undertaking No. L2.8 in its 2012 cost of service distribution rate application (EB-2011-0054). The Intervenor has requested this information in this proceeding, and intend to make the same request in other 2012 cost of service proceedings, with the intention of approaching the Board at a later date with a request that the Board develop a standardized approach to the capitalization of overheads. In order to ensure that Lakefront and its customers are kept whole in the event that the Board adopts a standardized approach, the Parties acknowledge that Lakefront will track any difference between (a) the amounts included in 2012 Test Year OM&A reflecting Lakefront's policy on capitalization of overheads under IFRS, and (b) the amounts that may be eligible for inclusion in OM&A under a standardized approach that may be adopted by the Board at a later date, and that if the result of such standardization is material and not otherwise resolved by the Board's policies, Lakefront may make a request for an accounting order to deal with that difference. The Parties will not take the position that the request as a whole is inappropriate.

### 3. LOAD FORECAST AND OPERATING REVENUE

#### 3.1 Is the load forecast methodology including weather normalization appropriate?

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<b>Status:</b>	<b>Complete Settlement</b>
<b>Supporting Parties:</b>	Lakefront, SEC, VECC
<b>Evidence:</b>	Application: Exhibit 3, pages 6-25; Board Staff IRs: #21-26;66-68 VECC IR 1: # 7-11; VECC IR 2:# 9,#14.

For the purposes of settlement, the Parties accept Lakefront's load forecast methodology including weather normalization as contained in its Application, and its power purchased forecast of 264,343,709 kWh in 2012 and 250,200,674 kWh in 2012 test year billed consumption.

For the Board's reference, Lakefront has reproduced its forecast at Appendix D – 2012 Customer Load Forecast.

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

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**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 3, Pages 5-24 Table 3-1, to 3-17 ;  
Board Staff IRs: #26;  
VECC IR 1: # 10,11;  
VECC IR 2:# 9,#14;

For the purposes of settlement, the Parties agree with Lakefront's customers/connections and load forecasts (both kWh and kW) for the 2012 test year, as set forth in Appendix D.

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

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**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 3, Page 19 ( Table 3-11);  
Board Staff IRs: #25, #60E  
VECC IR 1: #11 c,d,e;  
VECC IR 2:#14f, #15;

For the purposes of settlement, the Parties agree that the CDM adjustments as presented in the Application are appropriate. The 2012 forecast has been adjusted to reflect 2,718,000 kWh savings from 2012 CDM programs. The forecast CDM volumes in kWh and kW as applicable, by rate class at the adjusted levels are provided in the table below.

Rate Class	Volume	
Residential	1,049,050	kWh
GS< 50kW	504,413	kWh
GS> 50kW	2,566	kW

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

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**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 3, Page 28- 36 (Table 3-21 to 3-26);

For the purposes of settlement, the Parties agree on the following throughput revenue:

<b>Base Revenue Requirement</b>		
Service Revenue Requirement	4,417,968	
<b>Less:</b> Revenue Offsets	378,462	
<b>Base Revenue Requirement</b>		<b>4,039,506</b>

3.5 Is the test year forecast of other revenues appropriate?

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**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 3, Table 3-26, page 36

For the purposes of settlement, the Parties accept Lakefront's test year forecast of a total of \$378,462 in Other Distribution Revenue, as set out in the Application.

For the Board's reference, Lakefront has reproduced its forecast at Appendix E – 2012 Other Revenue.

#### 4. OPERATING COSTS

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

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 4, Pages 5-7, (Tables 4-0 to 4-6); Board Staff IRs: #7-9, 12, 63, 84; VECC IR 1: #16-25; VECC IR 2: #5,7,8,11; SEC IR: #5-11, 17, 18, 20;

For the purposes of settlement, the Parties agree that the 2012 OM&A for the Test Year should be \$2,519,628 (MIFRS and CGAAP). The Parties rely on Lakefront's view that it can safely and reliably operate the distribution system based on the total OM&A budget proposed. The Parties have agreed that the adjustment will be based on an "envelope" approach, so that any determination of potential budget reductions to reflect the Board-approved 2012 OM&A will be at the discretion of Lakefront.

Please see Appendix K – Capitalization Policy and CGAAP vs MIFRS Comparison of Burdenable Items, for additional information.

4.2 Are the methodologies used to allocate shared services and other costs appropriate?

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 4, page 67-69 (Table 4-31); VECC IR 1: #22, #23, #24; VECC IR 2: #10, #11;

For the purposes of settlement, the Parties accept the methodology used by Lakefront to allocate shared services and other costs.



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

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 2, Pages 26-27 (Tables 2-7, 2-8); Page 90-92; Application: Exhibit 4: Pages 87-93 (Tables 4-41 – 4-46); Board Staff IRR 1 #47-50,#76-79; SEC IRR 1 #4;

For the purposes of settlement, the Parties accept the useful lives proposed by Lakefront in the table below and the depreciation expense reported in the continuity schedules in Appendix B. The Parties have agreed that the proposed level of depreciation/amortization expense of \$809,063 for the test year is appropriate, less the PP&E deferral amount with a net effect of \$739,241 depreciation expense. Please see Appendix B – Continuity Tables for detailed depreciation expense calculation. Please also see section 11.1, below, for PP&E deferral account calculations including the resulting depreciation offset amount.

				KINETRICS STUDY		
Account	Account Name	Description	LUI	MIN	TUL	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	25	N/A	60
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

4.4 Are the 2012 compensation costs and employee levels appropriate?

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**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 4, Page 74-85 (Table 4-36);  
Board Staff IRR 1 #12;  
SEC IRR 1 #7-11,17,18;  
VECC IRR 1 #25;

For the purpose of settlement, and subject to the overall reduction in 2012 Test Year OM&A discussed above, the Parties accept Lakefront's forecast 2012 Test Year compensation costs and employee levels.

4.5 Is the test year forecast of property taxes appropriate?

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**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 4, page 9, line 21.

Lakefront has forecasted an amount of \$49,452 in property taxes that will be payable in the 2012 Test Year.

For the purposes of settlement, the Parties have accepted Lakefront's 2012 Test Year forecast of property taxes.

4.6 Is the test year forecast of PILs appropriate?

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**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 4, Table 4-51;  
Board Staff IRR 1: Q54-59;  
Board Staff IRR 2: Q69.

For the purpose of settlement, the parties accept Lakefront's 2012 Test Year PILs forecast as set out in Appendix F to this Settlement Agreement. The parties acknowledge that while the original Application contemplated the hiring of apprentices which would have necessitated the inclusion of Apprenticeship Training Tax Credits into the PILs calculation, the settlement of OM&A under issue 4.1 has been made with the understanding that no apprentices will be hired in the test year.

Please see Appendix F – 2012 PILs (Updated), for additional details.

## 5. CAPITAL STRUCTURE AND COST OF CAPITAL

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

---

<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 5, Table 5-1 and 5-2;

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

This Settlement Agreement has been prepared using the Board's updated Cost of Capital Parameters for ROE (9.12%) and short term debt (2.08%) for cost of service applications for rates effective May 1, 2012, issued on March 2, 2012. These updated parameters will also be incorporated into the Draft Rate Order to be prepared following the issuance of the Board's Decision on the Settlement Agreement.

5.2 Is the proposed long term debt rate appropriate?

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 5, Table 5-2

For the purposes of settlement, the Parties agreed to Lakefront's long term debt rate of 4.33%.  
The calculation of the long term debt rate is set in Appendix G to this Agreement.

## 6. SMART METERS

6.1 Is the proposed inclusion of the smart meter costs in the 2012 revenue requirement appropriate?

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application : Exhibit 9, page 24; Board Staff IRs: #15-19, 80-81

For the purposes of settlement, the Parties accept Lakefront's proposed inclusion of smart meter costs in the 2012 revenue requirement as appropriate.

6.2 Is the proposed disposition of the balances in variance accounts 1555 and 1556 appropriate?

---

<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Board Staff IRs 1 #16-19, #80-81

For the purposes of settlement, the Parties accept that Lakefront's proposed disposition of the balances in variance accounts 1555 and 1556 is appropriate. With respect to the methodology for calculating smart meter-related riders, the parties have agreed that Lakefront will calculate class specific smart meter rate riders. The Parties have agreed that Lakefront will recover the residual deferred smart meter revenue requirement over a one year period on the basis provided in the following table:



## Smart Meter Rate Rider Calculation

LUI- 2012 COS - EB-2011-0250										
	2008	2009	2010	2011	Total 2009 to 2011	Explanation Allocator	ID and Factors	Total	Residential	General Service Less than 50 kW
Revenue Requirement for the Historical Years	1,185.51	117,089.84	269,197.19	348,283.44	\$735,755.98					
						Weighted Meter-Capital	CWMC	2832021.21	2365904.14	466,117
Total Return on Capital	678.45	43,278.66	96,119.02	112,600.65	\$252,676.78	Allocated per Class		100.00%	83.54%	16.46%
						Weighted Meter-Capital	CWMC	\$252,676.78	\$211,089.18	\$41,587.60
Amortization and interest Expense	2,097.40	47,829.82	111,367.00	143,019.47	\$304,313.70	Allocated per Class		100.00%	83.54%	16.46%
						Number of Smart Meters Installed for each Class		\$304,313.70	\$254,227.27	\$50,086.42
Operating Expenses (Note 1)	-	21,912.00	54,385.00	82,308.00	\$158,605.00	Revenue Requirement allocated to each Class before PILs		9,503	8,465	1,038
						Allocated per Class		\$158,605.00	\$141,280.79	\$17,324.21
Grossed-up Taxes/PILs	(1,590.34)	4,069.35	7,326.17	10,355.32	\$20,160.50			\$715,595.48	\$606,597.24	\$108,998.23
						Allocated per Class		\$20,160.50	\$17,089.69	\$3,070.81
								Total	Residential	General Service Less than 50 kW
TOTAL REVENUE REQUIREMENT					\$735,755.98			\$735,755.98	\$623,686.94	\$112,069.04
						Percentage of costs allocated to Residential and GS < 50 kW customer classes		100.00%	84.77%	15.23%
Revenue Generated from Smart Meter Funding Adder					\$753,392.46					
						SMFA Revenues directly attributable to class			87.36%	11.27%
						Residual SMFA revenues (from other metered classes) attributed evenly			0.69%	0.69%
						Total			88.04%	11.96%
Revenues Generated from SMFA					\$753,392.46			\$	663,296.22	\$90,096.24
Net Deferred Revenue Requirement					-\$17,636.48					
						Allocated per Class		-\$17,636.48	-\$39,609.28	\$21,972.80
						Number of Metered Customers (2012)		9,705	8,603	1,102
						Smart Meter Disposition Rate Rider		-\$0.15	-\$0.38	\$1.66

6.3 Is the proposal related to stranded meters appropriate?

---

**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Board Staff IRs: #20;

For the purposes of settlement, the Parties accept the stranded meter value of \$252,668 as presented in the following table. The Parties accept the proposal for recovery of that amount through a rate rider of \$2.17 per metered Residential and General Service < 50 kW customer per month over a one year period.

<b>Stranded Meters</b>		
Capital Cost	\$	688,736
Accumulated Depreciation	\$	436,068
NBV	\$	252,668
Metered Customers		9705
Rate Rider per Metered Customer per Month	\$	2.17

## 7. COST ALLOCATION

### 7.1 Is Lakefront's cost allocation appropriate?

**Status:** Complete Settlement

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application : Exhibit 7  
VECC IR 1: #26-27;  
Board Staff IRs: #86.

The Parties have agreed for the purposes of settlement to update the cost allocation model to reflect 2011 demand data for the GS 3,000 – 4,999 kW customer class. The parties have further agreed for the purposes of settlement to make adjustments to the meter capital information within the cost allocation model to recognize the differences in meter costs between rate classes. The adjusted “starting point” revenue to cost ratios for 2012 are illustrated in the tables below.

Class	Revenue Requirement - 2012 Cost Allocation Model - Line 35 from O1 in CA	2012 Base Revenue Allocated based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2012 Cost Allocation Model - Line 19 from O1 in CA	Total Revenue	Revenue Cost Ratio	Check Revenue Cost Ratios from 2012 Cost Allocation Model - Line 70 from O1 in CA	Proposed Revenue to Cost Ratio
Residential	2,409,187	1,953,823	212,698	2,166,521	89.9%	89.9%	94.8%
GS < 50 kW	642,800	586,783	53,016	639,798	99.5%	99.5%	99.6%
GS 50-2999	922,322	1,207,827	75,443	1,283,270	139.1%	139.1%	120.0%
GS 3000 - 4999	186,016	41,769	11,487	53,256	28.6%	28.6%	57.5%
Sentinel Lights	5,177	5,545	524	6,069	117.2%	117.2%	117.2%
Street Lighting	208,735	212,189	21,518	233,707	112.0%	112.0%	111.7%
USL	43,735	31,571	3,775	35,346	80.8%	80.8%	94.8%
		0	0	0	0.0%	0.0%	0.0%
	0	0	0	0	0.0%	0.00%	0.0%
<b>TOTAL</b>	<b>4,417,972</b>	<b>4,039,506</b>	<b>378,462</b>	<b>4,417,968</b>	<b>100.0%</b>	<b>100.0%</b>	

Class	Proposed Revenue	Miscellaneous Revenue	Proposed Base Revenue	Board Target Low	Board Target High
Residential	2,283,006	212,698	2,070,307	85%	115%
GS < 50 kW	640,458	53,016	587,442	80%	120%
GS 50-2999	1,106,793	75,443	1,031,352	80%	120%
GS 3000 - 4999	106,960	11,487	95,472	80%	120%
Sentinel Lights	6,070	524	5,545	80%	120%
Street Lighting	233,225	21,518	211,707	70%	120%
USL	41,456	3,775	37,681	80%	120%
	0	0	0	80%	120%
	0	0	0	85%	115%
<b>TOTAL</b>	<b>4,417,967</b>	<b>378,462</b>	<b>4,039,506</b>		

Please see Appendix L – Cost Allocation Sheets O1 and O2, for additional information.

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

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**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 8;  
VECC IR 1: #26-27;  
Board Staff IR: #86.

For the purposes of settlement, the Parties have agreed that Lakefront will make certain adjustments to the cost allocation proposed in the Application. Specifically, the Parties have agreed that:

- Lakefront will follow the approach of moving outliers (that is, those customer classes whose revenue-to-cost ratios are above or below the approved ranges) to the lower and upper boundaries of their ranges as applicable, after which adjustments will be made to the lowest or highest classes within their ranges as necessary to maintain revenue neutrality.

- All movement of outliers to the upper and lower boundaries of their ranges will take place in one adjustment in the 2012 test year, with the exception of the General Service 3,000 – 4,999 kW customer class, in respect of which the adjustment to the lower boundary of the range will take place in equal increments over a 4 year period.
- The parties acknowledge that Lakefront may make adjustments to the revenue to cost ratios for customer classes that are above 100% in the years following 2012 in order to maintain revenue neutrality when the GS 3,000-4,999 class is adjusted in those subsequent years to bring that class to the lower boundary of its range; any such adjustments will always be made to the class most above a revenue to cost ratio of 100% first, until lowered to the next highest ratio.

For the purposes of settlement, the Parties accept the revised proposed revenue-to-cost ratios with the adjustments referred to in paragraph 7.1, above.

## 8. RATE DESIGN

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

**Status:** Complete Settlement

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 8, Pages 7-9 (Table 8-6);  
SEC IRR: #14;  
VECC IRR: #29;

For the purposes of settlement, the Parties have accepted that the 2012 monthly service charge (the “MSC”) will reflect the current fixed-variable splits being maintained with the exception that the MSC for the GS 50 – 2,999 kW customer class will be set at the MSC “Ceiling”.

With these adjustments, the Parties accept the customer charges and the fixed-variable splits for each class. The table below provides a summary of settled MSC rates by rate class.

Fixed Charge Analysis								
Customer Class	Current Volumetric Split	Current Fixed Charge Split	Total	Fixed Rate Based on Current Fixed/Variable Revenue Proportions	2011 Rates From OEB Approved Tariff	Minimum System with PLCC Adjustment (Ceiling Fixed Charge From Cost Allocation Model)	Target Fixed Charge Split	Fixed Charge with Target Split
Residential	50.54%	49.46%	100.00%	9.92	9.29	16.32	49.46%	9.92
GS < 50 kW	48.91%	51.09%	100.00%	22.70	22.50	35.11	51.09%	22.70
GS 50-2999	76.60%	23.40%	100.00%	158.19	183.85	76.85	23.40%	158.19
GS 3000 - 4999	48.85%	51.15%	100.00%	4,069.60	1,766.90	618.08	51.15%	4,069.60
Sentinel Lights	45.43%	54.57%	100.00%	4.70	4.66	9.93	54.57%	4.70
Street Lighting	38.65%	61.35%	100.00%	3.86	3.84	9.25	61.35%	3.86
USL	67.02%	32.98%	100.00%	13.49	11.22	42.31	32.98%	13.49
			0.00%	0.00		0.00	0.00%	0.00

The parties agree to the following fixed and variable rates.

<b>2012 TEST YEAR - BASE REVENUE DISTRIBUTION RATES</b>				
<b>Customer Class</b>	<b>Connection</b>	<b>Customer</b>	<b>kW</b>	<b>kWh</b>
Residential	0.00	9.92	0.0000	0.0143
GS < 50 kW	0.00	22.70	0.0000	0.0082
GS 50-2999	0.00	76.85	3.4067	0.0000
GS 3000 - 4999	0.00	4,069.60	1.5830	0.0000
Sentinel Lights	4.70	0.00	11.5631	0.0000
Street Lighting	3.86	0.00	24.4721	0.0000
USL	13.49	0.00	0.0000	0.0352
<b>0</b>	0.00	0.00	0.0000	0.0000
<b>0</b>	0.00	0.00	0.0000	0.0000

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

**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 8, Pages 7-9 (Table 8-6);  
SEC IRR:#14;  
VECC IRR: #29;

For the purposes of settlement the Parties have agreed that the following Retail Transmission Service Rates (“RTSRs”), based on the updated Uniform Transmission Rates issued by the Board on December 20, 2011 in EB-2011-0268, are appropriate.

