



Lakefront Utilities Inc.

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June 11, 2008

Attn: Ms. Kristen Walli – Board Secretary

Ontario Energy Board
P. O. Box 2319
2300 Yonge St. Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Lakefront Utilities Inc. (LUI) 2008 Distribution Rate Application Ref: EB-2007-0761
Updated Draft Rate Order – 2nd ALTERNATIVE

In response to the Board's Decision and direction dated May 9th, 2008 on Lakefront Utilities Inc. 2008 cost of service rate application, please find attached LUI's updated draft rate order which also addresses VECC and Board Staff submissions dated June 2nd and June 3rd 2008 respectively.

This 2nd Draft Rate Order excludes the \$83,396 OM&A associated with a meter re-sealing program LUI is seeking as well as the additional \$325,262 Capital associated with LUI's voltage conversion program. In the event these two significant items are rejected by the Board, LUI will file with the Board a review and vary application since the above are critical items to LUI's ongoing operation.

Should you have any questions regarding the above, please contact me at (905) 372-2193.

Yours truly,

Original signed

Dereck C. Paul
Manager; Compliance and Finance
Lakefront Utilities Inc.

Copy: Bruce Craig – President – Lakefront Utilities Inc.
Christie Clark – Case Manager – OEB
Andrew Taylor – Ogilvy Renault; Counsel for LUI
Michael Buonaguro – Counsel for VECC
John De Vellis – Counsel for SEC

LAKEFRONT UTILITIES INC.

UPDATED DRAFT RATE ORDER – 2nd ALTERNATIVE

EB-2007-0761

June 11, 2008

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Overview

On October 31, 2007, Lakefront Utilities Inc. ("LUI") filed an application using the cost of service methodology, Board file number EB-2007-0761, under section 78 of the *Ontario Energy Board Act, 1998* seeking approval for changes to the distribution rates that LUI charges for electricity distribution, to be effective May 1, 2008.

LUI is a municipally owned distribution company owned by the Town of Cobourg Holdings Inc. LUI was incorporated under the Ontario Business Corporations Act on April 12, 2000 and began doing business as Lakefront Utilities Inc. on May 1, 2000. LUI serves approximately 8,000 residential customers and 1,150 general service customers including Street lighting and Sentinel lights in the Town of Cobourg and the former Village of Colborne.

In its application, LUI applied for the following:

- Service Revenue Requirement \$5,077,851
- Base Revenue Requirement \$4,742,287
- Rate Base \$15,557,507
- Return on Rate Base 7.82%
- Deficiency \$1,011,962
- With the following proposed rate impacts:
 - Res @ 750 kWh: \$4.25 or +4.8% Dist charges only: \$4.62 or +5.2%
 - GS<50 @2,000 kWh: \$16.00 or +5.3% Dist charges only: \$12.10 or +3.8%
- Interim approval of the rates applied effective, May 1st, 2008 subject to final approval, if, final rates are not be approved in time to implement on May 1st, 2008
- Approval of LUI's proposed change in capital structure, decreasing LUI's deemed common equity component from "50%" to "46.67%" in 2008
- Approval of disposition of the principal of certain deferral and variance account balances as of December 31, 2006 and the projected accrued interest to April 30, 2008, plus the continuation of account 1590, transition costs rate rider, for a combined total of \$1,389,869
- Approval of the Distribution Loss Factor (DLF) of 1.0494
- Recovery of Specific Service Charges

The following issues were raised through interrogatories by Board Staff, Schools and VECC and LUI filed responses along with a final submission on March 10, 2008.

- Load Forecast
- Operating, Maintenance & Administrative Expenses
- Payments in Lieu of Taxes
- Capital Expenditures and Rate Base
- Cost of Capital
- Cost Allocation and Rate Design
- Deferral and Variance Accounts

Load Forecast

In its Decision, the Board decided to make no adjustments to LUI's 2008 load forecast based on its findings.

LUI explained that total customer numbers (including residential) are forecast to increase. The decrease in customer numbers for the GS 50-2,999 kW class is due to customer reclassifications. But Schools noted that the decrease in the GS 50-2,999 kW class from 2006 to 2008 is 13,854,000 kWh but the increase in the GS<50 kW class for the same period is only 1,057,000 kWh.

Although the Board accepted the fact Kraft Canada, LUI's largest customer will be closing its plant in October 2008, and as a result LUI projected a reduction in load for 2008 to be 15,561,809 kWh and 29,581 kW, based on the evidence available at the time of filing LUI's Submission. The Board found the two situations have largely offsetting impacts and therefore concluded that the most appropriate approach is to leave LUI's forecast unchanged.

LUI suggests that both customer attrition and conservation initiatives along with reclassification should also be taken into consideration for this downward trend in load.

LUI accepts the Board's decision on this issue pertaining to 2008 due to Kraft Canada's closure in October of 2008 having a lesser impact.