Rate Class	Unit	Proposed RTSR Network		Proposed RTSR Connection	
Residential	kWh	\$	0.0055	\$	0.0044
General Service Less Than 50 kW	kWh	\$	0.0050	\$	0.0040
General Service 50 to 2,999 kW	kW	\$	2.0534	\$	1.5822
General Service 3,000 to 4,999 kW	kW	\$	2.2965	\$	1.8660
Unmetered Scattered Load	kWh	\$	0.0059	\$	0.0049
Sentinel Lighting	kW	\$	1.5563	\$	1.2486
Street Lighting	kW	\$	1.5487	\$	1.2231



### 8.3 Are the proposed LV rates appropriate?

---

**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 8, Pages 9-10 (Tables 8-7, 8-8) ;  
VECC IRR 1 : #30

For the purposes of settlement, the Parties accept Lakefront's proposed LV rates, provided in the table below.

Customer Class	LV Adj. Allocated	Calculated kWh	Calculated kW	Volumetric Rate Type	LV/ Adj. Rates/kWh	LV Adj. Rates/ kW
Residential	97,140.40	73,125,152	0	kWh	0.0013	
GS < 50 kW	42,362.93	35,160,634	0	kWh	0.0012	
GS 50-2999	145,072.83	120,608,902	303,629	kW		0.4778
GS 3000 - 4999	26,734.93	19,295,356	47,442	kW		0.5635
Sentinel Lights	82.15	78,431	218	kW		0.3771
Street Lighting	1,234.90	1,215,575	3,343	kW		0.3694
USL	1,062.67	716,623	0	kWh	0.0015	
<b>TOTALS</b>	<b>313,690.80</b>	<b>250,200,673.65</b>	<b>354,632.64</b>			

8.4 Are the proposed loss factors appropriate?

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**Status:** **Complete Settlement**

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 4, Pages 94-98, (Tables 4-47 to 4-50);  
Application: Exhibit 8, Pages 10-12, (Tables 8-9 to 8-11);  
Board Staff IRR #13, #61;

For the purposes of settlement, the Parties accept the Loss Factor of 1.0565 proposed by Lakefront in its Application.

## 9. DEFERRAL AND VARIANCE ACCOUNTS

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

---

<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 9; Board Staff IRs: #30-40, 70-74.

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

- As noted previously, the Parties have agreed to Smart Meter rate riders using a customer class specific methodology pursuant to the settlement of issue 6.2 above.
- The Parties have agreed that Lakefront has appropriately calculated the stranded meter rider in the amount of \$2.17 per metered customer per month over a one year period, as discussed under item 6.3, above.

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

**Status:** Complete Settlement

**Supporting Parties:** Lakefront, SEC, VECC

**Evidence:** Application: Exhibit 9;  
Board Staff IRR #20, #30,#33,#35-#39; #71-74.

For the purposes of settlement, and with the revision of the methodology for the calculation of Smart Meter rate riders discussed above, the Parties accept the proposed rate riders to dispose of the account balances. The rate rider calculations are set out in the table below:

Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	GS < 50 KW	GS 50 - 2999 kW	GS 3,000 - 4,999	USL	Sentinel Lighting	Streetsight	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)
1588 - Global Adjustment	\$ (115,424)	kwh - Non RPP	(6,876)	(3,397)	(87,798)	(15,717)	(582)	(64)	(990)	(115,424)
1590	\$ 292	Proportion to Disposition	86	41	137	26	1	0	2	292
1595- 2008	\$ (70)	Proportion to Disposition	(20)	(10)	(33)	(6)	(0)	(0)	(0)	(70)
<b>Subtotal - RSVA</b>	<b>\$ (833,414)</b>		<b>\$ (216,720)</b>	<b>\$ (104,295)</b>	<b>\$ (433,908)</b>	<b>\$ (71,085)</b>	<b>\$ (2,639)</b>	<b>\$ (289)</b>	<b>\$ (4,478)</b>	<b>\$ (833,414)</b>
1508	\$ 9,421	Dx Revenue	4,829	1,371	2,404	222	88	13	494	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
1521	\$ (21,303)	kWh	(6,226)	(2,994)	(10,269)	(1,643)	(61)	(7)	(103)	(21,303)
1582	\$ 18,587	kWh	5,432	2,612	8,960	1,433	53	6	90	18,587
1562	\$ (416,304)	Dx Revenue	(213,410)	(60,564)	(106,219)	(9,819)	(3,879)	(572)	(21,841)	(416,304)
1592	\$ (49,420)	Dx Revenue	(25,334.13)	(7,189.67)	(12,609.39)	(1,165.58)	(460.53)	(67.90)	(2,592.80)	(49,420)
<b>Subtotal - Non RSVA, Variable</b>	<b>\$ (372,755)</b>		<b>\$ (176,580)</b>	<b>\$ (59,320)</b>	<b>\$ (116,875)</b>	<b>\$ (10,965)</b>	<b>\$ (3,741)</b>	<b>\$ (265)</b>	<b>\$ (5,010)</b>	<b>\$ (372,755)</b>
<b>Total to be Recovered</b>	<b>\$ (1,206,169)</b>		<b>\$ (393,300)</b>	<b>\$ (163,615)</b>	<b>\$ (550,782)</b>	<b>\$ (82,050)</b>	<b>\$ (6,380)</b>	<b>\$ (554)</b>	<b>\$ (9,488)</b>	<b>\$ (1,206,169)</b>
	(\$1,090,748)									
	\$115,421									
Balance to be collected or refunded (Excluding Global Adjustment)	\$ (1,090,745)		\$ (386,423)	\$ (160,219)	\$ (462,984)	\$ (66,333)	\$ (5,798)	\$ (490)	\$ (8,498)	\$ (1,090,745)
Number of years for Variable	4									
Balance to be collected or refunded per year, Variable	\$ (272,686)		\$ (96,606)	\$ (40,055)	\$ (115,746)	\$ (16,583)	\$ (1,449)	\$ (123)	\$ (2,124)	\$ (272,686)
<b>Class</b>			<b>Residential</b>	<b>GS &lt; 50 KW</b>	<b>GS 50 - 2999 kW</b>	<b>GS 3,000 - 4,999</b>	<b>USL</b>	<b>Sentinel Lighting</b>	<b>Streetsight</b>	
<b>Deferral and Variance Account Rate Riders, Variable (Excluding Global Adjustment)</b>			\$ (0.0013)	\$ (0.0011)	\$ (0.3812)	\$ (0.3495)	\$ (0.0020)	\$ (0.5624)	\$ (0.6354)	
<b>Billing Determinants</b>			kWh	kWh	kWh	kWh	kWh	kWh	kWh	
Global Adjustment Balance to be collected or refunded	\$ (115,424)		\$ (6,876)	\$ (3,397)	\$ (87,798)	\$ (15,717)	\$ (582)	\$ (64)	\$ (990)	\$ (115,424)
Number of years for Variable	4									
Balance to be collected or refunded per year, Variable	\$ (28,856)		\$ (1,719)	\$ (849)	\$ (21,950)	\$ (3,929)	\$ (146)	\$ (16)	\$ (248)	\$ (28,856)
<b>Global Adjustment Rate Rider</b>			<b>Residential</b>	<b>GS &lt; 50 KW</b>	<b>GS 50 - 2999 kW</b>	<b>GS 3,000 - 4,999</b>	<b>USL</b>	<b>Sentinel Lighting</b>	<b>Streetsight</b>	
<b>Billing Determinants</b>			\$ (0.0002)	\$ (0.0002)	\$ (0.0723)	\$ (0.0828)	\$ (0.0002)	\$ (0.0733)	\$ (0.0740)	
			kWh	kWh	kWh	kWh	kWh	kWh	kWh	

[illegible]

## 11. MODIFIED INTERNATIONAL FINANCIAL REPORTING STANDARDS

11.1 Is the proposed revenue requirement determined using modified IFRS appropriate?

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 2; VECC IRR 1: #2, 16; SEC IRs: #20; Board Staff IRs: #41-53; #75-78.

The Parties agree to a Service Revenue Requirement, based on IFRS, of \$4,418,509.

With regard to Lakefront's PP&E Account, which tracks the amounts, including associated depreciation, attributable to the difference between CGAAP and IFRS calculations of net fixed assets as at the end of 2011, the Parties accept for the purposes of settlement Lakefront's methodology for calculation of the amount to be booked in the PP&E account. The table below sets out the full calculation of the PP&E Deferral Account consistent with the terms of this Settlement Agreement.

**Lakefront Utilities Inc. - MIFRS**  
**PP&E Deferral Account**

		2011	2012		
		Rebase MIFRS			
		Forecast			
PP&E Values under CGAAP					
	Opening Net PP&E	\$	12,428,681		
	Additions	\$	1,183,422		
	Depreciation	\$	(926,183)		
	Closing Net PP&E	\$	12,685,920		
PP&E Values under MIFRS					
	Opening Net PP&E	\$	12,428,681		
	Additions	\$	1,183,422		
	Depreciation	\$	(702,108)		
	Closing Net PP&E	\$	12,909,995		
Difference on Closing net PP&E, CGAAP vs MIFRS					
	Opening Balance	\$	-	\$	(224,075)
	Amount added in the year	\$	(224,075)	\$	-
	Sub-total	\$	(224,075)	\$	(224,075)
	Amount of Amort incl in Depre Exp including Return on Rate Base	\$	-	\$	69,822
		\$	(224,075)	\$	(154,253)

\*

<b>Annual Amortization of PP&amp;E Amount</b>	
(25% of \$56,019)for 2012, 2013, 2014 & 2015)	\$ 56,019
<b>Add: Return on Rate Base (6.16%)</b>	13,803.04
<b>Reduction in Annual Depreciation Expense</b>	69,822.04

## 12. GREEN ENERGY ACT PLAN

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

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<b>Status:</b>	<b>Complete Settlement</b>
Supporting Parties:	Lakefront, SEC, VECC
Evidence:	Application: Exhibit 2, Appendix A & B, Pages 104-112 Board Staff IRs: #29, #79.

For the purposes of settlement, the Parties accept Lakefront's basic Green Energy Act Plan.



## **Appendix A – Summary of Significant Changes**

Summary of Significant Changes			
	As Per Original Application	Settlement Agreement	Difference
<b>Rate Base</b>			
Gross Fixed Assets (Average)	21,739,365	22,253,318	513,953
Accumulated Depreciation (Average)	(8,284,312)	(8,554,642)	(270,330)
Allowance for Working Capital	3,926,020	3,961,344	35,324
Controllable Expenses	3,116,856	2,569,170	(547,686)
Cost of Power	23,056,611	23,839,792	783,181
<b>Utility Income</b>			
Operating Revenue			
Distribution Revenue at Current Rates	4,008,801	4,008,801	-
Distribution Revenue at Proposed Rates	4,753,833	4,417,971	(335,862)
<b>Other Revenue</b>			
Specific Service Charges	126,500	126,500	-
Late Payment Charges	63,140	63,140	-
Other Distribution Revenue	160,322	160,322	-
Other Income and Deductions	28,500	28,500	-
<b>Operating Expenses</b>			
OM&A Expenses	3,067,314	2,519,628	(547,686)
Depreciation	816,209	739,241	(76,968)
Property Taxes	49,542	49,542	-
<b>Taxes/PILS</b>			
Adjustments requires to arrive at taxable income	(415,807)	(523,689)	(107,882)
<b>Utility Income Taxes and Rates</b>			-
Income Taxes (not grossed up)	38,787	18,685	(20,102)
Income Taxes (grossed up)	45,901	22,112	(23,789)
Federal Tax (%)	15.00%	15.00%	-
Provincial Tax (%)	11.25%	11.25%	-
<b>Cost of Capital</b>			
Long term debt cost rate	4.83%	4.33%	(0.0050)
Short term debt cost rate	2.46%	2.08%	(0.0038)
Equity Cost Rate	9.58%	9.12%	(0.0046)

## Appendix B – Continuity Tables (MIFRS)

Fixed Asset Continuity Schedule (Distribution & Operations) As at December 31, 2011										
		Cost				Accumulated Depreciation				
CCA Class	OEB	Description	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	2,759		921,975	118,783	24,523		143,306
13	1810	Leasehold Improvements	0			0	0			0
47	1815	Transformer Station Equipment - Normally Primary	0			0	0			0
47	1820	Distribution Station Equipment - Normally Primary	2,762,235	175,181	50,000	2,887,416	1,598,842	53,111		1,651,953
47	1825	Storage Battery Equipment	0			0	0			0
47	1830	Poles, Towers and Fixtures	1,107,311	270,966		1,378,277	164,448	37,125		201,573
47	1835	Overhead Conductors and Devices	3,813,754	441,892		4,255,646	761,802	88,487		850,289
47	1840	Underground Conduit	878,943	62,968		941,911	174,014	25,037		199,052
47	1845	Underground Conductors and Devices	3,066,154	158,501		3,224,655	1,819,955	81,509		1,901,464
47	1850	Line Transformers	5,111,049	151,474		5,262,522	2,204,716	146,107		2,350,823
47	1855	Services	509,529	7,967		517,496	142,492	8,268		150,760
47	1860	Meters	894,462	22,076		916,538	531,280	37,362		568,642
47	1860	Smart Meters	2,077,534	-		2,077,534	241,877	111,086		352,963
N/A	1865	Other Installations on Customer's Premises	0	1,030		1,030	0	51		51
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	5,455		62,480	7,334	4,846		12,179
10	1920	Computer Equipment - Hardware	31,199	9,055		40,255	12,705	6,125		18,830
12	1925	Computer Software	113,876	24,383		138,259	46,334	22,438		68,771
12	1925	Computer software - Smart Meter	123,706			123,706	46,757	18,169		64,926
10	1930	Transportation Equipment	759,705			759,705	149,873	94,308		244,182
8	1935	Stores Equipment	0			0	0			0
8	1940	Tools, Shop and Garage Equipment	158,730	89,962		248,692	48,849	20,009		68,858
8	1945	Measurement and Testing Equipment	18,712	2,158		20,870	936	2,087		3,023
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)	(242,404)		(2,400,063)	(370,049)	(78,541)		(448,590)
	2005	Property under Capital Lease	0			0	0			0
		<b>Total before Work in Process</b>	<b>20,519,631</b>	<b>1,183,422</b>	<b>104,866</b>	<b>21,598,186</b>	<b>7,700,948</b>	<b>702,108</b>	<b>0</b>	<b>8,403,056</b>
WIP		Work in Process	0	230,000		230,000	0			0
		<b>Total after Work in Process</b>	<b>20,519,631</b>	<b>1,413,422</b>	<b>104,866</b>	<b>21,828,186</b>	<b>7,700,948</b>	<b>702,108</b>	<b>0</b>	<b>8,403,056</b>



## **Appendix C – Cost of Power (Updated)**

<b>2012 Load Forecast</b>	<b>kWh</b>	<b>kW</b>	<b>2010 %RPP</b>		
Residential	73,125,152		88%		
General Service < 50 kW	35,160,634		88%		
General Service 50 to 2,999 kW	120,608,902	303,629	11%		
Intermediate 3,000 to 4,999 kW	19,295,356	47,442	0%		
Street Lighting	1,215,575	3,343	0%		
Sentinel Lighting	78,431	217.8652	0%		
Unmetered Scattered Load	716,623		0%		
<b>TOTAL</b>	<b>250,200,674</b>	<b>354,633</b>			
<b>Electricity - Commodity RPP</b>	<b>2012</b>	<b>2012 Loss</b>			
<b>Class per Load Forecast RPP</b>	<b>Forecasted</b>	<b>Factor</b>	<b>2012</b>		
Residential	64,683,429	1.0565	68,339,774	\$0.07565	\$5,169,904
General Service < 50 kW	30,990,706	1.0565	32,742,511	\$0.07565	\$2,476,971
General Service 50 to 2,999 kW	12,819,646	1.0565	13,544,299	\$0.07565	\$1,024,626
Intermediate 3,000 to 4,999 kW	0	1.0565	0	\$0.07565	\$0
Street Lighting	0	1.0565	0	\$0.07565	\$0
Sentinel Lighting	1	1.0565	1	\$0.07565	\$0
Unmetered Scattered Load	2,049	1.0565	2,165	\$0.07565	\$164
<b>TOTAL</b>	<b>108,495,831</b>		<b>114,628,750</b>		<b>\$8,671,665</b>
<b>Electricity - Commodity Non-RPP</b>	<b>2012</b>	<b>2012 Loss</b>			
<b>Class per Load Forecast</b>	<b>Forecasted</b>	<b>Factor</b>	<b>2012</b>		
Residential	8,441,723	1.0565	8,918,907	\$0.07191	\$641,359
General Service < 50 kW	4,169,928	1.0565	4,405,641	\$0.07191	\$316,810
General Service 50 to 2,999 kW	107,789,256	1.0565	113,882,234	\$0.07191	\$8,189,271
Intermediate 3,000 to 4,999 kW	19,295,356	1.0565	20,386,060	\$0.07191	\$1,465,962
Street Lighting	1,215,575	1.0565	1,284,288	\$0.07191	\$92,353
Sentinel Lighting	78,430	1.0565	82,864	\$0.07191	\$5,959
Unmetered Scattered Load	714,574	1.0565	754,966	\$0.07191	\$54,290
<b>TOTAL</b>	<b>141,704,842</b>		<b>149,714,959</b>		<b>\$10,766,003</b>
<b>Transmission - Network</b>		<b>Volume</b>			
<b>Class per Load Forecast</b>		<b>Metric</b>	<b>2012</b>		
Residential		kWh	77,258,681	\$0.0055	\$428,618
General Service < 50 kW		kWh	37,148,151	\$0.0050	\$187,009
General Service 50 to 2,999 kW		kW	303,629	\$2.0534	\$623,477
Intermediate 3,000 to 4,999 kW		kW	47,442	\$2.2965	\$108,951
Street Lighting		kW	3,343	\$1.5487	\$5,178
Sentinel Lighting		kW	218	\$1.5563	\$339
Unmetered Scattered Load		kWh	757,131	\$0.0059	\$4,434
<b>TOTAL</b>					<b>\$1,358,005</b>
<b>Transmission - Connection</b>		<b>Volume</b>			
<b>Class per Load Forecast</b>		<b>Metric</b>	<b>2012</b>		
Residential		kWh	77,258,681	\$0.0044	\$339,852
General Service < 50 kW		kWh	37,148,151	\$0.0040	\$148,210
General Service 50 to 2,999 kW		kW	303,629	\$1.5822	\$480,392
Intermediate 3,000 to 4,999 kW		kW	47,442	\$1.8660	\$88,530
Street Lighting		kW	3,343	\$1.2231	\$4,089
Sentinel Lighting		kW	218	\$1.2486	\$272
Unmetered Scattered Load		kWh	757,131	\$0.0049	\$3,718
<b>TOTAL</b>					<b>\$1,065,063</b>

<u>Wholesale Market Service</u>					
Class per Load Forecast				2012	
Residential			77,258,681	\$0.0052	\$401,745
General Service < 50 kW			37,148,151	\$0.0052	\$193,170
General Service 50 to 2,999 kW			127,426,534	\$0.0052	\$662,618
Intermediate 3,000 to 4,999 kW			20,386,060	\$0.0052	\$106,008
Street Lighting			1,284,288	\$0.0052	\$6,678
Sentinel Lighting			82,865	\$0.0052	\$43
Unmetered Scattered Load			757,131	\$0.0052	\$3,937
<b>TOTAL</b>			<b>264,343,709</b>		<b>\$1,374,587</b>
<u>Rural Rate Assistance</u>					
Class per Load Forecast				2012	
Residential			77,258,681	\$0.0011	\$84,985
General Service < 50 kW			37,148,151	\$0.0011	\$40,863
General Service 50 to 2,999 kW			127,426,534	\$0.0011	\$140,169
Intermediate 3,000 to 4,999 kW			20,386,060	\$0.0011	\$22,425
Street Lighting			1,284,288	\$0.0011	\$1,413
Sentinel Lighting			82,865	\$0.0011	\$91
Unmetered Scattered Load			757,131	\$0.0011	\$833
<b>TOTAL</b>			<b>264,343,709</b>		<b>\$290,778</b>
<u>Low Voltage</u>					
Class per Load Forecast				2012	
Residential			73,125,152	\$0.0013	\$95,063
General Service < 50 kW			35,160,634	\$0.0012	\$42,193
General Service 50 to 2,999 kW			303,629	\$0.4864	\$147,685
Intermediate 3,000 to 4,999 kW			47,442	\$0.5570	\$26,425
Street Lighting			3,343	\$0.3708	\$1,240
Sentinel Lighting			218	\$0.3754	\$82
Unmetered Scattered Load			716,623	\$0.0014	\$1,003
<b>TOTAL</b>					<b>\$313,691</b>
	<b>2012</b>				
4705-Power Purchased	\$19,437,668				
4708-Charges-WMS	\$1,374,587				
4714-Charges-NW	\$1,358,005				
4716-Charges-CN	\$1,065,063				
4730-Rural Rate Assistance	\$290,778				
4750-Low Voltage	\$313,691				
<b>TOTAL</b>	<b>23,839,792</b>				

## Appendix D – 2012 Customer Class Load Forecast

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Weather Normal	2012 Weather Normal
<b>Actual kWh Purchases</b>	264,365,121	265,103,480	265,431,760	267,650,333	261,227,184	257,221,767	261,542,031		
<b>Predicted kWh Purchases</b>	263,973,437	265,303,309	265,079,882	266,595,213	261,564,711	259,497,349	260,527,776	262,257,591	264,343,709
<b>% Difference</b>	-0.1%	0.1%	-0.1%	-0.4%	0.1%	0.9%	-0.4%		
<b>Billed kWh</b>	250,404,235	245,534,411	249,730,055	251,838,780	249,119,680	243,045,006	248,087,251	248,226,168	250,200,674
<b>By Class</b>									
<b>Residential</b>									
Customers	7,472	7,539	7,717	7,835	7,942	8,196	8,305	8,453	8,603
kWh	71,606,528	72,668,912	70,342,664	72,101,355	72,186,004	71,936,998	72,645,801	72,459,122	73,125,152
<b>General Service &lt; 50 kW</b>									
Customers	968	1,010	1,041	1,044	1,044	1,061	1,067	1,084	1,102
kWh	31,362,518	31,761,066	32,373,170	34,122,931	34,456,796	34,498,946	34,124,597	34,436,304	35,160,634
<b>General Service 50 - 2,999 kW</b>									
Customers	146	146	141	133	133	130	132	129	127
kWh	119,715,730	118,356,603	120,975,702	122,417,181	121,003,376	114,875,960	120,290,733	120,035,230	120,608,902
kW	291,092	295,106	297,477	300,809	298,912	290,143	299,041	301,159	303,629
<b>Intermediate 3,000 - 4,999 kW</b>									
Customers	1	1	1	1	1	1	1	1	1
kWh	25,202,991	20,215,158	23,443,190	20,583,615	18,805,505	19,554,367	19,036,344	19,295,356	19,295,356
kW	49,683	45,661	48,479	46,227	40,464	49,629	45,256	47,442	47,442
<b>Street Lights</b>									
Connections	2,612	2,641	2,678	2,710	2,793	2,770	2,755	2,779	2,804
kWh	1,904,781	1,913,253	1,923,811	1,931,928	1,867,000	1,350,902	1,194,280	1,204,881	1,215,575
kW	5,156	5,195	5,222	5,240	5,091	3,654	3,302	3,307	3,343
<b>Sentinel Lights</b>									
Connections	55	55	59	58	57	53	54	54	54
kWh	71,663	70,344	76,087	76,442	81,012	79,959	78,873	78,652	78,431
kW	199	195	211	212	225	222	219	218	218
<b>Unmetered Loads</b>									
Connections	58	58	70	81	94	95	77	77	77
kWh	540,024	549,075	595,431	605,328	719,986	747,874	716,623	716,623	716,623
<b>Total</b>									
Customer/Connections	11,311	11,450	11,707	11,861	12,063	12,305	12,390	12,577	12,767
kWh	250,404,235	245,534,411	249,730,055	251,838,780	249,119,680	243,045,006	248,087,251	248,226,168	250,200,674
kW from applicable classes	346,130	346,157	351,389	352,488	344,692	343,648	347,817	352,126	354,633



## Appendix E – 2012 Other Revenue

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

## Appendix F – 2012 PILS (Updated)

2012 Capital Taxes			2012 PILs Schedule			2012 Total Taxes	
Description	OCT	LCT	Description	Source or Input	Tax Payable	Description	Tax Payable
Total Rate Base	17,667,951	17,667,951	Accounting Income	10' Rev Def	666,692	Total PILs	22,165
Exemption	(15,000,000)	0	Tax Adj to Accounting Income	10' Rev Def	(523,689)	Net Capital Tax Payable	-
Deemed Taxable Capital	2,667,951	17,667,951	Taxable Income		143,003	PILs including Capital Taxes	22,165
Rate	0.000%	0.000%	Combined Income Tax Rate	PILs Rates	15.500%		
Gross Tax Payable	0	0	Total Income Taxes		22,165		
Surtax	0	0	Investment Tax Credits				
Net Capital Tax Payable	0	0	Apprentice Tax Credits				
			Other Tax Credits				
			Total PILs		22,165		

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Dispositions
1	Distribution System - 1988 to 22-Feb-2005	8,399,049	0	0	8,399,049	0	0
2	Distribution System - pre 1988	0	0	0	0	0	0
6	Buildings (No footings below ground)	9,014	0	0	9,014	0	0
8	General Office/Stores Equip	123,306	0	0	123,306	419,000	0
10	Computer Hardware/ Vehicles	386,372	0	0	386,372	205,000	0
10.1	Certain Automobiles	0	0	0	0	0	0
12	Computer Software	12,192	0	0	12,192	325,000	0
3		0	0	0	0	0	0
		0	0	0	0	0	0
13.3	Lease # 3	0	0	0	0	0	0
13.4	Lease # 4	0	0	0	0	0	0
14	Franchise	0	0	0	0	0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0
45	Computers & Systems Hardware acq'd post Mar 22/04	744	0	0	744	0	0
50	Computers & Systems Hardware acq'd post Mar 19/07	510	0	0	510	0	0
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0
47	Distribution System - post 22-Feb-2005	6,649,525			6,649,525	1,050,000	688,736
	SUB-TOTAL - UCC	15,580,711	0	0	15,580,711	1,999,000	688,736

1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
0	8,399,049	4%	335,962	8,063,087
0	0	6%	0	0
0	9,014	10%	901	8,113
209,500	332,806	20%	66,561	475,744
102,500	488,872	30%	146,662	444,710
0	0	30%	0	0
162,500	174,692	100%	174,692	162,500
0	0	5%	0	0
0	0	0%	0	0
0	0		0	0
0	0		0	0
0	0	8%	0	0
0	0	30%	0	0
0	744	45%	335	409
0	510	55%	281	230
0	0	30%	0	0
180,632	6,830,157	8%	546,413	6,464,376
<b>655,132</b>	<b>16,235,842</b>		<b>1,271,805</b>	<b>15,619,169</b>

Cumulative Eligible Capital Calculation				
Cumulative Eligible Capital				0
<b>Additions:</b>				
Cost of Eligible Capital Property Acquired during the year	0			
Other Adjustments	0			
Subtotal	0 x 3/4 =		0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday December 31, 2002	0 x 1/2 =		0	
			0	0
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal				0
<b>Deductions:</b>				
Projected proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during the year				
Other Adjustments	0			
Subtotal	0 x 3/4 =		0	0
Cumulative Eligible Capital Balance				0
CEC Deduction	7%			0
Cumulative Eligible Capital - Closing Balance				0

CONTINUITY OF RESERVES FOR 2011										
Description	Balance at December 31, Actual Year as per tax returns	Non-Distribution Eliminations	Utility Only Opening Balance	Eliminate Amounts Not Relevant for Test Year Sign Convention: Increase (+) Decrease (-)	Adjusted Utility Balance	Additions	Disposals	Balance for Bridge Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)			0		0			0	0	
<b>Tax Reserves Not Deducted for accounting purposes</b>										
Reserve for doubtful accounts ss. 20(1)(l)			0		0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)			0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)			0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)			0		0			0	0	
Other tax reserves			0		0			0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Statement Reserves (not deductible for Tax Purposes)</b>										
General Reserve for Inventory Obsolescence (non-specific)			0		0			0	0	
General reserve for bad debts			0		0			0	0	
Accrued Employee Future Benefits:			0		0			0	0	
- Medical and Life Insurance			0		0			0	0	
- Short & Long-term Disability			0		0			0	0	
- Accumulated Sick Leave			0		0			0	0	
- Termination Cost			0		0			0	0	
- Other Post-Employment Benefits	268,943		268,943		268,943	26,894		295,837	26,894	
Provision for Environmental Costs			0		0			0	0	
Restructuring Costs			0		0			0	0	
Accrued Contingent Litigation Costs			0		0			0	0	
Accrued Self-Insurance Costs			0		0			0	0	
Other Contingent Liabilities			0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0		0			0	0	
Other			0		0			0	0	
<b>Total</b>	<b>268,943</b>	<b>0</b>	<b>268,943</b>	<b>0</b>	<b>268,943</b>	<b>26,894</b>	<b>0</b>	<b>295,837</b>	<b>26,894</b>	<b>0</b>

CONTINUITY OF RESERVES FOR 2012						
Description	Adjusted Utility Balance	Additions	Disposals	Balance for Test Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0			0	0	
<b>Tax Reserves Not Deducted for accounting purposes</b>						
Reserve for doubtful accounts ss. 20(1)(l)	0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0			0	0	
Other tax reserves	0			0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Statement Reserves (not deductible for Tax Purposes)</b>						
General Reserve for Inventory Obsolescence (non-specific)	0			0	0	
General reserve for bad debts	0			0	0	
Accrued Employee Future Benefits:	0			0	0	
- Medical and Life Insurance	0			0	0	
- Short & Long-term Disability	0			0	0	
- Accumulated Sick Leave	0			0	0	
- Termination Cost	0			0	0	
- Other Post-Employment Benefits	295,837	8,875		304,712	8,875	
Provision for Environmental Costs	0			0	0	
Restructuring Costs	0			0	0	
Accrued Contingent Litigation Costs	0			0	0	
Accrued Self-Insurance Costs	0			0	0	
Other Contingent Liabilities	0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0			0	0	
Other	0			0	0	
<b>Total</b>	<b>295,837</b>	<b>8,875</b>	<b>0</b>	<b>304,712</b>	<b>8,875</b>	<b>0</b>

## Determination of Tax Adjustments to Accounting Income for 2012

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
<b>Additions:</b>				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	739,241	0	739,241
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109		0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120		0	0
Non-deductible meals and entertainment expense	121		0	0
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	0	0	0
Reserves from financial statements- balance at end of year	126	304,712	0	304,712
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294		0	0
Other Additions (Apprenticeship Tax Credits)	295	0	0	0
<b>Total Additions</b>		<b>1,043,953</b>	<b>0</b>	<b>1,043,953</b>

<b>Deductions:</b>				
Gain on disposal of assets per financial statements	401		0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	1,271,805	0	1,271,805
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	0	0	0
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	0	0	0
Reserves from financial statements - balance at beginning of year	414	295,837	0	295,837
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions	394	0	0	0
<b>Total Deductions</b>		<b>1,567,643</b>	<b>0</b>	<b>1,567,643</b>
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
<b>Total Adjustments</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Tax Adjustments to Accounting Income</b>		<b>(523,689)</b>	<b>0</b>	<b>(523,689)</b>

Corporate Tax Rates		
Corporate Tax Rates for Tax Year:	2011 Bridge	2012 Test
OCT Exemption	15,000,000	15,000,000
Federal Income Tax	16.50%	15.00%
Ontario Income Tax	11.75%	11.25%
Combined Income Tax	28.25%	15.50%
Ontario Capital Tax Rate	0.000%	0.000%
Large Corporation Tax Rate		
Large Corporation Tax Exemption		

## Appendix G – 2012 Cost of Capital (Updated)

Debt & Capital Cost Structure								
Weighted Debt Cost								
Description	Debt Holder	Affiliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Promissory Note	Town of Cobourg	Y	October 1, 2001	7,000,000	Unspecified	4.41%	2012	308,700
Loan Payable	TD CT	N	November 1, 2011	2,000,000		4.24%	2012	84,800
Loan Payable	Infrastructure Ontario	N	November 1, 2011	3,800,000		4.24%	2012	161,120
								0
2008 Total Long Term Debt				7,000,000	Total Interest Cost for 2008			427,000
					Weighted Debt Cost Rate for 2008			6.10%
2009 Total Long Term Debt				8,653,000	Total Interest Cost for 2009			527,833
					Weighted Debt Cost Rate for 2009			6.10%
2010 Total Long Term Debt				10,547,658	Total Interest Cost for 2010			643,407
					Weighted Debt Cost Rate for 2010			6.10%
2011 Total Long Term Debt				12,800,000	Total Interest Cost for 2011			735,560
					Weighted Debt Cost Rate for 2011			5.75%
2012 Total Long Term Debt				12,800,000	Total Interest Cost for 2012			554,620
					Weighted Debt Cost Rate for 2012			4.33%

Deemed Capital Structure for 2012				
Description	\$	% of Rate Base	Rate of Return	Return
Long Term Debt	9,921,652	56.00%	4.33%	429,902
Unfunded Short Term Debt	708,689	4.00%	2.08%	14,741
Total Debt	10,630,342	60.00%		444,643
Common Share Equity	7,086,895	40.00%	9.12%	646,325
Total equity	7,086,895	40.00%		646,325
Total Rate Base	17,717,236	100.00%	6.16%	1,090,968



**Appendix H – (Updated) 2012 Revenue Deficiency**

Lakefront Utilities Inc. Revenue Deficiency Determination			
Description	2011 Bridge	2012 Test Existing Rates	2012 Test - Required Revenue
<b>Revenue</b>			
Revenue Deficiency (sufficiency would be negative)			30,708.12
Distribution Revenue	4,019,092	4,008,801	4,008,801
Other Operating Revenue (Net)	298,240	378,462	378,462
<b>Total Revenue</b>	<b>4,317,332</b>	<b>4,387,263</b>	<b>4,417,971</b>
<b>Costs and Expenses</b>			
Administrative & General, Billing & Collecting	1,563,298	1,359,917	1,359,917
Operation & Maintenance	885,828	1,159,711	1,159,711
Depreciation & Amortization	702,108	739,241	739,241
Property Taxes	48,099	49,545	49,545
Capital Taxes	0	0	0
Deemed Interest	529,673	443,207	443,207
<b>Total Costs and Expenses</b>	<b>3,729,006</b>	<b>3,751,621</b>	<b>3,751,621</b>
Less OCT Included Above	0	0	0
<b>Total Costs and Expenses Net of OCT</b>	<b>3,729,006</b>	<b>3,751,621</b>	<b>3,751,621</b>
<b>Utility Income Before Income Taxes</b>	<b>588,326</b>	<b>635,642</b>	<b>666,350</b>
<b>Income Taxes:</b>			
Corporate Income Taxes	24,314	17,353	22,112
<b>Total Income Taxes</b>	<b>24,314</b>	<b>17,353</b>	<b>22,112</b>
<b>Utility Net Income</b>	<b>564,013</b>	<b>618,289</b>	<b>644,238</b>
<b>Capital Tax Expense Calculation:</b>			
Total Rate Base	15,970,963	17,660,020	17,660,020
Exemption	15,000,000	15,000,000	15,000,000
Deemed Taxable Capital	970,963	2,660,020	2,660,020
Ontario Capital Tax	0	0	0
<b>Income Tax Expense Calculation:</b>			
Accounting Income	588,326	635,642	666,350
Tax Adjustments to Accounting Income	(502,260)	(523,689)	(523,689)
<b>Taxable Income</b>	<b>86,066</b>	<b>111,953</b>	<b>142,661</b>
<b>Income Tax Expense</b>	<b>24,314</b>	<b>17,353</b>	<b>22,112</b>
<b>Tax Rate Reflecting Tax Credits</b>	<b>28.25%</b>	<b>15.50%</b>	<b>15.50%</b>
<b>Actual Return on Rate Base:</b>			
Rate Base	15,970,963	17,660,020	17,660,020
Interest Expense	529,673	443,207	443,207
Net Income	564,013	618,289	644,238
<b>Total Actual Return on Rate Base</b>	<b>1,093,686</b>	<b>1,061,496</b>	<b>1,087,444</b>
<b>Actual Return on Rate Base</b>	<b>6.85%</b>	<b>6.01%</b>	<b>6.16%</b>
<b>Required Return on Rate Base:</b>			
Rate Base	15,970,963	17,660,020	17,660,020
<b>Return Rates:</b>			
Return on Debt (Weighted)	5.53%	4.18%	4.18%
Return on Equity	9.58%	9.85%	9.85%
Deemed Interest Expense	529,673	443,207	443,207
Return On Equity	612,007	644,238	644,238
<b>Total Return</b>	<b>1,141,680</b>	<b>1,087,444</b>	<b>1,087,444</b>
<b>Expected Return on Rate Base</b>	<b>7.15%</b>	<b>6.16%</b>	<b>6.16%</b>
<b>Revenue Deficiency After Tax</b>	<b>47,995</b>	<b>25,948</b>	<b>0</b>
<b>Revenue Deficiency Before Tax</b>	<b>66,892</b>	<b>30,708</b>	<b>0</b>

Tax Exhibit			2012
Deemed Utility Income			644,238
Tax Adjustments to Accounting Income			(523,689)
<b>Taxable Income prior to adjusting revenue to PILs</b>			<b>120,548</b>
Tax Rate			15.50%
Total PILs before gross up			<b>18,685</b>
<b>Grossed up PILs</b>			<b>22,112</b>

## **Appendix I – Proposed 2012 Tariff of Rates and Charges (Updated)**

Smart Meter Rate Rider is applied over a one year period. All other rate riders are applied over a four year period.