LUI is more concerned about 2009 and future years where Kraft Canada will be completely closed resulting in a reduction in load of approximately 50,000 KW annually and subsequent distribution revenue of \$111,500. For this reason, it is expected LUI will require a new cost allocation and cost of service application ASAP unless the Board provides a mechanism for LUI to adjust its load forecast in the 2009 3rd Generation IRM process.

Operating, Maintenance & Administrative Expenses

In its Decision, the Board decided to make three specific adjustments to LUI's OM&A expenses plus the removal of \$80,408 incremental CDM amount.

1. LUI forecasted an increase of \$100,000 in 2008 for regulatory expenses over the estimated 2007 level of \$49,198 and proposed in its submission to amortize the \$100,000 over three years. In its findings, the Board approved LUI's "proposal to reduce OM&A by \$66,667 to reflect the amortization of the incremental expenses associated with the 2008 application over a three-year period."
2. LUI submitted a forecast increase of \$45,586 in bad debt expenses because of recent trending but the Board finds that LUI has not substantiated the continuing high level of bad debt expenses and adjusted the OM&A \$25,000 downward as a result.
3. The Board removed the expenses associated with LUI's smart meter proposal and consequently ruled that LUI deduct the \$220,278 in LUI's OM&A related to smart meters.

LUI has made all the adjustments accordingly to its OM&A as reflected in the table below to calculate the draft rate order. The detailed OM&A Costs Table in Exhibit 4, Tab 2, Schedule 1 Page 1 to 3 were also updated with the adjustments accordingly and updated copy included below.

SUMMARY OF REVISED OPERATING COSTS WITH ADJUSTMENTS

	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test with Adjustments
OM&A expenses				
Operations	523,452	481,734	568,635	620,871
Maintenance	104,971	88,033	114,011	104,107
Billing & Collecting	223,962	420,421	441,986	428,844
Community Relations	8,918	17,130	19,767	19,767
Administrative and General Expenses	698,073	801,751	786,480	921,831
	1,559,376	1,809,069	1,930,879	2,095,420

OM&A Detailed Costs Table	Variance from 2006 Board			Variance from 2006 Board			Variance from 2007 Board		
	2006 Board Approved	2006 Actual	2006 Approved	2006 Actual	2007 Bridge	2007 Actual	2007 Bridge	2008 Test	2007 Bridge
	1 % of Distribution Expense			1 % of Distribution Expense			1 % of Distribution Expense		
3500 Distribution Expenses - Operation									
5005-Operation Supervision and Engineering	131,397	126,807	4,590	126,807	136,368	(9,561)	136,368	140,459	(4,091)
Operation Labour	-	5,175	(5,175)	5,175	7,462	(2,287)	7,462	7,686	(224)
Supplies and Expenses	20,693	29,979	(9,286)	29,979	43,672	(13,693)	43,672	41,527	2,145
Operation Labour	192,532	159,245	33,287	159,245	215,752	(56,507)	215,752	260,858	(45,106)
Operation Supplies and Expenses	31,666	129,262	(97,596)	129,262	133,140	(3,878)	133,140	137,134	(3,994)
Operation	3,676	1,069	2,607	1,069	1,514	(445)	1,514	1,558	(44)
Feeders - Operation Labour	51,572	22,091	29,481	22,091	24,725	(2,634)	24,725	25,467	(742)
Operation Supplies & Expenses	2,083	6,017	(3,934)	6,017	3,850	2,167	3,850	3,966	(116)
5085-Miscellaneous Distribution Expense	-	2,089	(2,089)	2,089	2,152	(63)	2,152	2,216	(64)
3500 Distribution Expenses - Operation	523,452	481,734	41,718	481,734	568,635	(86,901)	568,635	620,871	(52,236)
3550 Distribution Expenses - Maintenance									
5120-Maintenance of Poles, Towers and Fixtures	4,883	3,433	1,450	3,433	3,033	400	3,033	3,124	(91)
Right of Way	80,094	21,539	58,555	21,539	17,492	4,047	17,492	18,016	(524)
5155-Maintenance of Underground Services	39	214	(175)	214	214	-	214	214	-
5160-Maintenance of Line Transformers	865	34,975	(34,110)	34,975	63,613	(28,638)	63,613	65,522	(1,909)
5175-Maintenance of Meters	14,450	27,872	(13,422)	27,872	29,659	(1,787)	29,659	17,231	12,428
3550 Distribution Expenses - Maintenance	104,971	88,033	16,938	88,033	114,011	(25,978)	114,011	104,107	9,904
3650 Billing and Collecting									
5310-Meter Reading Expense	48,560	55,580	(7,020)	55,580	63,624	(8,044)	63,624	65,533	(1,909)
5315-Customer Billing	63,349	115,706	(52,357)	115,706	119,269	(3,563)	119,269	122,846	(3,577)
5320-Collecting	76,796	89,253	(12,457)	89,253	94,469	(5,216)	94,469	97,303	(2,834)
5325-Collecting- Cash Over and Short	(161)	(17)	(144)	(17)	(17)	-	(17)	(17)	-
5330-Collection Charges	2,841	674	2,167	674	501	173	501	516	(15)
5335-Bad Debt Expense	758	46,344	(45,586)	46,344	46,344	-	46,344	21,344	25,000
Expenses	31,819	112,881	(81,062)	112,881	117,796	(4,915)	117,796	121,319	(3,523)
3650 Billing and Collecting	223,962	420,421	(196,459)	420,421	441,986	(21,565)	441,986	428,844	13,142
3700 Community Relations									
5410-Community Relations - Sundry	9,718	17,130	(7,412)	17,130	19,767	2,637	19,767	19,767	-
5415-Energy Conservation	-	-	-	-	-	-	-	-	-
3700 Community Relations	9,718	17,130	(7,412)	17,130	19,767	2,637	19,767	19,767	-
3800 Administrative and General Expenses									
5605-Executive Salaries and Expenses	30,151	16,644	13,507	16,644	17,143	(499)	17,143	17,657	(514)
5610-Management Salaries and Expenses	285,002	268,484	16,518	268,484	303,221	(34,737)	303,221	312,318	(9,097)
Expenses	73,748	75,625	(1,877)	75,625	79,406	(3,781)	79,406	148,698	(69,292)
5620-Office Supplies and Expenses	81,592	80,603	989	80,603	91,195	(10,592)	91,195	93,931	(2,736)
5630-Outside Services Employed	85,077	201,180	(116,103)	201,180	121,974	79,206	121,974	138,624	(16,650)
5635-Property Insurance	16,164	14,466	1,698	14,466	19,335	(4,869)	19,335	19,915	(580)
5640-Injuries and Damages	33,445	37,409	(3,964)	37,409	38,404	(995)	38,404	39,556	(1,152)
5655-Regulatory Expenses	45,012	46,296	(1,284)	46,296	49,198	(2,902)	49,198	82,531	(33,333)
5660-General Advertising Expenses	-	5,444	(5,444)	5,444	4,879	565	4,879	5,025	(146)
5665-Miscellaneous General Expenses	9,690	1,750	7,940	1,750	3,422	(1,672)	3,422	3,524	(102)
5675-Maintenance of General Plant	36,575	27,846	8,729	27,846	31,519	(3,673)	31,519	32,464	(945)
5680-Electrical Safety Authority Fees	-	26,004	(26,004)	26,004	26,784	(780)	26,784	27,588	(804)
3800 Administrative and General Expenses	698,073	801,751	(103,678)	801,751	786,480	15,271	786,480	921,831	(135,351)
TOTAL OM&A COSTS	2,642,248	2,992,403	(350,155)	1,809,069	1,930,879	(116,536)	1,930,879	2,095,420	(164,541)
TOTAL DISTRIBUTION EXPENSE	2,296,952	2,633,885		2,633,885	2,711,860		2,711,860	2,916,957	