### **RESIDENTIAL SERVICE CLASSIFICATION**

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. All customers are single-phase. Further servicing details are available in the distributor's Conditions of Service.

### **APPLICATION**

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Energy Benefit and the HST.

### **MONTHLY RATES AND CHARGES – Delivery Component**

Service Charge	\$	9.92
Smart Meter	\$	(0.38)
Stranded Assets Rate Rider	\$	2.17
Distribution Volumetric Rate	\$/kWh	0.0143
Low Voltage Service Rate	\$/kWh	0.0013
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers	\$/kWh	(0.0002)
Rate Rider for Deferral/Variance Account Disposition (2012)	\$/kWh	(0.0013)
Rate Rider for LRAM Recovery	\$/kWh	0.0002
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044

### **MONTHLY RATES AND CHARGES – Regulatory Component**

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

## GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

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

### APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Energy Benefit and the HST.

Service Charge	\$	22.70
Smart Meter	\$	1.66
Stranded Assets Rate Rider	\$	2.17
Distribution Volumetric Rate	\$/kWh	0.0082
Low Voltage Service Rate	\$/kWh	0.0012
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers	\$/kWh	(0.0002)
Rate Rider for Deferral/Variance Account Disposition	\$/kWh	(0.0011)
Rate Rider for LRAM Recovery	\$/kWh	0.0002
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0040

### MONTHLY RATES AND CHARGES – Regulatory Component

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

## GENERAL SERVICE 50 to 2,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	76.85
Smart Meter	\$	(0)
Stranded Assets Rate Rider	\$	2.17
Distribution Volumetric Rate	\$/kW	3.4072
Low Voltage Service Rate	\$/kW	0.4778
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers	\$/kW	(0.0723)
Rate Rider for Deferral/Variance Account Disposition	\$/kW	(0.3813)
Rate Rider for LRAM Recovery	\$/kW	0.0069
Retail Transmission Rate – Network Service Rate	\$/kW	2.0534
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5822

### MONTHLY RATES AND CHARGES – Regulatory Component

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

## Intermediate 3000 to 4,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	4070.33
Smart Meter	\$	(0.00)
Stranded Assets Rate Rider	\$	2.17
Distribution Volumetric Rate	\$/kW	1.5832
Low Voltage Service Rate	\$/kW	0.5635
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers	\$/kW	(0.0828)
Rate Rider for Deferral/Variance Account Disposition	\$/kW	(0.3497)
Rate Rider for LRAM Recovery	\$/kW	0.0149
Retail Transmission Rate – Network Service Rate	\$/kW	2.2965
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.8660

### MONTHLY RATES AND CHARGES – Regulatory Component

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

## UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per Customer)	\$	13.49
Distribution Volumetric Rate	\$/kWh	0.0352
Low Voltage Service Rate	\$/kWh	0.0015
Rate Rider for Deferral/Variance Account Disposition	\$/kWh	0.0000
Rate Rider for Global Adjustment Sub-Account Disposition Applicable only for Non-RPP Customers	\$/kW	(0.0002)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0049

### MONTHLY RATES AND CHARGES – Regulatory Component

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



## SENTINEL LIGHTING SERVICE CLASSIFICATION

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

### APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	4.70
Distribution Volumetric Rate	\$/kW	11.5647
Low Voltage Service Rate	\$/kW	0.3771
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers	\$/kW	(0.0733)
Rate Rider for Deferral/Variance Account Disposition	\$/kW	(0.5618)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5563
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2486

### MONTHLY RATES AND CHARGES – Regulatory Component

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

## STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	3.86
Distribution Volumetric Rate	\$/kW	24.4759
Low Voltage Service Rate	\$/kW	0.3694
Rate Rider for Deferral/Variance Account Disposition	\$/kW	(0.6336)
Rate Rider for Global Adjustment Sub-Account Disposition Applicable only for Non-RPP Customers	\$/kW	(0.0740)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5487
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2231

### MONTHLY RATES AND CHARGES – Regulatory Component

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

## **microFIT GENERATOR SERVICE CLASSIFICATION**

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

### **APPLICATION**

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

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

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It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Energy Benefit and the HST.

### **MONTHLY RATES AND CHARGES – Delivery Component**

Service Charge	\$	5.25
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## ALLOWANCES

Transformer Allowance for Ownership - General Service 50 to 4,999 kW customers - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

## SPECIFIC SERVICE CHARGES

### APPLICATION

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

Customer Administration		
Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Pulling post-dated cheques	\$	15.00
Request for other billing information	\$	15.00
Easement Letter	\$	15.00
Income tax letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned Cheque charge (plus bank charges)	\$	15.00
Legal letter charge	\$	15.00
Account set up charge / change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special Meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Collection of account charge – no disconnection – after regular hours	\$	165.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Temporary service install & remove – o/h – no transformer	\$	500.00
Temporary service install & remove – u/g - no transformer	\$	300.00
Temporary service install & remove – o/h –with transformer	\$	1000.00
Install / remove load control device – during regular hours	\$	65.00
Install / remove load control device – after regular hours	\$	185.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Interval Meter Load Management Tool Charge \$/month	\$	110.00
Service Charge for onsite interrogation of interval meter due to customer phone line failure – required weekly until line repaired	\$	60.00

## RETAIL SERVICE CHARGES (if applicable)

### APPLICATION

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

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

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

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

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

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

### LOSS FACTORS

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

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0565
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0565
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0465
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0465

## **Appendix J - Updated Customer Impacts**

### **Residential**



☒ Application of New Loss Factor to all applicable items    ☐ Application of new Loss Factor to Deliver

Consumption 800 kWh

	Charge Unit	Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1 Monthly Service Charge	monthly	\$ 9.2900	1	\$ 9.29	\$ 9.9200	1	\$ 9.92	\$ 0.63	6.78%
2 Smart Meter Rate Adder			1	\$ -		1	\$ -	\$ -	
3 Service Charge Rate Adder(s)			1	\$ -	\$ -	1	\$ -	\$ -	
4 Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -	
5 Distribution Volumetric Rate	per kWh	\$ 0.0134	800	\$ 10.72	\$ 0.0143	800	\$ 11.44	\$ 0.72	6.72%
6 Low Voltage Rate Adder	per kWh	\$ 0.0013	800	\$ 1.04	\$ 0.0013	800	\$ 1.04	\$ -	0.00%
7 Volumetric Rate Adder(s)			800	\$ -		800	\$ -	\$ -	
8 Volumetric Rate Rider(s)			800	\$ -		800	\$ -	\$ -	
9 Smart Meter Disposition Rider			800	\$ -		800	\$ -	\$ -	
10 LRAM & SSM Rate Rider	per kWh	\$ 0.0011	800	\$ 0.88	\$ 0.0002	800	\$ 0.19	-\$ 0.69	-78.74%
11 Deferral/Variance Account Disposition Rate Rider	per kWh	\$ 0.0014	800	\$ 1.12	-\$ 0.0013	800	-\$ 1.06	-\$ 2.18	-194.35%
12 Stranded Meter Rider	monthly	\$ -	1	\$ -	\$ 2.1696	1	\$ 2.17	\$ 2.17	
13 Smart Meter Rate Rider	monthly	\$ 2.5000	1	\$ 2.50	-\$ 0.3837	1	-\$ 0.38	-\$ 2.88	-115.35%
14 Late Payment Penalty	monthly	\$ 0.1800	1	\$ 0.18			\$ -	-\$ 0.18	-100.00%
15				\$ -			\$ -	\$ -	
16 Sub-Total A - Distribution				\$ 25.73			\$ 23.32	-\$ 2.41	-9.38%
17 RTSR - Network	per kWh	\$ 0.0054	843.28	\$ 4.55	\$ 0.0055	845.2	\$ 4.69	\$ 0.14	2.97%
18 RTSR - Line and Transformation Connection	per kWh	\$ 0.0043	843.28	\$ 3.63	\$ 0.0044	845.2	\$ 3.72	\$ 0.09	2.53%
19 Sub-Total B - Delivery (including Sub-Total A)				\$ 33.91			\$ 31.72	-\$ 2.19	-6.45%
20 Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0065	843.28	\$ 5.48		845.2	\$ -	-\$ 5.48	-100.00%
21 Rural and Remote Rate Protection (RRRP)			843.28	\$ -		845.2	\$ -	\$ -	
22 Special Purpose Charge	per kWh	\$ -	843.28	\$ -	\$ -	845.2	\$ -	\$ -	
23 Standard Supply Service Charge			1	\$ -		1	\$ -	\$ -	
24 Debt Retirement Charge (DRC) Energy	per kWh	\$ 0.0070	800	\$ 5.60		800	\$ -	-\$ 5.60	-100.00%
25			843.28	\$ -	\$ 0.0129	845.2	\$ 10.92	\$ 10.92	
26 First Block	per kWh	\$ 0.0650	600	\$ 39.00	\$ 0.0650	600	\$ 39.00	\$ -	0.00%
27 Balance Block	per kWh	\$ 0.0750	243	\$ 18.23	\$ 0.0750	245.22	\$ 18.39	\$ 0.17	0.91%
28 Total Bill (before Taxes)				\$ 102.22			\$ 100.04	-\$ 2.18	-2.13%
29 HST		13%		\$ 13.29	13%		\$ 13.01	-\$ 0.28	-2.13%
30 Total Bill (including Sub-total B)				\$ 115.50			\$ 113.04	-\$ 2.46	-2.13%
31 Ontario Clean Energy Benefit (OCEB)		-10%		-\$ 11.55	-10%		-\$ 11.30	\$ 0.25	-2.16%
32 Total Bill (including OCEB)				\$ 103.95			\$ 101.74	-\$ 2.21	-2.13%
33 Loss Factor (%)	Note 1		<span style="border: 1px solid black; padding: 0 5px;">5.41%</span>			<span style="border: 1px solid black; padding: 0 5px;">5.65%</span>			



## General Service < 50



### Ontario Energy Board

## REVENUE REQUIREMENT WORK FORM

Version 2.20

Lakefront Utilities Inc.  
**Bill Impacts - General Service < 50 kW**

☒ Application of New Loss Factor to all applicable items    ☐ Application of new Loss Factor to Delivery It

		Consumption		2000 kWh										
		Charge Unit	Current Board-Approved			Proposed			Impact					
			Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change				
1	Monthly Service Charge	monthly	\$ 22.5000	1	\$ 22.50	\$ 22.7000	1	\$ 22.70	\$ 0.20	0.89%				
2	Smart Meter Rate Adder			1	\$ -		1	\$ -	\$ -					
3	Service Charge Rate Adder(s)	per kWh	\$ 0.4400	1	\$ 0.44	\$ -	1	\$ -	-\$ 0.44	-100.00%				
4	Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -					
5	Distribution Volumetric Rate	per kWh	\$ 0.0081	2000	\$ 16.20	\$ 0.0082	2000	\$ 16.40	\$ 0.20	1.23%				
6	Low Voltage Rate Adder	per kWh	\$ 0.0012	2000	\$ 2.40	\$ 0.0012	2000	\$ 2.40	\$ -	0.00%				
7	Volumetric Rate Adder(s)			2000	\$ -		2000	\$ -	\$ -					
8	Volumetric Rate Rider(s)			2000	\$ -		2000	\$ -	\$ -					
9	Smart Meter Disposition Rider			2000	\$ -		2000	\$ -	\$ -					
10	LRAM & SSM Rider	per kWh	\$ 0.0002	2000	\$ 0.40	\$ 0.0002	2000	\$ 0.39	-\$ 0.01	-3.35%				
11	Deferral/Variance Account Disposition Rate Rider	per kWh	\$ 0.0015	2000	\$ 3.00	\$ 0.0011	2000	\$ 2.28	-\$ 5.28	-175.93%				
12	Stranded Meter Rider	monthly	\$ 2.5000	1	\$ 2.50	\$ 2.1696	1	\$ 2.17	-\$ 0.33	-13.22%				
13	Smart Meter Rate Rider	monthly	\$ 2.5000	1	\$ 2.50	\$ 1.6616	1	\$ 1.66	-\$ 0.84	-33.54%				
14					\$ -			\$ -	\$ -					
15					\$ -			\$ -	\$ -					
16	Sub-Total A - Distribution				\$ 49.94			\$ 43.44	-\$ 6.50	-13.02%				
17	RTSR - Network	per kWh	\$ 0.0049	2108.2	\$ 10.33	\$ 0.0050	2113	\$ 10.64	\$ 0.31	2.97%				
18	RTSR - Line and Transformation Connection	per kWh	\$ 0.0039	2108.2	\$ 8.22	\$ 0.0040	2113	\$ 8.43	\$ 0.21	2.53%				
19	Sub-Total B - Delivery (including Sub-Total A)				\$ 68.49			\$ 62.51	-\$ 5.99	-8.74%				
20	Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0065	2108.2	\$ 13.70	\$ 0.0063	2113	\$ 13.31	-\$ 0.39	-2.86%				
21	Rural and Remote Rate Protection (RRRP)			2108.2	\$ -		2113	\$ -	\$ -					
22	Special Purpose Charge	per kWh	\$ -	2108.2	\$ -	\$ -	2113	\$ -	\$ -					
23	Standard Supply Service Charge			1	\$ -		1	\$ -	\$ -					
24	Debt Retirement Charge (DRC)	per kWh	\$ 0.0070	2000	\$ 13.97	\$ 0.0070	2000	\$ 14.00	\$ 0.03	0.23%				
25	Energy			2108.2	\$ -		2113	\$ -	\$ -					
26	First Block	per kWh	\$ 0.0650	600	\$ 39.00	\$ 0.0650	600	\$ 39.00	\$ -	0.00%				
27	Balance Block	per kWh	\$ 0.0750	1508.2	\$ 113.12	\$ 0.0750	1513	\$ 113.48	\$ 0.36	0.32%				
28	Total Bill (before Taxes)				\$ 248.28			\$ 242.29	-\$ 5.98	-2.41%				
29	HST		13%		\$ 32.28	13%		\$ 31.50	-\$ 0.78	-2.41%				
30	Total Bill (including Sub-total B)				\$ 280.55			\$ 273.79	-\$ 6.76	-2.41%				
31	Ontario Clean Energy Benefit (OCEB)		-10%		-\$ 28.06	-10%		-\$ 27.38	\$ 0.68	-2.42%				
32	Total Bill (including OCEB)				\$ 252.49			\$ 246.41	-\$ 6.08	-2.41%				
33	Loss Factor	(1)		5.41%			5.65%							

## **Appendix K – Capitalization Policy**

### **LAKEFRONT UTILITIES INC.**

#### **Intent**

This policy has been developed to ensure that Lakefront Group of Companies properly accounts for the investment in its property, plant and equipment and the changes in such investments. These guidelines were written in accordance with Generally Accepted Accounting Principles (GAAP) and amended to include changes with respect to International Financial Reporting Standards (IFRS) where required, auditor requirements and Ontario Energy Board's Accounting Procedures Handbook.

#### **Capitalization Guidelines**

A capital asset is broadly defined as being one that will provide future economic benefits to the organization. The definition in the OEB Handbook includes items which:

1. are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other capital assets;
2. have been acquired, constructed or developed with the intention of being used on a continuing basis; **and,**
3. are not intended for sale in the ordinary course of business.

Fixed assets have a useful life of more than one year and are subject to depreciation. Any directly attributable expenditures to acquire, construct or better that asset, should therefore be capitalized. All other expenditures should be expensed as a period expense in the year they occur.

Professional judgment must be used to determine when an expense is classified as capital or an operating expense. A betterment (capitalized) will enhance the service potential of an existing asset by increasing its service capacity, lowering the operational costs associated with the asset, extending the useful life of the asset, or improving the output of that asset. If the expenditure does not meet these tests, it will likely be considered an expense. Period expenses generally do not result in an improvement to the existing asset but rather, the expense is required to keep the asset operating in the same capacity as it was originally.

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.

## **Value**

The value of a capital asset is the cash price equivalent at the purchase date. The cash price of a capital asset includes:

- a) its purchase price, including an importing duties and non-refundable taxes, after deducting trade discounts and rebates.
- b) any costs that directly attributed to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Lakefront Group of Companies.
- c) the initial estimate of the costs of dismantling and removing the item and restoring the site on a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

## **Residual Value & Useful Life**

Lakefront Group of Companies will review at least annually the residual value and useful life of each asset. Reviews ensure that the carrying amount does not differ materially from what would be determined using fair value at the balance sheet date.

Increases and decreases in capital assets during reviews will be reported as a profit or loss in equity. If expectations differ from previous estimates the changes shall be accounted for as a change in estimate in accordance with IAS 8.

The following factors will be considered when determining the useful life of an asset:

- a) Expected usage of the asset. Usage is assessed by reference to the asset's expected capacity or physical output.
- b) Expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance program, and the care and maintenance of the asset while idle.
- c) Technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset.
- d) Legal or similar limits on the use of the asset, such as the expiry dates of related leases.
- e) Kinetrix report published by the OEB, to assist in determining the typical useful lives under IFRS.
- f) Professional judgment

## Acknowledgement & Agreement

I, (Employee Name), acknowledge that I have read and understand the Capitalization Policy of Lakefront Group of Companies. Further, I agree to adhere to this Policy and will ensure that employees working under my direction adhere to these guiding principles. I understand that if I violate the rules/procedures outlined in this Policy, I may face corrective action, up to and including termination of employment.

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Witness: \_\_\_\_\_

## CGAAP vs MIFRS Comparison of Burdenable Items

Based on the changes required for MIFRS, no amounts have been identified for removal from capitalized burdens.

Lakefront Utilities Inc.		
Labour Burden Expenses		
Groupings	CGAAP	MIFRS
<b>Administration</b>		
Other	Y	N
Conference and Seminar	Y	N
Lodging	Y	N
Meals	Y	N
Mileage Allowance	Y	N
Building Oper. Allocation	Y	N
<b>Line Crew</b>		
Regular	Y	Y
Overtime	Y	Y
Other	Y	N
Vacation Pay	Y	N
Stat Holiday	Y	N
Sick Time	Y	N
Training	Y	N
Safety Meeting	Y	N
Adverse Weather	Y	N
<b>Maintenance</b>		
Regular	Y	Y
Overtime	Y	Y
Other	Y	N
Vacation Pay	Y	N
Stat Holidays	Y	N
Sick Time	Y	N
Training	Y	N
Safety Meetings	Y	N
<b>Inspector</b>		
Regular	Y	Y
Overtime	Y	Y
Other	Y	N
Vacation Pay	Y	N
Stat Holidays	Y	N
Sick Time	Y	N
Training	Y	N
Safety Meetings	Y	N
<b>Benefits</b>		
Benefits	Y	Y
Training	Y	N
Insurance	Y	N
Property Taxes	Y	N
<b>Operations Management</b>		
Regular	Y	Note 1
Overtime	Y	Note 1
Other	Y	N
Vacation Pay	Y	N
Stat Holidays	Y	N
Sick Time	Y	N
Training	Y	N
Safety Meetings	Y	N
Vehicles	Y	Y
<b>Notes:</b>		
Note 1	For Operation Management Staff time is tracked to ensure directly attributable capital cost is specifically based on each individuals time spent	
Y	Costs eligible to be capitalized under CGAAP and MIFRS	
N	Costs not directly attributable to capital projects therefore not eligible to be capitalized under IFRS.	

## Appendix L – Cost Allocation Sheets O1 and O2



2012 COST ALLOCATION  
Lakefront Utilities Inc.  
EB-2011-0250  
Friday, August 26, 2011

### Sheet O1 Revenue to Cost Summary Worksheet - Initial Application

#### Instructions:

Please see the first tab in this workbook for detailed instructions

#### Class Revenue, Cost Analysis, and Return on Rate Base

	Total	1 Residential	2 General Service Less Than 50 kW	3 General Service 50 to 2,999 kW	5 General Service 3,000 to 4,999 kW	7 Street Lighting	8 Sentinel Lighting	9 Unmetered Scattered Load
<b>Rate Base Assets</b>								
crev Distribution Revenue at Existing Rates	\$4,008,802	\$1,938,972	\$582,323	\$1,198,646	\$41,451	\$210,576	\$5,503	\$31,331
mi Miscellaneous Revenue (mi)	\$378,462	\$212,698	\$53,016	\$75,443	\$11,487	\$21,518	\$524	\$3,775
	Miscellaneous Revenue Input equals Output							
<b>Total Revenue at Existing Rates</b>	<b>\$4,387,264</b>	<b>\$2,151,670</b>	<b>\$635,338</b>	<b>\$1,274,089</b>	<b>\$52,939</b>	<b>\$232,094</b>	<b>\$6,028</b>	<b>\$35,107</b>
Factor required to recover deficiency (1 + D)	1.0077							
Distribution Revenue at Status Quo Rates	\$4,039,505	\$1,953,822	\$586,783	\$1,207,827	\$41,769	\$212,189	\$5,546	\$31,571
Miscellaneous Revenue (mi)	\$378,462	\$212,698	\$53,016	\$75,443	\$11,487	\$21,518	\$524	\$3,775
<b>Total Revenue at Status Quo Rates</b>	<b>\$4,417,967</b>	<b>\$2,166,520</b>	<b>\$639,798</b>	<b>\$1,283,269</b>	<b>\$53,256</b>	<b>\$233,707</b>	<b>\$6,070</b>	<b>\$35,347</b>
<b>Expenses</b>								
di Distribution Costs (di)	\$943,762	\$451,993	\$115,809	\$245,431	\$54,831	\$70,922	\$1,594	\$3,183
cu Customer Related Costs (cu)	\$676,966	\$458,330	\$136,343	\$58,447	\$1,355	\$130	\$311	\$22,050
ad General and Administration (ad)	\$948,441	\$528,809	\$145,669	\$182,324	\$34,338	\$42,422	\$1,119	\$13,760
dep Depreciation and Amortization (dep)	\$739,241	\$405,959	\$100,663	\$159,960	\$33,914	\$36,128	\$816	\$1,801
INPUT PILs (INPUT)	\$22,112	\$11,242	\$2,876	\$5,504	\$1,227	\$1,178	\$27	\$59
INT Interest	\$443,207	\$225,324	\$57,646	\$110,311	\$24,597	\$23,620	\$534	\$1,175
<b>Total Expenses</b>	<b>\$3,773,730</b>	<b>\$2,081,657</b>	<b>\$559,006</b>	<b>\$761,977</b>	<b>\$150,262</b>	<b>\$174,400</b>	<b>\$4,400</b>	<b>\$42,027</b>
<b>Direct Allocation</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
NI Allocated Net Income (NI)	\$644,238	\$327,527	\$83,793	\$160,345	\$35,754	\$34,334	\$777	\$1,707
<b>Revenue Requirement (includes NI)</b>	<b>\$4,417,967</b>	<b>\$2,409,184</b>	<b>\$642,799</b>	<b>\$922,322</b>	<b>\$186,017</b>	<b>\$208,734</b>	<b>\$5,177</b>	<b>\$43,735</b>
	Revenue Requirement Input equals Output							
<b>Rate Base Calculation</b>								
<b>Net Assets</b>								
dp Distribution Plant - Gross	\$22,833,886	\$11,720,118	\$3,087,539	\$5,517,188	\$1,130,367	\$1,285,045	\$28,990	\$64,639
gp General Plant - Gross	\$1,869,495	\$967,603	\$250,182	\$445,209	\$92,506	\$106,326	\$2,402	\$5,267
accum dep Accumulated Depreciation	(\$8,554,642)	(\$4,300,944)	(\$1,164,931)	(\$2,150,074)	(\$442,511)	(\$461,891)	(\$10,398)	(\$23,892)
co Capital Contribution	(\$2,450,063)	(\$1,410,738)	(\$386,274)	(\$416,541)	(\$27,778)	(\$194,857)	(\$4,380)	(\$9,495)
<b>Total Net Plant</b>	<b>\$13,698,677</b>	<b>\$6,976,039</b>	<b>\$1,786,515</b>	<b>\$3,395,782</b>	<b>\$752,584</b>	<b>\$734,624</b>	<b>\$16,614</b>	<b>\$36,519</b>
<b>Directly Allocated Net Fixed Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>COP</b>								
Cost of Power (COP)	\$23,839,792	\$6,967,561	\$3,350,200	\$11,491,940	\$1,838,513	\$115,823	\$7,473	\$68,282
OM&A Expenses	\$2,569,170	\$1,439,132	\$397,821	\$486,202	\$90,524	\$113,474	\$3,024	\$38,993
Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$26,408,962</b>	<b>\$8,406,693</b>	<b>\$3,748,021</b>	<b>\$11,978,142</b>	<b>\$1,929,037</b>	<b>\$229,297</b>	<b>\$10,497</b>	<b>\$107,274</b>
<b>Working Capital</b>	<b>\$3,961,344</b>	<b>\$1,261,004</b>	<b>\$562,203</b>	<b>\$1,796,721</b>	<b>\$289,356</b>	<b>\$34,395</b>	<b>\$1,575</b>	<b>\$16,091</b>
<b>Total Rate Base</b>	<b>\$17,660,021</b>	<b>\$8,237,043</b>	<b>\$2,348,719</b>	<b>\$5,192,504</b>	<b>\$1,041,940</b>	<b>\$769,018</b>	<b>\$18,188</b>	<b>\$52,610</b>
	Rate Base Input equals Output							
Equity Component of Rate Base	\$7,064,009	\$3,294,817	\$939,487	\$2,077,001	\$416,776	\$307,607	\$7,275	\$21,044
Net Income on Allocated Assets	\$644,238	\$84,864	\$80,792	\$521,293	(\$97,006)	\$59,307	\$1,669	(\$6,681)
Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Income</b>	<b>\$644,238</b>	<b>\$84,864</b>	<b>\$80,792</b>	<b>\$521,293</b>	<b>(\$97,006)</b>	<b>\$59,307</b>	<b>\$1,669</b>	<b>(\$6,681)</b>
<b>RATIOS ANALYSIS</b>								
REVENUE TO EXPENSES STATUS QUO%	100.00%	89.93%	99.53%	139.13%	28.63%	111.96%	117.25%	80.82%
EXISTING REVENUE MINUS ALLOCATED COSTS	(\$30,703)	(\$257,514)	(\$7,461)	\$351,767	(\$133,078)	\$23,360	\$851	(\$8,628)
	Deficiency Input equals Output							
STATUS QUO REVENUE MINUS ALLOCATED COSTS	\$0	(\$242,663)	(\$3,001)	\$360,947	(\$132,760)	\$24,973	\$893	(\$8,388)
RETURN ON EQUITY COMPONENT OF RATE BASE	9.12%	2.58%	8.60%	25.10%	-23.28%	19.28%	22.95%	-31.75%



**2012 COST ALLOCATION**  
**Lakefront Utilities Inc.**  
**EB-2011-0250**  
**Friday, August 26, 2011**

**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Initial Application**

Output sheet showing minimum and maximum level for Monthly Fixed Charge

**Summary**

	1 Residential	2 General Service Less Than 50 kW	3 General Service 50 to 2,999 kW	5 General Service 3,000 to 4,999 kW	7 Street Lighting	8 Sentinel Lighting	9 Unmetered Scattered Load
Customer Unit Cost per month - Avoided Cost	\$5.05	\$9.41	\$13.58	\$150.71	-\$0.02	\$0.23	\$12.62
Customer Unit Cost per month - Directly Related	\$7.28	\$13.87	\$27.95	\$224.44	-\$0.02	\$0.39	\$19.63
Customer Unit Cost per month - Minimum System with PLCC Adjustment	\$15.39	\$26.17	\$61.91	\$258.64	\$7.25	\$7.98	\$42.71
Existing Approved Fixed Charge	\$9.29	\$22.50	\$183.85	\$1,766.90	\$3.84	\$4.66	\$11.22

**Information to be Used to Allocate PILs,  
ROD, ROE and A&G**

	Total	1 Residential	2 General Service Less Than 50 kW	3 General Service 50 to 2,999 kW	5 General Service 3,000 to 4,999 kW	7 Street Lighting	8 Sentinel Lighting	9 Unmetered Scattered Load
General Plant - Gross Assets	\$1,869,495	\$967,603	\$250,182	\$445,209	\$92,506	\$106,326	\$2,402	\$5,267
General Plant - Accumulated Depreciation	(\$594,361)	(\$307,626)	(\$79,539)	(\$141,544)	(\$29,410)	(\$33,804)	(\$764)	(\$1,675)
General Plant - Net Fixed Assets	\$1,275,134	\$659,976	\$170,642	\$303,666	\$63,096	\$72,522	\$1,638	\$3,593
General Plant - Depreciation	\$227,095	\$117,538	\$30,391	\$54,081	\$11,237	\$12,916	\$292	\$640
Total Net Fixed Assets Excluding General Plant	\$12,423,543	\$6,316,062	\$1,615,873	\$3,092,117	\$689,488	\$662,101	\$14,975	\$32,926
Total Administration and General Expense	\$948,441	\$528,809	\$145,669	\$182,324	\$34,338	\$42,422	\$1,119	\$13,760
Total O&M	\$1,620,729	\$910,322	\$252,152	\$303,878	\$56,187	\$71,052	\$1,905	\$25,233

**Scenario 1**

**Accounts included in Avoided Costs Plus General Administration Allocation**

USoA Account #	Accounts	Total	1 Residential	2 General Service Less Than 50 kW	3 General Service 50 to 2,999 kW	5 General Service 3,000 to 4,999 kW	7 Street Lighting	8 Sentinel Lighting	9 Unmetered Scattered Load
1860	<b>Distribution Plant</b>								
	Meters	\$2,674,704	\$2,176,401	\$428,782	\$59,402	\$10,119	\$0	\$0	\$0
	<b>Accumulated Amortization</b>								
	Accum. Amortization of Electric Utility Plant - Meters only	(\$781,618)	(\$636,001)	(\$125,301)	(\$17,359)	(\$2,957)	\$0	\$0	\$0
	<b>Meter Net Fixed Assets</b>	<b>\$1,893,086</b>	<b>\$1,540,400</b>	<b>\$303,481</b>	<b>\$42,043</b>	<b>\$7,162</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>Misc Revenue</b>								
4082	Retail Services Revenues	(\$9,985)	(\$5,593)	(\$1,546)	(\$1,890)	(\$352)	(\$441)	(\$12)	(\$152)
4084	Service Transaction Requests (STR) Revenues	(\$4,015)	(\$2,249)	(\$622)	(\$760)	(\$141)	(\$177)	(\$5)	(\$61)
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4220	Other Electric Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4225	Late Payment Charges	(\$63,140)	(\$36,080)	(\$9,020)	(\$18,040)	\$0	\$0	\$0	\$0
	<b>Sub-total</b>	<b>(\$77,140)</b>	<b>(\$43,922)</b>	<b>(\$11,188)</b>	<b>(\$20,689)</b>	<b>(\$493)</b>	<b>(\$618)</b>	<b>(\$16)</b>	<b>(\$212)</b>
	<b>Operation</b>								
5065	Meter Expense	\$31,316	\$25,482	\$5,020	\$695	\$118	\$0	\$0	\$0
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5075	Customer Premises - Materials and Expenses	\$77	\$54	\$7	\$1	\$0	\$15	\$0	\$0
	<b>Sub-total</b>	<b>\$31,393</b>	<b>\$25,536</b>	<b>\$5,027</b>	<b>\$696</b>	<b>\$118</b>	<b>\$15</b>	<b>\$0</b>	<b>\$0</b>
5175	<b>Maintenance</b>								
	Maintenance of Meters	\$184,555	\$150,172	\$29,586	\$4,099	\$698	\$0	\$0	\$0
	<b>Billing and Collection</b>								
5310	Meter Reading Expense	\$17,192	\$12,230	\$2,300	\$2,526	\$136	\$0	\$0	\$0
5315	Customer Billing	\$131,000	\$78,472	\$29,516	\$15,898	\$125	\$36	\$96	\$6,856
5320	Collecting	\$90,997	\$54,509	\$20,503	\$11,043	\$87	\$25	\$67	\$4,763
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5330	Collection Charges	\$4,172	\$2,499	\$940	\$506	\$4	\$1	\$3	\$218
	<b>Sub-total</b>	<b>\$243,361</b>	<b>\$147,710</b>	<b>\$53,259</b>	<b>\$29,973</b>	<b>\$352</b>	<b>\$62</b>	<b>\$167</b>	<b>\$11,838</b>
	<b>Total Operation, Maintenance and Billing</b>	<b>\$459,309</b>	<b>\$323,418</b>	<b>\$87,873</b>	<b>\$34,769</b>	<b>\$1,169</b>	<b>\$77</b>	<b>\$167</b>	<b>\$11,838</b>



Amortization Expense - Meters	\$144,511	\$117,588	\$23,167	\$3,209	\$547	\$0	\$0	\$0
Allocated PILs	\$3,051	\$2,482	\$489	\$68	\$12	\$0	\$0	\$0
Allocated Debt Return	\$61,147	\$49,754	\$9,792	\$1,366	\$234	\$0	\$0	\$0
Allocated Equity Return	\$88,882	\$72,322	\$14,234	\$1,985	\$340	\$0	\$0	\$0
<b>Total</b>	<b>\$679,759</b>	<b>\$521,642</b>	<b>\$124,366</b>	<b>\$20,708</b>	<b>\$1,808</b>	<b>(\$542)</b>	<b>\$150</b>	<b>\$11,626</b>

## Scenario 2

Accounts included in Directly Related Customer Costs Plus General Administration Allocation

USoA Account #	Accounts	Total	1 Residential	2 General Service Less Than 50 kW	3 General Service 50 to 2,999 kW	5 General Service 3,000 to 4,999 kW	7 Street Lighting	8 Sentinel Lighting	9 Unmetered Scattered Load
1860	<b>Distribution Plant</b>								
	Meters	\$2,674,704	\$2,176,401	\$428,782	\$59,402	\$10,119	\$0	\$0	\$0
	<b>Accumulated Amortization</b>								
	Accum. Amortization of Electric Utility Plant - Meters only	(\$781,618)	(\$636,001)	(\$125,301)	(\$17,359)	(\$2,957)	\$0	\$0	\$0
	<b>Meter Net Fixed Assets</b>	<b>\$1,893,086</b>	<b>\$1,540,400</b>	<b>\$303,481</b>	<b>\$42,043</b>	<b>\$7,162</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>Allocated General Plant Net Fixed Assets</b>	<b>\$197,792</b>	<b>\$160,959</b>	<b>\$32,049</b>	<b>\$4,129</b>	<b>\$655</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>Meter Net Fixed Assets Including General Plant</b>	<b>\$2,090,878</b>	<b>\$1,701,359</b>	<b>\$335,530</b>	<b>\$46,172</b>	<b>\$7,817</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>Misc Revenue</b>								
4082	Retail Services Revenues	(\$9,985)	(\$5,593)	(\$1,546)	(\$1,890)	(\$352)	(\$441)	(\$12)	(\$152)
4084	Service Transaction Requests (STR) Revenues	(\$4,015)	(\$2,249)	(\$622)	(\$760)	(\$141)	(\$177)	(\$5)	(\$61)
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4220	Other Electric Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4225	Late Payment Charges	(\$63,140)	(\$36,080)	(\$9,020)	(\$18,040)	\$0	\$0	\$0	\$0
	<b>Sub-total</b>	<b>(\$77,140)</b>	<b>(\$43,922)</b>	<b>(\$11,188)</b>	<b>(\$20,689)</b>	<b>(\$493)</b>	<b>(\$618)</b>	<b>(\$16)</b>	<b>(\$212)</b>
	<b>Operation</b>								
5065	Meter Expense	\$31,316	\$25,482	\$5,020	\$695	\$118	\$0	\$0	\$0
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5075	Customer Premises - Materials and Expenses	\$77	\$54	\$7	\$1	\$0	\$15	\$0	\$0
	<b>Sub-total</b>	<b>\$31,393</b>	<b>\$25,536</b>	<b>\$5,027</b>	<b>\$696</b>	<b>\$118</b>	<b>\$15</b>	<b>\$0</b>	<b>\$0</b>
	<b>Maintenance</b>								
5175	Maintenance of Meters	\$184,555	\$150,172	\$29,586	\$4,099	\$698	\$0	\$0	\$0
	<b>Billing and Collection</b>								
5310	Meter Reading Expense	\$17,192	\$12,230	\$2,300	\$2,526	\$136	\$0	\$0	\$0
5315	Customer Billing	\$131,000	\$78,472	\$29,516	\$15,898	\$125	\$36	\$96	\$6,856
5320	Collecting	\$90,997	\$54,509	\$20,503	\$11,043	\$87	\$25	\$67	\$4,763
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5330	Collection Charges	\$4,172	\$2,499	\$940	\$506	\$4	\$1	\$3	\$218
	<b>Sub-total</b>	<b>\$243,361</b>	<b>\$147,710</b>	<b>\$53,259</b>	<b>\$29,973</b>	<b>\$352</b>	<b>\$62</b>	<b>\$167</b>	<b>\$11,838</b>
	<b>Total Operation, Maintenance and Billing</b>	<b>\$459,309</b>	<b>\$323,418</b>	<b>\$87,873</b>	<b>\$34,769</b>	<b>\$1,169</b>	<b>\$77</b>	<b>\$167</b>	<b>\$11,838</b>
	<b>Amortization Expense - Meters</b>	<b>\$144,511</b>	<b>\$117,588</b>	<b>\$23,167</b>	<b>\$3,209</b>	<b>\$547</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>Amortization Expense - General Plant assigned to Meters</b>	<b>\$35,226</b>	<b>\$28,666</b>	<b>\$5,708</b>	<b>\$735</b>	<b>\$117</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>Admin and General</b>	<b>\$266,813</b>	<b>\$187,874</b>	<b>\$50,764</b>	<b>\$20,861</b>	<b>\$714</b>	<b>\$46</b>	<b>\$98</b>	<b>\$6,455</b>
	<b>Allocated PILs</b>	<b>\$3,369</b>	<b>\$2,742</b>	<b>\$540</b>	<b>\$75</b>	<b>\$13</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>Allocated Debt Return</b>	<b>\$67,535</b>	<b>\$54,953</b>	<b>\$10,827</b>	<b>\$1,500</b>	<b>\$255</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>Allocated Equity Return</b>	<b>\$98,168</b>	<b>\$79,879</b>	<b>\$15,737</b>	<b>\$2,180</b>	<b>\$371</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>Total</b>	<b>\$997,792</b>	<b>\$751,198</b>	<b>\$183,427</b>	<b>\$42,640</b>	<b>\$2,693</b>	<b>(\$496)</b>	<b>\$249</b>	<b>\$18,081</b>