Dereck Paul:
Reduced by \$220,278
per Board Decision

Dereck Paul:
Reduced by \$25,000
per Board Decision

Dereck Paul:
\$80,408 CDM
amounts removed per
Board Decision

Dereck Paul:
Reduced by \$66,667
per Board Decision

Amortization

In its application, LUI indicated for financial statement purposes it will depreciate smart meters over 17.5 years at an annual percentage rate of 5.7%. In fact, the model did calculate depreciation using the half year rule.

However, as per Board decision to remove smart meters from its 2008 capital expenditures, LUI has recalculated meter depreciation expenses at 4%. All other capital expenditures for 2008 were calculated using the half year rule.

As demonstrated in the continuity statement example below, the half year rule applied to all additions in 2008 in the rate model LUI used.

ACCOUNT 1915 1915-Office Furniture and Equipment						
	BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	83,191	-28,227	54,964	83,191	-36,546	46,645
Additions	0		0	25,000		25,000
Depreciat 10.0%		-8,319	-8,319		-9,569	-9,569
Retirements & Sales	0	0	0	0	0	0
Other (sp ARO)			0			0
			0			0
			0			0
Closing Balance	83,191	-36,546	46,645	108,191	-46,115	62,076
Average Balance	83,191	-32,386	50,804	95,691	-41,330	54,360
Change in Year	0	-8,319	-8,319	25,000	-9,569	15,431

Gross Cost	\$ 83,190.77	10%	\$ 8,319.08	\$ 83,190.77	10%	\$ 8,319.08
Additions	\$ -	10%	\$ -	\$ 25,000.00	10%	\$ 1,250.00 *
Total Amortization			\$ 8,319.08			\$ 9,569.08

* \$25,000 divided by 2 multiply by 10%

LUI has re-calculated its amortization expenses to remove smart meter costs from the revenue requirement. The result is a decrease in amortization expense from \$888,341 to \$814,753. The details related to the changes are reflected in the below tables:

Draft Rate Order
2008 Rate Application
Lakefront Utilities Inc.
File Number: EB-2007-0761

Original Submission: October 31, 2007:

ACCUMULATED DEPRECIATION TABLE	2007 Bridge	2008 Test	Variance from 2007 Bridge
	(\$'s)	(\$'s)	
Land and Buildings			
1806-Land Rights-Depreciation	455	910	455
1808-Buildings and Fixtures-Depreciation	61,181	77,582	16,401
1810-Leasehold Improvements-Depreciation	-	-	-
Sub-Total-Land and Buildings	61,636	78,492	16,856
TS Primary Above 50			
1815-Transformer Station Equipment - Normally Primary above 50 kV-Depreciation	-	-	-
Sub-Total-TS Primary Above 50	-	-	-
DS			
1820-Distribution Station Equipment - Normally Primary below 50 kV-Depreciation	1,368,113	1,459,025	90,912
Sub-Total-DS	1,368,113	1,459,025	90,912
Poles and Wires			
1830-Poles, Towers and Fixtures-Depreciation	3,672,288	3,840,294	168,006
1835-Overhead Conductors and Devices-Depreciation	773,139	897,015	123,876
1840-Underground Conduit-Depreciation	106,608	124,451	17,843
1845-Underground Conductors and Devices-Depreciation	1,479,102	1,591,385	112,283
Sub-Total-Poles and Wires	6,031,137	6,453,145	422,008
Line Transformers			
1850-Line Transformers-Depreciation	1,832,557	1,996,779	164,222
Sub-Total-Line Transformers	1,832,557	1,996,779	164,222
Services and Meters			
1855-Services-Depreciation	229,722	244,825	15,103
1860-Meters-Depreciation	441,875	551,688	109,813
Sub-Total-Services and Meters	671,597	796,513	124,916
General Plant			
1908-Buildings and Fixtures-Depreciation	483,289	483,289	-
1910-Leasehold Improvements-Depreciation	-	-	-
Sub-Total-General Plant	483,289	483,289	-
IT Assets			
1920-Computer Equipment - Hardware-Depreciation	206,018	222,229	16,211
1925-Computer Software-Depreciation	174,493	195,178	20,685
Sub-Total-IT Assets	380,511	417,407	36,896
Equipment			
1915-Office Furniture and Equipment-Depreciation	36,546	46,115	9,569
1930-Transportation Equipment-Depreciation	138,337	192,129	53,792
1940-Tools, Shop and Garage Equipment-Depreciation	97,918	106,090	8,172
1945-Measurement and Testing Equipment-	2,506	2,227	(279)
1960-Miscellaneous Equipment-Depreciation	4,290	4,290	-
Sub-Total-Equipment	279,597	350,851	71,254
Other Distribution Assets			
1980-System Supervisory Equipment-Depreciation	26,588	26,588	-
1995-Contributions and Grants - Credit-Depreciation	(174,013)	(212,737)	(38,724)
Sub-Total-Other Distribution Assets	(147,425)	(186,149)	(38,724)
ACCUMULATED DEPRECIATION TOTAL	10,961,012	11,849,352	888,340

**Draft Rate Order
2008 Rate Application
Lakfront Utilities Inc.
File Number: EB-2007-0761**

Boards Direction May 9, 2008:

**ACCUMULATED DEPRECIATION
TABLE**

	2007 Bridge (\$'s)	2008 Test (\$'s)	Variance form 2007 Bridge
Land and Buildings			
1805-Land-Depreciation	-	-	-
1806-Land Rights-Depreciation	455	910	455
1808-Buildings and Fixtures-Depreciation	61,181	77,582	16,401
1905-Land-Depreciation	-	-	-
1906-Land Rights-Depreciation	-	-	-
1810-Leasehold Improvements-Depreciation	-	-	-
Sub-Total-Land and Buildings	61,636	78,492	16,856
TS Primary Above 50			
1815-Transformer Station Equipment - Normally Primary above 50 kv	-	-	-
Sub-Total-TS Primary Above 50	-	-	-
DS			
1820-Distribution Station Equipment - Normally Primary below 50 kv-	1,368,113	1,459,025	90,912
Sub-Total-DS	1,368,113	1,459,025	90,912
Poles and Wires			
1830-Poles, Towers and Fixtures-Depreciation	3,672,288	3,840,294	168,006
1835-Overhead Conductors and Devices-Depreciation	773,139	897,015	123,876
1840-Underground Conduit-Depreciation	106,608	124,451	17,843
1845-Underground Conductors and Devices-Depreciation	1,479,102	1,591,385	112,283
Sub-Total-Poles and Wires	6,031,137	6,453,145	422,008
Line Transformers			
1850-Line Transformers-Depreciation	1,832,557	1,996,779	164,222
Sub-Total-Line Transformers	1,832,557	1,996,779	164,222
Services and Meters			
1855-Services-Depreciation	229,722	244,825	15,103
1860-Meters-Depreciation	427,160	463,386	36,226
Sub-Total-Services and Meters	656,882	708,211	51,329
General Plant			
1908-Buildings and Fixtures-Depreciation	483,289	483,289	-
1910-Leasehold Improvements-Depreciation	-	-	-
Sub-Total-General Plant	483,289	483,289	-
IT Assets			
1920-Computer Equipment - Hardware-Depreciation	206,018	222,229	16,211
1925-Computer Software-Depreciation	174,493	195,178	20,685
Sub-Total-IT Assets	380,511	417,407	36,896
Equipment			
1915-Office Furniture and Equipment-Depreciation	36,546	46,115	9,569
1930-Transportation Equipment-Depreciation	138,337	192,129	53,792
1940-Tools, Shop and Garage Equipment-Depreciation	97,918	106,090	8,172
1945-Measurement and Testing Equipment-	2,506	2,227	(279)
1960-Miscellaneous Equipment-Depreciation	4,290	4,290	-
Sub-Total-Equipment	279,597	350,851	71,254
Other Distribution Assets			
1980-System Supervisory Equipment-Depreciation	26,588	26,588	-
1995-Contributions and Grants - Credit-Depreciation	(174,013)	(212,737)	(38,724)
Sub-Total-Other Distribution Assets	(147,425)	(186,149)	(38,724)
ACCUMULATED DEPRECIATION TOTAL	10,946,297	11,761,050	814,753