### Scenario 3

Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge

USoA Account #	Accounts	Total	1 Residential	2 General Service Less Than 50 kW	3 General Service 50 to 2,999 kW	5 General Service 3,000 to 4,999 kW	7 Street Lighting	8 Sentinel Lighting	9 Unmetered Scattered Load
<b>Distribution Plant</b>									
1565	Conservation and Demand Management								
	Expenditures and Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers and Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Poles, Towers and Fixtures - Subtransmission Bulk								
	Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1830-3	Poles, Towers and Fixtures - Primary	\$495,091	\$344,811	\$44,169	\$5,090	\$40	\$95,752	\$2,152	\$3,076
1830-5	Poles, Towers and Fixtures - Secondary	\$104,220	\$72,632	\$9,304	\$1,005	\$8	\$20,170	\$453	\$648
1835	Overhead Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Overhead Conductors and Devices -								
	Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1835-3	Overhead Conductors and Devices - Primary	\$1,440,767	\$1,003,438	\$128,535	\$14,813	\$117	\$278,649	\$6,263	\$8,952
1835-5	Overhead Conductors and Devices - Secondary	\$303,292	\$211,368	\$27,075	\$2,924	\$25	\$58,696	\$1,319	\$1,886
1840	Underground Conduit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1840-3	Underground Conduit - Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1840-4	Underground Conduit - Primary	\$367,888	\$256,220	\$32,820	\$3,782	\$30	\$71,151	\$1,599	\$2,286
1840-5	Underground Conduit - Secondary	\$40,876	\$28,487	\$3,649	\$394	\$3	\$7,911	\$178	\$254
1845	Underground Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Underground Conductors and Devices - Bulk								
	Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1845-3	Underground Conductors and Devices - Primary	\$515,945	\$359,335	\$46,029	\$5,305	\$42	\$99,785	\$2,243	\$3,206
1845-4	Underground Conductors and Devices - Secondary	\$773,917	\$539,353	\$69,088	\$7,461	\$63	\$149,775	\$3,367	\$4,812
1850	Line Transformers	\$2,123,409	\$1,489,240	\$190,764	\$7,270	\$0	\$413,553	\$9,295	\$13,286
1855	Services	\$529,496	\$313,584	\$80,337	\$43,376	\$365	\$87,080	\$1,957	\$2,798
1860	Meters	\$2,674,704	\$2,176,401	\$428,782	\$59,402	\$10,119	\$0	\$0	\$0
1880	IFRS Placeholder Asset Account	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sub-total</b>		<b>\$9,369,605</b>	<b>\$6,794,869</b>	<b>\$1,060,553</b>	<b>\$150,822</b>	<b>\$10,811</b>	<b>\$1,282,520</b>	<b>\$28,827</b>	<b>\$41,203</b>
<b>Accumulated Amortization</b>									
	Accum. Amortization of Electric Utility Plant -Line								
	Transformers, Services and Meters	(\$4,019,265)	(\$2,878,208)	(\$427,612)	(\$53,589)	(\$3,211)	(\$622,647)	(\$13,995)	(\$20,003)
	<b>Customer Related Net Fixed Assets</b>	<b>\$5,350,339</b>	<b>\$3,916,662</b>	<b>\$632,941</b>	<b>\$97,233</b>	<b>\$7,600</b>	<b>\$659,873</b>	<b>\$14,832</b>	<b>\$21,199</b>
	<b>Allocated General Plant Net Fixed Assets</b>	<b>\$562,558</b>	<b>\$409,259</b>	<b>\$66,841</b>	<b>\$9,549</b>	<b>\$695</b>	<b>\$72,278</b>	<b>\$1,623</b>	<b>\$2,313</b>
	<b>Customer Related NFA Including General Plant</b>	<b>\$5,912,898</b>	<b>\$4,325,920</b>	<b>\$699,782</b>	<b>\$106,781</b>	<b>\$8,295</b>	<b>\$732,151</b>	<b>\$16,455</b>	<b>\$23,512</b>
<b>Misc Revenue</b>									
4082	Retail Services Revenues	(\$9,985)	(\$5,593)	(\$1,546)	(\$1,890)	(\$352)	(\$441)	(\$12)	(\$152)
4084	Service Transaction Requests (STR) Revenues	(\$4,015)	(\$2,249)	(\$622)	(\$760)	(\$141)	(\$177)	(\$5)	(\$61)
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4220	Other Electric Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4225	Late Payment Charges	(\$63,140)	(\$36,080)	(\$9,020)	(\$18,040)	\$0	\$0	\$0	\$0
4235	Miscellaneous Service Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sub-total</b>		<b>(\$77,140)</b>	<b>(\$43,922)</b>	<b>(\$11,188)</b>	<b>(\$20,689)</b>	<b>(\$493)</b>	<b>(\$618)</b>	<b>(\$16)</b>	<b>(\$212)</b>

<b>Operating and Maintenance</b>									
5005	Operation Supervision and Engineering	\$110,288	\$76,082	\$10,407	\$1,506	\$11	\$21,128	\$475	\$679
5010	Load Dispatching	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$102,469	\$71,373	\$9,143	\$1,042	\$8	\$19,820	\$445	\$637
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$50,465	\$35,151	\$4,503	\$513	\$4	\$9,761	\$219	\$314
5035	Overhead Distribution Transformers - Operation	\$252	\$177	\$23	\$1	\$0	\$49	\$1	\$2
5040	Underground Distribution Lines and Feeders - Operation Labour	\$10,000	\$6,967	\$892	\$100	\$1	\$1,935	\$43	\$62
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	\$7,973	\$5,555	\$712	\$80	\$1	\$1,543	\$35	\$50
5055	Underground Distribution Transformers - Operation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5065	Meter Expense	\$31,316	\$25,482	\$5,020	\$695	\$118	\$0	\$0	\$0
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5075	Customer Premises - Materials and Expenses	\$77	\$54	\$7	\$1	\$0	\$15	\$0	\$0
5085	Miscellaneous Distribution Expense	\$1,877	\$1,295	\$177	\$26	\$0	\$360	\$8	\$12
5090	Underground Distribution Lines and Feeders - Rental Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5096	Other Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5105	Maintenance Supervision and Engineering	\$20,925	\$14,435	\$1,975	\$286	\$2	\$4,009	\$90	\$129
5120	Maintenance of Poles, Towers and Fixtures	\$16,715	\$11,642	\$1,491	\$170	\$1	\$3,233	\$73	\$104
5125	Maintenance of Overhead Conductors and Devices	\$4,000	\$2,786	\$357	\$41	\$0	\$774	\$17	\$25
5130	Maintenance of Overhead Services	\$3,000	\$1,777	\$455	\$246	\$2	\$493	\$11	\$16
5135	Overhead Distribution Lines and Feeders - Right of Way	\$18,022	\$12,553	\$1,608	\$183	\$1	\$3,486	\$78	\$112
5145	Maintenance of Underground Conduit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5150	Maintenance of Underground Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5155	Maintenance of Underground Services	\$9,229	\$5,466	\$1,400	\$756	\$6	\$1,518	\$34	\$49
5160	Maintenance of Line Transformers	\$14,456	\$10,138	\$1,299	\$49	\$0	\$2,815	\$63	\$90
5175	Maintenance of Meters	\$184,555	\$150,172	\$29,586	\$4,099	\$698	\$0	\$0	\$0
<b>Sub-total</b>		<b>\$585,619</b>	<b>\$431,105</b>	<b>\$69,055</b>	<b>\$9,793</b>	<b>\$856</b>	<b>\$70,937</b>	<b>\$1,594</b>	<b>\$2,279</b>
<b>Billing and Collection</b>									
5305	Supervision	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5310	Meter Reading Expense	\$17,192	\$12,230	\$2,300	\$2,526	\$136	\$0	\$0	\$0
5315	Customer Billing	\$131,000	\$78,472	\$29,516	\$15,898	\$125	\$36	\$96	\$6,856
5320	Collecting	\$90,997	\$54,509	\$20,503	\$11,043	\$87	\$25	\$67	\$4,763
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5330	Collection Charges	\$4,172	\$2,499	\$940	\$506	\$4	\$1	\$3	\$218
5335	Bad Debt Expense	\$22,545	\$18,036	\$4,509	\$0	\$0	\$0	\$0	\$0
5340	Miscellaneous Customer Accounts Expenses	\$195,112	\$116,877	\$43,962	\$23,679	\$186	\$53	\$144	\$10,212
<b>Sub-total</b>		<b>\$461,018</b>	<b>\$282,622</b>	<b>\$101,730</b>	<b>\$53,652</b>	<b>\$539</b>	<b>\$115</b>	<b>\$310</b>	<b>\$22,050</b>
<b>Sub Total Operating, Maintenance and Billing</b>		<b>\$1,046,637</b>	<b>\$713,727</b>	<b>\$170,785</b>	<b>\$63,445</b>	<b>\$1,394</b>	<b>\$71,052</b>	<b>\$1,905</b>	<b>\$24,329</b>
<b>Amortization Expense - Customer Related</b>		<b>\$264,963</b>	<b>\$200,999</b>	<b>\$34,314</b>	<b>\$4,665</b>	<b>\$558</b>	<b>\$23,163</b>	<b>\$521</b>	<b>\$744</b>
<b>Amortization Expense - General Plant assigned to Meters</b>		<b>\$100,189</b>	<b>\$72,887</b>	<b>\$11,904</b>	<b>\$1,701</b>	<b>\$124</b>	<b>\$12,872</b>	<b>\$289</b>	<b>\$412</b>
<b>Admin and General</b>		<b>\$608,996</b>	<b>\$414,606</b>	<b>\$98,663</b>	<b>\$38,067</b>	<b>\$852</b>	<b>\$42,422</b>	<b>\$1,119</b>	<b>\$13,267</b>
<b>Allocated PILs</b>		<b>\$9,523</b>	<b>\$6,971</b>	<b>\$1,127</b>	<b>\$173</b>	<b>\$14</b>	<b>\$1,174</b>	<b>\$26</b>	<b>\$38</b>
<b>Allocated Debt Return</b>		<b>\$190,872</b>	<b>\$139,726</b>	<b>\$22,580</b>	<b>\$3,469</b>	<b>\$271</b>	<b>\$23,541</b>	<b>\$529</b>	<b>\$756</b>
<b>Allocated Equity Return</b>		<b>\$277,448</b>	<b>\$203,103</b>	<b>\$32,822</b>	<b>\$5,042</b>	<b>\$394</b>	<b>\$34,219</b>	<b>\$769</b>	<b>\$1,099</b>
<b>PLCC Adjustment for Line Transformer</b>		<b>\$31,709</b>	<b>\$27,768</b>	<b>\$3,558</b>	<b>\$135</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$248</b>
<b>PLCC Adjustment for Primary Costs</b>		<b>\$71,281</b>	<b>\$61,883</b>	<b>\$7,926</b>	<b>\$917</b>	<b>\$7</b>	<b>\$0</b>	<b>\$0</b>	<b>\$548</b>
<b>PLCC Adjustment for Secondary Costs</b>		<b>\$33,761</b>	<b>\$29,649</b>	<b>\$3,432</b>	<b>\$379</b>	<b>\$3</b>	<b>\$0</b>	<b>\$0</b>	<b>\$297</b>
<b>Total</b>		<b>\$2,284,737</b>	<b>\$1,588,798</b>	<b>\$346,090</b>	<b>\$94,440</b>	<b>\$3,104</b>	<b>\$207,825</b>	<b>\$5,142</b>	<b>\$39,339</b>

## Scenario 1

Accounts included in Avoided Costs Plus General Administration Allocation

Accounts	Total	Residential	General Service Less Than 50 kW	General Service 50 to 2,999 kW	General Service 3,000 to 4,999 kW	Street Lighting	Sentinel Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>								
CWMC	\$ 2,674,704	\$ 2,176,401	\$ 428,782	\$ 59,402	\$ 10,119	\$ -	\$ -	\$ -
<b>Accumulated Amortization</b>								
Accum. Amortization of Electric Utility Plant - Meters only	\$ (781,618)	\$ (636,001)	\$ (125,301)	\$ (17,359)	\$ (2,957)	\$ -	\$ -	\$ -
<b>Meter Net Fixed Assets</b>	\$ 1,893,086	\$ 1,540,400	\$ 303,481	\$ 42,043	\$ 7,162	\$ -	\$ -	\$ -
<b>Misc Revenue</b>								
CWNB	\$ (14,000)	\$ (7,842)	\$ (2,168)	\$ (2,649)	\$ (493)	\$ (618)	\$ (16)	\$ (212)
NFA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LPHA	\$ (63,140)	\$ (36,080)	\$ (9,020)	\$ (18,040)	\$ -	\$ -	\$ -	\$ -
<b>Sub-total</b>	\$ (77,140)	\$ (43,922)	\$ (11,188)	\$ (20,689)	\$ (493)	\$ (618)	\$ (16)	\$ (212)
<b>Operation</b>								
CWMC	\$ 31,316	\$ 25,482	\$ 5,020	\$ 695	\$ 118	\$ -	\$ -	\$ -
CCA	\$ 77	\$ 54	\$ 7	\$ 1	\$ 0	\$ 15	\$ 0	\$ 0
<b>Sub-total</b>	\$ 31,393	\$ 25,536	\$ 5,027	\$ 696	\$ 118	\$ 15	\$ 0	\$ 0
<b>Maintenance</b>								
1860	\$ 184,555	\$ 150,172	\$ 29,586	\$ 4,099	\$ 698	\$ -	\$ -	\$ -
<b>Billing and Collection</b>								
CWMC	\$ 17,192	\$ 12,230	\$ 2,300	\$ 2,526	\$ 136	\$ -	\$ -	\$ -
CWNB	\$ 226,169	\$ 135,480	\$ 50,959	\$ 27,448	\$ 216	\$ 62	\$ 167	\$ 11,838
<b>Sub-total</b>	\$ 243,361	\$ 147,710	\$ 53,259	\$ 29,973	\$ 352	\$ 62	\$ 167	\$ 11,838
<b>Total Operation, Maintenance and Billing</b>	\$ 459,309	\$ 323,418	\$ 87,873	\$ 34,769	\$ 1,169	\$ 77	\$ 167	\$ 11,838
<b>Amortization Expense - Meters</b>	\$ 144,511	\$ 117,588	\$ 23,167	\$ 3,209	\$ 547	\$ -	\$ -	\$ -
<b>Allocated PILs</b>	\$ 3,051	\$ 2,482	\$ 489	\$ 68	\$ 12	\$ -	\$ -	\$ -
<b>Allocated Debt Return</b>	\$ 61,147	\$ 49,754	\$ 9,792	\$ 1,366	\$ 234	\$ -	\$ -	\$ -
<b>Allocated Equity Return</b>	\$ 88,882	\$ 72,322	\$ 14,234	\$ 1,985	\$ 340	\$ -	\$ -	\$ -
<b>Total</b>	\$ 679,759	\$ 521,642	\$ 124,366	\$ 20,708	\$ 1,808	\$ (542)	\$ 150	\$ 11,626

## Scenario 2

Accounts included in Directly Related Customer Costs Plus General Administration Allocation