Incremental CDM Funding

The Board finds that LUI has misinterpreted the Board's August 13, 2007 decision relating to incremental third-tranche CDM funding and adjusted LUI's OM&A to remove the amount of \$80,408 in 2008.

The Board also directed LUI to record the over-collection arising from the difference between the originally approved \$38,761 expense (associated with the originally proposed \$550,000 CDM plan) and the appropriate level of \$8,398 for the \$119,169 approved, in a sub-account of 1508 for return to customers at a future date.

LUI has complied accordingly with the Board's decision and \$80,408 has been removed from OM&A (Account 5415). LUI also adjusted the sub-account to 1508 to include a credit of \$30,363 to be disposed at a future date.

Payments in Lieu of Taxes ("PILs")

The Board directed LUI to reflect the new maximum federal income tax rate for 2008 (reduced to 19.5%, yielding a combined federal and Ontario income tax rate for 2008 of 33.5%) and the new CCA class rates. LUI has changed the CCA class for Computer System Software purchases for 2008 to class 50 which attracts a CCA rate of 55%.

The following tables provides a comparison between what LUI submitted to the Board on October 31, 2007 and the Board's direction dated May 9, 2008 with regards to Payment in Lieu of Taxes (PILs). The changes take into consideration both the change to the combined federal and Ontario income tax rate for 2008 to 33.5% and the new CCA rates for computer hardware and software acquired after March 17, 2007. Please note, with the 4.667% Ontario SBD Clawback, the total combined income tax rate works out to 35.547% as demonstrated in the revised table below.

The change to the Taxable Regulatory Income is also impacted by other changes directed by the Board such as the recalculation of the Cost of Power and the new lower transmission rates.

Original Submission: October 31, 2007:

Income Tax Rates

	<i>Income Range</i>			
	0 to 300,000	300,000 to 400,000	400,000 to 1,128,519	1,128,519 or more
Federal Income Tax	11.500%	11.500%	20.500%	20.500%
Ontario Income Tax	5.500%	5.500%	14.000%	14.000%
Combined Income Tax	17.000%	17.000%	34.500%	34.500%
Ontario SBD Clawback	0.000%	0.000%	4.667%	0.000%

Total Rate Base	15,577,507
OCT exemption	15,000,000
LCT exemption	50,000,000
OCT rate	0.285%
LCT rate	0.000%
LCT surtax	0.000%

Payment in Lieu of Taxes (PILs)

	Source or Input	Tax Payable	Inclusion in Revenue Req.	
Regulatory Taxable Income	TxbllIncome	704,914		
Combined Income Tax Rate	TaxRates	36.519%		
Total Income Taxes		257,425		
Investment Tax Credits	-			
Miscellaneous Tax Credits	-			
Total Tax Credits		-		
Income Tax Provision		257,425	405,511	<i>grossed-up for income taxes</i>
Ontario Capital Tax	CapitalTaxes	1,646	1,646	<i>not grossed-up</i>
Large Corporations Tax	CapitalTaxes	-	-	<i>grossed-up for income taxes</i>
Total PILs		259,070	407,157	<i>amount for Output</i>

Boards Direction May 9, 2008:

Revised Income Tax Rates:

PILS RATE AND CALCULATION

Item	Description	Reference	Rates	\$	PILs
1	Taxable Income	Page 12		\$ 717,129	
2	Ontario				
3	Income tax payable		14.00%	\$ 100,398	
4	Small business credit	400,000	8.50%	-\$ 34,000	
5	Surtax on (1-4)	317,129	4.67%	\$ 14,800	
6	Income tax			\$ 81,198	
7	Effective Ontario Rate (6/1)				11.32%
8	Federal rate				19.50%
9	Combined tax rate				30.82%
10	Income tax PILs	(1) X (9)		\$ 221,039	
11	Grossed-up PILs	(10) / (1-30.82%)		\$ 319,484	