Accounts	Total	Residential	General Service Less Than 50 kW	General Service 50 to 2,999 kW	General Service 3,000 to 4,999 kW	Street Lighting	Sentinel Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>								
CWMC	\$ 2,674,704	\$ 2,176,401	\$ 428,782	\$ 59,402	\$ 10,119	\$ -	\$ -	\$ -
<b>Accumulated Amortization</b>								
Accum. Amortization of Electric Utility Plant - Meters only	\$ (781,618)	\$ (636,001)	\$ (125,301)	\$ (17,359)	\$ (2,957)	\$ -	\$ -	\$ -
<b>Meter Net Fixed Assets</b>	\$ 1,893,086	\$ 1,540,400	\$ 303,481	\$ 42,043	\$ 7,162	\$ -	\$ -	\$ -
<b>Allocated General Plant Net Fixed Assets</b>	\$ 197,792	\$ 160,959	\$ 32,049	\$ 4,129	\$ 655	\$ -	\$ -	\$ -
<b>Meter Net Fixed Assets Including General Plant</b>	\$ 2,090,878	\$ 1,701,359	\$ 335,530	\$ 46,172	\$ 7,817	\$ -	\$ -	\$ -
<b>Misc Revenue</b>								
CWNB	\$ (14,000)	\$ (7,842)	\$ (2,168)	\$ (2,649)	\$ (493)	\$ (618)	\$ (16)	\$ (212)
NFA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LPHA	\$ (63,140)	\$ (36,080)	\$ (9,020)	\$ (18,040)	\$ -	\$ -	\$ -	\$ -
<b>Sub-total</b>	\$ (77,140)	\$ (43,922)	\$ (11,188)	\$ (20,689)	\$ (493)	\$ (618)	\$ (16)	\$ (212)
<b>Operation</b>								
CWMC	\$ 31,316	\$ 25,482	\$ 5,020	\$ 695	\$ 118	\$ -	\$ -	\$ -
CCA	\$ 77	\$ 54	\$ 7	\$ 1	\$ 0	\$ 15	\$ 0	\$ 0
<b>Sub-total</b>	\$ 31,393	\$ 25,536	\$ 5,027	\$ 696	\$ 118	\$ 15	\$ 0	\$ 0
<b>Maintenance</b>								
1860	\$ 184,555	\$ 150,172	\$ 29,586	\$ 4,099	\$ 698	\$ -	\$ -	\$ -
<b>Billing and Collection</b>								
CWMC	\$ 17,192	\$ 12,230	\$ 2,300	\$ 2,526	\$ 136	\$ -	\$ -	\$ -
CWNB	\$ 226,169	\$ 135,480	\$ 50,959	\$ 27,448	\$ 216	\$ 62	\$ 167	\$ 11,838
<b>Sub-total</b>	\$ 243,361	\$ 147,710	\$ 53,259	\$ 29,973	\$ 352	\$ 62	\$ 167	\$ 11,838
<b>Total Operation, Maintenance and Billing</b>	\$ 459,309	\$ 323,418	\$ 87,873	\$ 34,769	\$ 1,169	\$ 77	\$ 167	\$ 11,838
<b>Amortization Expense - Meters</b>	\$ 144,511	\$ 117,588	\$ 23,167	\$ 3,209	\$ 547	\$ -	\$ -	\$ -
<b>Amortization Expense - General Plant assigned to Meters</b>	\$ 35,226	\$ 28,666	\$ 5,708	\$ 735	\$ 117	\$ -	\$ -	\$ -
<b>Admin and General</b>	\$ 266,813	\$ 187,874	\$ 50,764	\$ 20,861	\$ 714	\$ 46	\$ 98	\$ 6,455
<b>Allocated PILs</b>	\$ 3,369	\$ 2,742	\$ 540	\$ 75	\$ 13	\$ -	\$ -	\$ -
<b>Allocated Debt Return</b>	\$ 67,535	\$ 54,953	\$ 10,827	\$ 1,500	\$ 255	\$ -	\$ -	\$ -
<b>Allocated Equity Return</b>	\$ 98,168	\$ 79,879	\$ 15,737	\$ 2,180	\$ 371	\$ -	\$ -	\$ -
<b>Total</b>	\$ 997,792	\$ 751,198	\$ 183,427	\$ 42,640	\$ 2,693	\$ (496)	\$ 249	\$ 18,081

### Scenario 3

Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge

USoA Account #	Accounts	Total	Residential	General Service Less Than 50 kW	General Service 50 to 2,999 kW	General Service 3,000 to 4,999 kW	Street Lighting	Sentinel Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>									
	CDMPP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Poles, Towers and Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	BCP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	PNCP	\$ 2,819,690	\$ 1,963,805	\$ 251,553	\$ 28,990	\$ 228	\$ 545,336	\$ 12,258	\$ 17,520
	SNCP	\$ 1,222,305	\$ 851,840	\$ 109,116	\$ 11,783	\$ 99	\$ 236,551	\$ 5,317	\$ 7,600
	Overhead Conductors and Devices	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	LTNCP	\$ 2,123,409	\$ 1,489,240	\$ 190,764	\$ 7,270	\$ -	\$ 413,553	\$ 9,295	\$ 13,286
	CWCS	\$ 529,496	\$ 313,584	\$ 80,337	\$ 43,376	\$ 365	\$ 87,080	\$ 1,957	\$ 2,798
	CWMC	\$ 2,674,704	\$ 2,176,401	\$ 428,782	\$ 59,402	\$ 10,119	\$ -	\$ -	\$ -
	<b>Sub-total</b>	<b>\$ 9,369,605</b>	<b>\$ 6,794,869</b>	<b>\$ 1,060,553</b>	<b>\$ 150,822</b>	<b>\$ 10,811</b>	<b>\$ 1,282,520</b>	<b>\$ 28,827</b>	<b>\$ 41,203</b>
<b>Accumulated Amortization</b>									
	Accum. Amortization of Electric Utility Plant-Line Transformers, Services and Meters	\$ (4,019,265)	\$ (2,878,208)	\$ (427,612)	\$ (53,589)	\$ (3,211)	\$ (622,647)	\$ (13,995)	\$ (20,003)
	<b>Customer Related Net Fixed Assets</b>	<b>\$ 5,350,339</b>	<b>\$ 3,916,662</b>	<b>\$ 632,941</b>	<b>\$ 97,233</b>	<b>\$ 7,600</b>	<b>\$ 659,873</b>	<b>\$ 14,832</b>	<b>\$ 21,199</b>
	<b>Allocated General Plant Net Fixed Assets</b>	<b>\$ 562,558</b>	<b>\$ 409,259</b>	<b>\$ 66,841</b>	<b>\$ 9,549</b>	<b>\$ 695</b>	<b>\$ 72,278</b>	<b>\$ 1,623</b>	<b>\$ 2,313</b>
	<b>Customer Related NFA Including General Plant</b>	<b>\$ 5,912,898</b>	<b>\$ 4,325,920</b>	<b>\$ 699,782</b>	<b>\$ 106,781</b>	<b>\$ 8,295</b>	<b>\$ 732,151</b>	<b>\$ 16,455</b>	<b>\$ 23,512</b>
<b>Misc Revenue</b>									
	CWNB	\$ (14,000)	\$ (7,842)	\$ (2,168)	\$ (2,649)	\$ (493)	\$ (618)	\$ (16)	\$ (212)
	NFA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	LPHA	\$ (63,140)	\$ (36,080)	\$ (9,020)	\$ (18,040)	\$ -	\$ -	\$ -	\$ -
	<b>Sub-total</b>	<b>\$ (77,140)</b>	<b>\$ (43,922)</b>	<b>\$ (11,188)</b>	<b>\$ (20,689)</b>	<b>\$ (493)</b>	<b>\$ (618)</b>	<b>\$ (16)</b>	<b>\$ (212)</b>
<b>Operating and Maintenance</b>									
	1815-1855	\$ 133,091	\$ 91,812	\$ 12,559	\$ 1,817	\$ 14	\$ 25,496	\$ 573	\$ 819
	1830 & 1835	\$ 170,955	\$ 119,077	\$ 15,253	\$ 1,739	\$ 14	\$ 33,067	\$ 743	\$ 1,062
	1850	\$ 14,708	\$ 10,315	\$ 1,321	\$ 50	\$ -	\$ 2,864	\$ 64	\$ 92
	1840 & 1845	\$ 17,973	\$ 12,522	\$ 1,604	\$ 179	\$ 1	\$ 3,477	\$ 78	\$ 112
	CWMC	\$ 31,316	\$ 25,482	\$ 5,020	\$ 695	\$ 118	\$ -	\$ -	\$ -
	CCA	\$ 77	\$ 54	\$ 7	\$ 1	\$ 0	\$ 15	\$ 0	\$ 0
	O&M	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1830	\$ 16,715	\$ 11,642	\$ 1,491	\$ 170	\$ 1	\$ 3,233	\$ 73	\$ 104
	1835	\$ 4,000	\$ 2,786	\$ 357	\$ 41	\$ 0	\$ 774	\$ 17	\$ 25
	1855	\$ 12,229	\$ 7,242	\$ 1,855	\$ 1,002	\$ 8	\$ 2,011	\$ 45	\$ 65
	1840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1860	\$ 184,555	\$ 150,172	\$ 29,586	\$ 4,099	\$ 698	\$ -	\$ -	\$ -
	<b>Sub-total</b>	<b>\$ 585,619</b>	<b>\$ 431,105</b>	<b>\$ 69,055</b>	<b>\$ 9,793</b>	<b>\$ 856</b>	<b>\$ 70,937</b>	<b>\$ 1,594</b>	<b>\$ 2,279</b>
<b>Billing and Collection</b>									
	CWNB	\$ 421,281	\$ 252,357	\$ 94,921	\$ 51,127	\$ 402	\$ 115	\$ 310	\$ 22,050
	CWMR	\$ 17,192	\$ 12,230	\$ 2,300	\$ 2,526	\$ 136	\$ -	\$ -	\$ -
	BDHA	\$ 22,545	\$ 18,036	\$ 4,509	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Sub-total</b>	<b>\$ 461,018</b>	<b>\$ 282,622</b>	<b>\$ 101,730</b>	<b>\$ 53,652</b>	<b>\$ 539</b>	<b>\$ 115</b>	<b>\$ 310</b>	<b>\$ 22,050</b>
	<b>Sub Total Operating, Maintenance and Billing</b>	<b>\$ 1,046,637</b>	<b>\$ 713,727</b>	<b>\$ 170,785</b>	<b>\$ 63,445</b>	<b>\$ 1,394</b>	<b>\$ 71,052</b>	<b>\$ 1,905</b>	<b>\$ 24,329</b>
	<b>Amortization Expense - Customer Related</b>	<b>\$ 264,963</b>	<b>\$ 200,999</b>	<b>\$ 34,314</b>	<b>\$ 4,665</b>	<b>\$ 558</b>	<b>\$ 23,163</b>	<b>\$ 521</b>	<b>\$ 744</b>
	<b>Amortization Expense - General Plant assigned to Meters</b>	<b>\$ 100,189</b>	<b>\$ 72,887</b>	<b>\$ 11,904</b>	<b>\$ 1,701</b>	<b>\$ 124</b>	<b>\$ 12,872</b>	<b>\$ 289</b>	<b>\$ 412</b>
	<b>Admin and General</b>	<b>\$ 608,996</b>	<b>\$ 414,606</b>	<b>\$ 98,663</b>	<b>\$ 38,067</b>	<b>\$ 852</b>	<b>\$ 42,422</b>	<b>\$ 1,119</b>	<b>\$ 13,267</b>
	<b>Allocated PILs</b>	<b>\$ 9,523</b>	<b>\$ 6,971</b>	<b>\$ 1,127</b>	<b>\$ 173</b>	<b>\$ 14</b>	<b>\$ 1,174</b>	<b>\$ 26</b>	<b>\$ 38</b>
	<b>Allocated Debt Return</b>	<b>\$ 190,872</b>	<b>\$ 139,726</b>	<b>\$ 22,580</b>	<b>\$ 3,469</b>	<b>\$ 271</b>	<b>\$ 23,541</b>	<b>\$ 529</b>	<b>\$ 756</b>
	<b>Allocated Equity Return</b>	<b>\$ 277,448</b>	<b>\$ 203,103</b>	<b>\$ 32,822</b>	<b>\$ 5,042</b>	<b>\$ 394</b>	<b>\$ 34,219</b>	<b>\$ 769</b>	<b>\$ 1,099</b>
	<b>PLCC Adjustment for Line Transformer</b>	<b>\$ 31,709</b>	<b>\$ 27,768</b>	<b>\$ 3,558</b>	<b>\$ 135</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 248</b>
	<b>PLCC Adjustment for Primary Costs</b>	<b>\$ 71,281</b>	<b>\$ 61,883</b>	<b>\$ 7,926</b>	<b>\$ 917</b>	<b>\$ 7</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 548</b>
	<b>PLCC Adjustment for Secondary Costs</b>	<b>\$ 33,761</b>	<b>\$ 29,649</b>	<b>\$ 3,432</b>	<b>\$ 379</b>	<b>\$ 3</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 297</b>
	<b>Total</b>	<b>\$ 2,284,737</b>	<b>\$ 1,588,798</b>	<b>\$ 346,090</b>	<b>\$ 94,440</b>	<b>\$ 3,104</b>	<b>\$ 207,825</b>	<b>\$ 5,142</b>	<b>\$ 39,339</b>

## Appendix M – Revenue Requirement Work Form

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### Application Contact Information

Name:

Title:

Phone Number:

Email Address:

### Copyright

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

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<a href="#">3. Data Input Sheet</a>	<a href="#">9. Rev Req</a>
<a href="#">4. Rate Base</a>	<a href="#">10A. Bill Impacts - Residential</a>
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<a href="#">6. Taxes PILs</a>	

**Notes:**

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



	Initial Application	Adjustments	Settlement Agreement	(6)	Adjustments	Per Board Decision
<b>1 Rate Base</b>						
Gross Fixed Assets (average)	\$22,295,173	(\$41,855)	\$ 22,253,318			\$22,253,318
Accumulated Depreciation (average)	(\$8,695,275)	\$140,633	(\$8,554,642)			(\$8,554,642)
<b>Allowance for Working Capital:</b>						
Controllable Expenses	\$3,116,856	(\$547,686)	\$ 2,569,170			\$2,569,170
Cost of Power	\$23,056,611	\$783,181	\$ 23,839,792			\$23,839,792
Working Capital Rate (%)	15.00%		15.00%			15.00%
<b>2 Utility Income</b>						
Operating Revenues:						
Distribution Revenue at Current Rates	\$4,008,801	\$0	\$4,008,801			
Distribution Revenue at Proposed Rates	\$4,752,742	(\$713,236)	\$4,039,506			
<b>Other Revenue:</b>						
Specific Service Charges	\$126,500	\$0	\$126,500			
Late Payment Charges	\$63,140	\$0	\$63,140			
Other Distribution Revenue	\$160,322	\$0	\$160,322			
Other Income and Deductions	\$28,500	\$0	\$28,500			
Total Revenue Offsets	\$378,462	(7) \$0	\$378,462			
<b>Operating Expenses:</b>						
OM+A Expenses	\$3,067,314	(\$547,686)	\$ 2,519,628			\$2,519,628
Depreciation/Amortization	\$816,209	(\$76,968)	\$ 739,241			\$739,241
Property taxes	\$49,542	\$ -	\$ 49,542			\$49,542
Other expenses						
<b>3 Taxes/PILs</b>						
Taxable Income:						
Adjustments required to arrive at taxable income	(\$479,707)	(3)	(\$523,689)			
<b>Utility Income Taxes and Rates:</b>						
Income taxes (not grossed up)	\$29,742		\$18,685			
Income taxes (grossed up)	\$35,198		\$22,112			
Federal tax (%)	15.00%		15.00%			15.00%
Provincial tax (%)	0.50%		0.50%			0.50%
Income Tax Credits						
<b>4 Capitalization/Cost of Capital</b>						
<b>Capital Structure:</b>						
Long-term debt Capitalization Ratio (%)	56.0%		56.0%			56.0%
Short-term debt Capitalization Ratio (%)	4.0%	(2)	4.0%	(2)		4.0%
Common Equity Capitalization Ratio (%)	40.0%		40.0%			40.0%
Preferred Shares Capitalization Ratio (%)						
	100.0%		100.0%			100.0%
<b>Cost of Capital</b>						
Long-term debt Cost Rate (%)	4.83%		4.33%			4.33%
Short-term debt Cost Rate (%)	2.46%		2.08%			2.08%
Common Equity Cost Rate (%)	9.58%		9.12%			9.12%
Preferred Shares Cost Rate (%)						





Lakefront Utilities Inc.  
Rate Base and Working Capital

Rate Base						
Line No.	Particulars		Initial Application	Adjustments	Settlement Agreement	Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$22,295,173	(\$41,855)	\$22,253,318	\$22,253,318
2	Accumulated Depreciation (average)	(3)	(\$8,695,275)	\$140,633	(\$8,554,642)	(\$8,554,642)
3	Net Fixed Assets (average)	(3)	\$13,599,898	\$98,778	\$13,698,676	\$13,698,676
4	Allowance for Working Capital	(1)	\$3,926,020	\$35,324	\$3,961,344	\$3,961,344
5	<b>Total Rate Base</b>		<b>\$17,525,918</b>	<b>\$134,102</b>	<b>\$17,660,020</b>	<b>\$17,660,020</b>

(1)

Allowance for Working Capital - Derivation

6	Controllable Expenses		\$3,116,856	(\$547,686)	\$2,569,170	\$2,569,170
7	Cost of Power		\$23,056,611	\$783,181	\$23,839,792	\$23,839,792
8	Working Capital Base		\$26,173,467	\$235,495	\$26,408,962	\$26,408,962
9	Working Capital Rate %	(2)	15.00%	0.00%	15.00%	15.00%
10	Working Capital Allowance		\$3,926,020	\$35,324	\$3,961,344	\$3,961,344



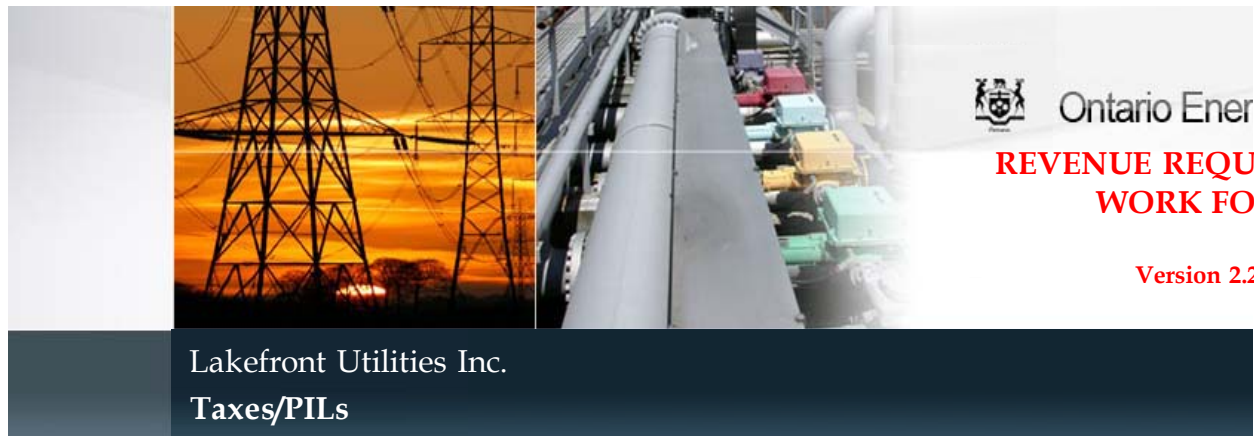
Lakefront Utilities Inc.  
Utility Income

Line No.	Particulars	Initial Application	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
	<b>Operating Revenues:</b>					
1	Distribution Revenue (at Proposed Rates)	\$4,752,742	(\$713,236)	\$4,039,506	\$ -	\$4,039,506
2	Other Revenue (1)	\$378,462	\$ -	\$378,462	\$ -	\$378,462
3	Total Operating Revenues	\$5,131,204	(\$713,236)	\$4,417,968	\$ -	\$4,417,968
	<b>Operating Expenses:</b>					
4	OM+A Expenses	\$3,067,314	(\$547,686)	\$2,519,628	\$ -	\$2,519,628
5	Depreciation/Amortization	\$816,209	(\$76,968)	\$739,241	\$ -	\$739,241
6	Property taxes	\$49,542	\$ -	\$49,542	\$ -	\$49,542
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$3,933,065	(\$624,654)	\$3,308,411	\$ -	\$3,308,411
10	Deemed Interest Expense	\$491,287	(\$48,080)	\$443,207	(\$294)	\$442,913
11	Total Expenses (lines 9 to 10)	\$4,424,351	(\$672,734)	\$3,751,618	(\$294)	\$3,751,324
12	Utility income before income taxes	\$706,853	(\$40,503)	\$666,350	\$294	\$666,644
13	Income taxes (grossed-up)	\$35,198	(\$13,085)	\$22,112	\$ -	\$22,112
14	Utility net income	\$671,655	(\$27,417)	\$644,238	\$294	\$644,531

Notes

Other Revenues/ Revenue Offsets

(1)	Specific Service Charges	\$126,500	\$ -	\$126,500		\$126,500
	Late Payment Charges	\$63,140	\$ -	\$63,140		\$63,140
	Other Distribution Revenue	\$160,322	\$ -	\$160,322		\$160,322
	Other Income and Deductions	\$28,500	\$ -	\$28,500		\$28,500
	Total Revenue Offsets	\$378,462	\$ -	\$378,462	\$ -	\$378,462



Line No.	Particulars	Application	Settlement Agreement	Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$671,593	\$644,238	\$644,238
2	Adjustments required to arrive at taxable utility income	(\$479,707)	(\$523,689)	(\$479,707)
3	Taxable income	<u>\$191,886</u>	<u>\$120,548</u>	<u>\$164,531</u>
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	<u>\$29,742</u>	<u>\$18,685</u>	<u>\$18,685</u>
6	Total taxes	<u>\$29,742</u>	<u>\$18,685</u>	<u>\$18,685</u>
7	Gross-up of Income Taxes	<u>\$5,456</u>	<u>\$3,427</u>	<u>\$3,427</u>
8	Grossed-up Income Taxes	<u>\$35,198</u>	<u>\$22,112</u>	<u>\$22,112</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$35,198</u>	<u>\$22,112</u>	<u>\$22,112</u>
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	0.50%	0.50%	0.50%
13	Total tax rate (%)	<u>15.50%</u>	<u>15.50%</u>	<u>15.50%</u>



Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$9,814,514	4.83%	\$474,041
2	Short-term Debt	4.00%	\$701,037	2.46%	\$17,246
3	Total Debt	60.00%	\$10,515,551	4.67%	\$491,287
	Equity				
4	Common Equity	40.00%	\$7,010,367	9.58%	\$671,593
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$7,010,367	9.58%	\$671,593
7	Total	100.00%	\$17,525,918	6.64%	\$1,162,880
Settlement Agreement					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$9,889,611	4.33%	\$428,514
2	Short-term Debt	4.00%	\$706,401	2.08%	\$14,693
3	Total Debt	60.00%	\$10,596,012	4.18%	\$443,207
	Equity				
4	Common Equity	40.00%	\$7,064,008	9.12%	\$644,238
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$7,064,008	9.12%	\$644,238
7	Total	100.00%	\$17,660,020	6.16%	\$1,087,444
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	56.00%	\$9,889,611	4.33%	\$428,220
9	Short-term Debt	4.00%	\$706,401	2.08%	\$14,693
10	Total Debt	60.00%	\$10,596,012	4.18%	\$442,913
	Equity				
11	Common Equity	40.00%	\$7,064,008	9.12%	\$644,238
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	40.00%	\$7,064,008	9.12%	\$644,238
14	Total	100.00%	\$17,660,020	6.16%	\$1,087,151



Line No.	Particulars	Initial Application		Settlement Agreement		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$743,880		\$30,705		\$30,411
2	Distribution Revenue	\$4,008,801	\$4,008,862	\$4,008,801	\$4,008,801	\$4,008,801	\$4,009,094
3	Other Operating Revenue	\$378,462	\$378,462	\$378,462	\$378,462	\$378,462	\$378,462
4	Offsets - net						
4	<b>Total Revenue</b>	<b>\$4,387,263</b>	<b>\$5,131,204</b>	<b>\$4,387,263</b>	<b>\$4,417,968</b>	<b>\$4,387,263</b>	<b>\$4,417,968</b>
5	Operating Expenses	\$3,933,065	\$3,933,065	\$3,308,411	\$3,308,411	\$3,308,411	\$3,308,411
6	Deemed Interest Expense	\$491,287	\$491,287	\$443,207	\$443,207	\$442,913	\$442,913
	<b>Total Cost and Expenses</b>	<b>\$4,424,351</b>	<b>\$4,424,351</b>	<b>\$3,751,618</b>	<b>\$3,751,618</b>	<b>\$3,751,324</b>	<b>\$3,751,324</b>
7	<b>Utility Income Before Income Taxes</b>	<b>(\$37,089)</b>	<b>\$706,853</b>	<b>\$635,645</b>	<b>\$666,350</b>	<b>\$635,938</b>	<b>\$666,644</b>
8		<b>(\$479,707)</b>	<b>(\$479,707)</b>	<b>(\$523,689)</b>	<b>(\$523,689)</b>	<b>(\$523,689)</b>	<b>(\$523,689)</b>
	Tax Adjustments to Accounting Income per 2009 PILs						
9	<b>Taxable Income</b>	<b>(\$516,796)</b>	<b>\$227,146</b>	<b>\$111,956</b>	<b>\$142,661</b>	<b>\$112,249</b>	<b>\$142,954</b>
10	Income Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
11	<b>Income Tax on Taxable Income</b>	<b>(\$80,103)</b>	<b>\$35,208</b>	<b>\$17,353</b>	<b>\$22,112</b>	<b>\$17,399</b>	<b>\$22,158</b>
12	<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
13	<b>Utility Net Income</b>	<b>\$43,015</b>	<b>\$671,655</b>	<b>\$618,292</b>	<b>\$644,238</b>	<b>\$618,540</b>	<b>\$644,531</b>
14	<b>Utility Rate Base</b>	<b>\$17,525,918</b>	<b>\$17,525,918</b>	<b>\$17,660,020</b>	<b>\$17,660,020</b>	<b>\$17,660,020</b>	<b>\$17,660,020</b>
	Deemed Equity Portion of Rate Base	\$7,010,367	\$7,010,367	\$7,064,008	\$7,064,008	\$7,064,008	\$7,064,008
15	Income/(Equity Portion of Rate Base)	0.61%	9.58%	8.75%	9.12%	8.76%	9.12%
16	Target Return - Equity on Rate Base	9.58%	9.58%	9.12%	9.12%	9.12%	9.12%
17	Deficiency/Sufficiency in Return on Equity	-8.97%	0.00%	-0.37%	0.00%	-0.36%	0.00%
18	Indicated Rate of Return	3.05%	6.64%	6.01%	6.16%	6.01%	6.16%
19	Requested Rate of Return on Rate Base	6.64%	6.64%	6.16%	6.16%	6.16%	6.16%
20	Deficiency/Sufficiency in Rate of Return	-3.59%	0.00%	-0.15%	0.00%	-0.15%	0.00%
21	Target Return on Equity	\$671,593	\$671,593	\$644,238	\$644,238	\$644,238	\$644,238
22	Revenue Deficiency/(Sufficiency)	\$628,578	\$62	\$25,946	\$0	\$25,698	\$294
23	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$743,880 (1)</b>		<b>\$30,705 (1)</b>		<b>\$30,411 (1)</b>	



Lakefront Utilities Inc.  
Revenue Requirement

Line No.	Particulars	Application	Settlement Agreement	Per Board Decision
1	OM&A Expenses	\$3,067,314	\$2,519,628	\$2,519,628
2	Amortization/Depreciation	\$816,209	\$739,241	\$739,241
3	Property Taxes	\$49,542	\$49,542	\$49,542
5	Income Taxes (Grossed up)	\$35,198	\$22,112	\$22,112
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$491,287	\$443,207	\$442,913
	Return on Deemed Equity	\$671,593	\$644,238	\$644,238
8	<b>Service Revenue Requirement (before Revenues)</b>	<b>\$5,131,142</b>	<b>\$4,417,968</b>	<b>\$4,417,674</b>
9	Revenue Offsets	\$378,462	\$378,462	\$ -
10	<b>Base Revenue Requirement</b>	<b>\$4,752,680</b>	<b>\$4,039,506</b>	<b>\$4,417,674</b>
11	Distribution revenue	\$4,752,742	\$4,039,506	\$4,039,506
12	Other revenue	\$378,462	\$378,462	\$378,462
13	<b>Total revenue</b>	<b>\$5,131,204</b>	<b>\$4,417,968</b>	<b>\$4,417,968</b>
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<b>\$62 (1)</b>	<b>\$0 (1)</b>	<b>\$294 (1)</b>

Notes



Lakefront Utilities Inc.  
Bill Impacts - Residential

☒ Application of New Loss Factor to all applicable items    ☐ Application of new Loss Factor to Deliver

Consumption **800** kWh

	Charge Unit	Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1 Monthly Service Charge	monthly	\$ 9.2900	1	\$ 9.29	\$ 9.9200	1	\$ 9.92	\$ 0.63	6.78%
2 Smart Meter Rate Adder			1	\$ -		1	\$ -	\$ -	
3 Service Charge Rate Adder(s)			1	\$ -	\$ -	1	\$ -	\$ -	
4 Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -	
5 Distribution Volumetric Rate	per kWh	\$ 0.0134	800	\$ 10.72	\$ 0.0143	800	\$ 11.44	\$ 0.72	6.72%
6 Low Voltage Rate Adder	per kWh	\$ 0.0013	800	\$ 1.04	\$ 0.0013	800	\$ 1.04	\$ -	0.00%
7 Volumetric Rate Adder(s)			800	\$ -		800	\$ -	\$ -	
8 Volumetric Rate Rider(s)			800	\$ -		800	\$ -	\$ -	
9 Smart Meter Disposition Rider			800	\$ -		800	\$ -	\$ -	
10 LRAM & SSM Rate Rider	per kWh	\$ 0.0011	800	\$ 0.88	\$ 0.0002	800	\$ 0.19	-\$ 0.69	-78.74%
11 Deferral/Variance Account Disposition Rate Rider	per kWh	\$ 0.0014	800	\$ 1.12	-\$ 0.0013	800	\$ 1.06	-\$ 2.18	-194.35%
12 Stranded Meter Rider	monthly	\$ -	1	\$ -	\$ 2.1696	1	\$ 2.17	\$ 2.17	
13 Smart Meter Rate Rider	monthly	\$ 2.5000	1	\$ 2.50	-\$ 0.3837	1	\$ 0.38	-\$ 2.88	-115.35%
14 Late Payment Penalty	monthly	\$ 0.1800	1	\$ 0.18			\$ -	-\$ 0.18	-100.00%
15				\$ -			\$ -	\$ -	
16 Sub-Total A - Distribution				\$ 25.73			\$ 23.32	-\$ 2.41	-9.38%
17 RTSR - Network	per kWh	\$ 0.0054	843.28	\$ 4.55	\$ 0.0055	845.2	\$ 4.69	\$ 0.14	2.97%
18 RTSR - Line and Transformation Connection	per kWh	\$ 0.0043	843.28	\$ 3.63	\$ 0.0044	845.2	\$ 3.72	\$ 0.09	2.53%
19 Sub-Total B - Delivery (including Sub-Total A)				\$ 33.91			\$ 31.72	-\$ 2.19	-6.45%
20 Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0065	843.28	\$ 5.48		845.2	\$ -	-\$ 5.48	-100.00%
21 Rural and Remote Rate Protection (RRRP)			843.28	\$ -		845.2	\$ -	\$ -	
22 Special Purpose Charge	per kWh	\$ -	843.28	\$ -	\$ -	845.2	\$ -	\$ -	
23 Standard Supply Service Charge			1	\$ -		1	\$ -	\$ -	
24 Debt Retirement Charge (DRC)	per kWh	\$ 0.0070	800	\$ 5.60		800	\$ -	-\$ 5.60	-100.00%
25 Energy			843.28	\$ -	\$ 0.0129	845.2	\$ 10.92	\$ 10.92	
26 First Block	per kWh	\$ 0.0650	600	\$ 39.00	\$ 0.0650	600	\$ 39.00	\$ -	0.00%
27 Balance Block	per kWh	\$ 0.0750	243	\$ 18.23	\$ 0.0750	245.22	\$ 18.39	\$ 0.17	0.91%
28 Total Bill (before Taxes)				\$ 102.22			\$ 100.04	-\$ 2.18	-2.13%
29 HST		13%		\$ 13.29	13%		\$ 13.01	-\$ 0.28	-2.13%
30 Total Bill (including Sub-total B)				\$ 115.50			\$ 113.04	-\$ 2.46	-2.13%
31 Ontario Clean Energy Benefit (OCEB)		-10%		-\$ 11.55	-10%		-\$ 11.30	\$ 0.25	-2.16%
32 Total Bill (including OCEB)				\$ 103.95			\$ 101.74	-\$ 2.21	-2.13%
33 Loss Factor (%)	Note 1		5.41%			5.65%			





☒ Application of New Loss Factor to all applicable items    ☐ Application of new Loss Factor to Delivery It

		Consumption		2000 kWh							
		Charge Unit	Current Board-Approved			Proposed			Impact		
			Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change	
1	Monthly Service Charge	monthly	\$ 22.5000	1	\$ 22.50	\$ 22.7000	1	\$ 22.70	\$ 0.20	0.89%	
2	Smart Meter Rate Adder			1	\$ -		1	\$ -	\$ -		
3	Service Charge Rate Adder(s)	per kWh	\$ 0.4400	1	\$ 0.44	\$ -	1	\$ -	-\$ 0.44	-100.00%	
4	Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -		
5	Distribution Volumetric Rate	per kWh	\$ 0.0081	2000	\$ 16.20	\$ 0.0082	2000	\$ 16.40	\$ 0.20	1.23%	
6	Low Voltage Rate Adder	per kWh	\$ 0.0012	2000	\$ 2.40	\$ 0.0012	2000	\$ 2.40	\$ -	0.00%	
7	Volumetric Rate Adder(s)			2000	\$ -		2000	\$ -	\$ -		
8	Volumetric Rate Rider(s)			2000	\$ -		2000	\$ -	\$ -		
9	Smart Meter Disposition Rider			2000	\$ -		2000	\$ -	\$ -		
10	LRAM & SSM Rider	per kWh	\$ 0.0002	2000	\$ 0.40	\$ 0.0002	2000	\$ 0.39	-\$ 0.01	-3.35%	
11	Deferral/Variance Account Disposition Rate Rider	per kWh	\$ 0.0015	2000	\$ 3.00	\$ 0.0011	2000	\$ 2.28	-\$ 5.28	-175.93%	
12	Stranded Meter Rider	monthly	\$ 2.5000	1	\$ 2.50	\$ 2.1696	1	\$ 2.17	-\$ 0.33	-13.22%	
13	Smart Meter Rate Rider	monthly	\$ 2.5000	1	\$ 2.50	\$ 1.6616	1	\$ 1.66	-\$ 0.84	-33.54%	
14					\$ -			\$ -	\$ -		
15					\$ -			\$ -	\$ -		
16	Sub-Total A - Distribution				\$ 49.94			\$ 43.44	\$ 6.50	-13.02%	
17	RTSR - Network	per kWh	\$ 0.0049	2108.2	\$ 10.33	\$ 0.0050	2113	\$ 10.64	\$ 0.31	2.97%	
18	RTSR - Line and Transformation Connection	per kWh	\$ 0.0039	2108.2	\$ 8.22	\$ 0.0040	2113	\$ 8.43	\$ 0.21	2.53%	
19	Sub-Total B - Delivery (including Sub-Total A)				\$ 68.49			\$ 62.51	\$ 5.99	-8.74%	
20	Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0065	2108.2	\$ 13.70	\$ 0.0063	2113	\$ 13.31	-\$ 0.39	-2.86%	
21	Rural and Remote Rate Protection (RRRP)			2108.2	\$ -		2113	\$ -	\$ -		
22	Special Purpose Charge	per kWh	\$ -	2108.2	\$ -	\$ -	2113	\$ -	\$ -		
23	Standard Supply Service Charge			1	\$ -		1	\$ -	\$ -		
24	Debt Retirement Charge (DRC)	per kWh	\$ 0.0070	2000	\$ 13.97	\$ 0.0070	2000	\$ 14.00	\$ 0.03	0.23%	
25	Energy			2108.2	\$ -		2113	\$ -	\$ -		
26	First Block	per kWh	\$ 0.0650	600	\$ 39.00	\$ 0.0650	600	\$ 39.00	\$ -	0.00%	
27	Balance Block	per kWh	\$ 0.0750	1508.2	\$ 113.12	\$ 0.0750	1513	\$ 113.48	\$ 0.36	0.32%	
28	Total Bill (before Taxes)				\$ 248.28			\$ 242.29	-\$ 5.98	-2.41%	
29	HST		13%		\$ 32.28	13%		\$ 31.50	-\$ 0.78	-2.41%	
30	Total Bill (including Sub-total B)				\$ 280.55			\$ 273.79	-\$ 6.76	-2.41%	
31	Ontario Clean Energy Benefit (OCEB)		-10%		-\$ 28.06	-10%		-\$ 27.38	\$ 0.68	-2.42%	
32	Total Bill (including OCEB)				\$ 252.49			\$ 246.41	-\$ 6.08	-2.41%	
33	Loss Factor	(1)	5.41%			5.65%					