**Draft Rate Order
2008 Rate Application
Lakefront Utilities Inc.
File Number: EB-2007-0761**

	Income Range			
	0 to 300,000	300,000 to 400,000	400,000 to 1,128,519	1,128,519 or more
Federal Income Tax	11.000%	11.000%	19.500%	19.500%
Ontario Income Tax	5.500%	5.500%	11.320%	11.320%
Combined Income Tax	16.500%	16.500%	30.820%	30.820%
Ontario SBD Clawback	0.000%	0.000%	0.000%	0.000%

Total Rate Base	14,413,176
OCT exemption	15,000,000
LCT exemption	50,000,000
OCRate	0.285%
LCTrate	0.000%
LCTsurtax	0.000%

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Income before PILs/Taxes	A	576,431	0	576,431
Additions:				
Amortization of tangible assets	104	814,753	0	814,753
Reserves from financial statements - balance at end of year	126	264,625	0	264,625
Other Additions (see OtherAdditions sheet)	295	459,910	0	459,910
Total Additions		1,539,288	0	1,539,288
Deductions:				
Capital cost allowance from Schedule 8	403	680,910	0	680,910
Reserves from financial statements - balance at beginning of year	414	256,917	0	256,917
Interest capitalized for accounting deducted for tax	390	1,252	0	1,252
Other Deductions (see OtherDeductions sheet)	394	459,511	0	459,511
Total Deductions		1,398,590	0	1,398,590
Net Income for Tax Purposes		717,129	0	717,129
TAXABLE INCOME		717,129	0	717,129

Deemed Interest Expense

459,511

Actual Interest Expense

523,948

6040-Allowance for Borrowed Funds Used During Construction--Cre

0

6042-Allowance For Other Funds Used During Construction

1,252

Actual Interest Cost

525,200

Please refer to amortization schedule on page 10

Revised Payment in Lieu of Taxes (PILs) results:

	Source or Input	Tax Payable	Inclusion in Revenue Req.	
Regulatory Taxable Income	TxbllIncome	717,129		
Combined Income Tax Rate	TaxRates	30.820%		
Total Income Taxes		221,019		
Investment Tax Credits	-			
Miscellaneous Tax Credits	-			
Total Tax Credits		-		
Income Tax Provision		221,019	319,484	<i>grossed-up for income taxes</i>
Ontario Capital Tax	CapitalTaxes	-	-	<i>not grossed-up</i>
Large Corporations Tax	CapitalTaxes	-	-	<i>grossed-up for income taxes</i>
Total PILs		221,019	319,484	<i>amount for Output</i>

Capital Expenditures and Rate Base

Capital Budget

Smart Meters

LUI has removed its forecast for smart meters from OM&A and rate base as directed by the Board and has made the appropriate adjustments to the revenue requirement. LUI has also included a revised smart meter rate adder of \$1.00 per meter per month to qualified customer classes.

**Draft Rate Order
2008 Rate Application
Lakefront Utilities Inc.
File Number: EB-2007-0761**

Original Submission: October 31, 2007 re Capital Spending:

Project	Bridge	Test	(blank)	Grand Total
(blank)				
WO# 6174 - CARLISLE	41,170			41,170
WO# 7585 - DIVISION	136,208			136,208
WO# 7586 - DENSMORE LT	31,264			31,264
WO# 7587 - JARVIS LT	10,544			10,544
WO# 7588 - ANNE	27,493			27,493
WO# 7589 - COLLEGE	23,332			23,332
WO# 7590 - CHAPEL	18,547			18,547
WO# 7591 - JOHN ST N	30,497			30,497
WO# 7592 - JOHN ST S	65,760			65,760
WO# 7594 - SWAYNE		109,970		109,970
WO# 7595 - UNIVERSITY	169,104			169,104
Pole Yard Upgrades - Fence	50,000			50,000
Meters	80,000			80,000
Smart Meters		2,041,819		2,041,819
Office Equip - Storage, shelving		25,000		25,000
Computer Hardware/Software	15,000	115,000		130,000
RBD Chasis - Replacing Elec-5 (1990)	60,000			60,000
Tools & Equipment	10,000	25,000		35,000
WO# 7593 - KING ST E (Back Yard)	38,078			38,078
WO# 7596 - KING ST E	49,615			49,615
WILLIAM ST 28 KV	119,960			119,960
Boulton, Jeffery, Sinclair Streets	80,371			80,371
Burnham St - William to Heath	51,200			51,200
Carlisle St East	33,500			33,500
Carlisle St	14,400			14,400
Curtis Cres	55,000			55,000
Northwood Dr	33,650			33,650
Westwood Dr	15,700			15,700
Westwood Dr North	58,800			58,800
William St ROW to Tracks	66,050			66,050
Truck		260,000		260,000
Burwash		39,154		39,154
Harnden Cres		39,653		39,653
Harnden St		58,019		58,019
Hayden Cres		53,684		53,684
Marion St		9,312		9,312
Murray Cres		54,992		54,992
Sandra Cres		19,764		19,764
Sinclair St		68,878		68,878
Spragge Cres		20,327		20,327
WO# 6155 - WILLIAM ST	45,349			45,349
WO# 6155 - WILLIAM ST	113,340			113,340
MS 1 Security System		10,000		10,000
Grand Total	1,543,932	2,950,572		4,494,504

**Draft Rate Order
2008 Rate Application
Lakefront Utilities Inc.
File Number: EB-2007-0761**

Boards Direction May 9, 2008:

Revised Capital Spending:

Project	Bridge	Test	(blank)	Grand Total
(blank)				
WO# 6174 - CARLISLE	41,170			41,170
WO# 7585 - DIVISION	136,208			136,208
WO# 7586 - DENSMORE LT	31,264			31,264
WO# 7587 - JARVIS LT	10,544			10,544
WO# 7588 - ANNE	27,493			27,493
WO# 7589 - COLLEGE	23,332			23,332
WO# 7590 - CHAPEL	18,547			18,547
WO# 7591 - JOHN ST N	30,497			30,497
WO# 7592 - JOHN ST S	65,760			65,760
WO# 7594 - SWAYNE		109,970		109,970
WO# 7595 - UNIVERSITY	169,104			169,104
Pole Yard Upgrades - Fence	50,000			50,000
Meters	80,000			80,000
Smart Meters		0		0
Office Equip - Storage, shelving		25,000		25,000
Computer Hardware/Software	15,000	115,000		130,000
RBD Chasis - Replacing Elec-5 (1990)	60,000			60,000
Tools & Equipment	10,000	25,000		35,000
WO# 7593 - KING ST E (Back Yard)	38,078			38,078
WO# 7596 - KING ST E	49,615			49,615
WILLIAM ST 28 KV	119,960			119,960
Boulton, Jeffery, Sinclair Streets	80,371			80,371
Burnham St - William to Heath	51,200			51,200
Carlisle St East	33,500			33,500
Carlisle St	14,400			14,400
Curtis Cres	55,000			55,000
Northwood Dr	33,650			33,650
Westwood Dr	15,700			15,700
Westwood Dr North	58,800			58,800
William St ROW to Tracks	66,050			66,050
Truck		260,000		260,000
Burwash		39,154		39,154
Harnden Cres		39,653		39,653
Harnden St		58,019		58,019
Hayden Cres		53,684		53,684
Marion St		9,312		9,312
Murray Cres		54,992		54,992
Sandra Cres		19,764		19,764
Sinclair St		68,878		68,878
Spragge Cres		20,327		20,327
WO# 6155 - WILLIAM ST	45,349			45,349
WO# 6155 - WILLIAM ST	113,340			113,340
MS 1 Security System		10,000		10,000
Burnham St		0		0
Burnham Manor		0		0
Barbara St.		0		0
Elizabeth St.		0		0
Shirley St.		0		0
Norma St.		0		0
Ruth St.		0		0
Grand Total	1,543,932	908,753		2,452,685

Draft Rate Order
2008 Rate Application
Lakefront Utilities Inc.
File Number: EB-2007-0761

Fixed Asset Continuity Schedule as submitted October 31, 2007:

(Note: only those schedules that have changed are presented here)

ACCOUNT: 1860 1860-Meters

	BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	825,640	-392,534	433,106	905,640	-441,876	463,764
Additions	80,000		80,000	2,041,819		2,041,819
Depreciation 5.7%		-49,341	-49,341		-109,813	-109,813
Retirements & Sales	0	0	0	0	0	0
Other (specify) ARO			0			0
			0			0
			0			0
Closing Balance	905,640	-441,876	463,764	2,947,459	-551,689	2,395,770
Average Balance	865,640	-417,205	448,435	1,926,550	-496,783	1,429,767
Change in Year	80,000	-49,341	30,659	2,041,819	-109,813	Return to Total Fixed Assets

ACCOUNT: 1610:2005 TOTAL FIXED ASSETS IN SERVICE

	BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	18,786,600	-8,604,722	10,181,877	19,695,509	-8,750,681	10,944,829
Additions	1,543,932	0	1,543,932	2,950,572	0	2,950,572
Depreciation	0	-780,981	-780,981	0	-888,341	-888,341
Retirements & Sales	-635,022	635,022	0	-252,785	252,785	0
Other (specify) ARO	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
Closing Balance	19,695,509	-8,750,681	10,944,829	22,393,296	-9,386,236	13,007,060
Average Balance	19,241,055	-8,677,701	10,563,353	21,044,403	-9,068,458	11,975,944
Change in Year	908,910	-145,958	762,951	2,697,787	-635,556	2,062,231

Draft Rate Order
2008 Rate Application
Lakefront Utilities Inc.
File Number: EB-2007-0761

Revised Fixed Asset Continuity Schedule per Boards direction May 9, 2008:

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1860 1860-Meters

	BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	825,640	-392,534	433,106	905,640	-427,160	478,480
Additions	80,000		80,000	0		0
Depreciation 4.0%		-34,626	-34,626		-36,226	-36,226
Retirements & Sales	0	0	0	0	0	0
Other (specify) ARO			0			0
			0			0
			0			0
Closing Balance	905,640	-427,160	478,480	905,640	-463,386	442,255
Average Balance	865,640	-409,847	455,793	905,640	-445,273	460,367
Change in Year	80,000	-34,626	45,374	0	-36,22	Return to Total Fixed

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1610:2005 TOTAL FIXED ASSETS IN SERVICE

	BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	18,786,600	-8,604,722	10,181,877	19,695,509	-8,735,965	10,959,545
Additions	1,543,932	0	1,543,932	908,753	0	908,753
Depreciation	0	-766,265	-766,265	0	-814,753	-814,753
Retirements & Sales	-635,022	635,022	0	-252,785	252,785	0
Other (specify) ARO	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
Closing Balance	19,695,509	-8,735,965	10,959,545	20,351,477	-9,297,933	11,053,544
Average Balance	19,241,055	-8,670,344	10,570,711	20,023,493	-9,016,949	11,006,545
Change in Year	908,910	-131,242	777,667	655,968	-561,968	94,000

Working Capital

Cost of Power

The Board directed LUI to update the cost of power to reflect the price contained in the April 2008 RPP report, \$0.0545/kWh, and revise the working capital calculation using the revised cost of power and the new lower transmission rates.

Cost of Power price submitted October 31, 2007:

\$0.05704/kWh

Cost of Power used in calculating the Draft Rate Order as directed by the Board:

\$0.0545/kWh

The table below incorporates the changes as directed, inclusive of loss factor of 1.0541:

Lakefront Utilities Inc.

Cost of power		
Class	kwhs	Price
Loss Factor 1.0541		\$0.0545
Residential	81,419,951	\$ 4,437,387.33
GS less 50 kW	38,959,753	\$ 2,123,306.55
GS over 50 kW (50 to 2,999 kW)	123,637,442	\$ 6,738,240.61
GS over 50 kW (3,0000 to 4,999 kW)	58,733,842	\$ 3,200,994.37
Unmetered scattered load	654,162	\$ 35,651.82
Sentinel Lighting	52,102	\$ 2,839.56
Street Lights	2,176,945	\$ 118,643.52
Total	305,634,197	\$ 16,657,063.76

Retail Transmission Rates

LUI has reduced the Network Retail Transmission Service Rate by 18% and the Connection Retail Service Rate by 5% according to the Board decision and these reductions have been reflected in the transmission rates used by LUI in its Working Capital Calculation in the Draft Rate Order, the details are below:

Ac#4714 Network Retail Transmission Service Rate \$1,322,705 less 18% = **\$1,084,618**

Ac#4716 Connection Retail Service Rate \$1,104,388 less 5% = **\$1,049,169**

Below is the calculation used to adjust the Network Retail Transmission Service Rate and the Connection Retail Service Rate charges to LUI's customers:

Retail Transmission Rate Network service Rate		
Class	Previous Rates	-18% adjustment
Residential	\$ 0.0049	0.0040
GS less 50kW	\$ 0.0045	0.0037
GS over 50 kW (50 to 2,999 kW)	\$ 1.8183	1.4910
GS over 50 kW (3,000 to 4,999 kW)	\$ 2.0336	1.6676
Unmetered scattered load	\$ 0.0052	0.0043
Sentinel Lighting	\$ 1.3782	1.1301
Street Lights	\$ 1.3713	1.1245

Retail Transmission Rate Line and Transformation Connection Service Rate		
Class	Previous rate	-5% adjustment
Residential	\$ 0.0040	0.0038
GS less 50kW	\$ 0.0036	0.0034
GS over 50 kW (50 to 2,999 kW)	\$ 1.4440	1.3718
GS over 50 kW (3,000 to 4,999 kW)	\$ 1.7030	1.6179
Unmetered scattered load	\$ 0.0045	0.0043
Sentinel Lighting	\$ 1.1396	1.0826
Street Lights	\$ 1.1163	1.0605

Draft Rate Order
2008 Rate Application
Lakefront Utilities Inc.
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Changes to the Working Capital can be seen in the following tables:

	As submitted October 31, 2007			Revised as per Board Decision		
WORKING CAPITAL ALLOWANCE CALCULATION BY ACCOUNT	2008 Test	15%	Allowance for Working Capital	2008 Test	15%	Allowance for Working Capital
Operation (Working Capital)						
5005-Operation Supervision and Engineering	140,459	15%	21,069	140,459	15%	21,069
5014-Transformer Station Equipment - Operation Labour	7,686	15%	1,153	7,686	15%	1,153
5015-Transformer Station Equipment - Operation Supplies and Expenses	41,527	15%	6,229	41,527	15%	6,229
5020-Overhead Distribution Lines and Feeders - Operation Labour	260,858	15%	39,129	260,858	15%	39,129
5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	137,134	15%	20,570	137,134	15%	20,570
5035-Overhead Distribution Transformers- Operation	1,558	15%	234	1,558	15%	234
5040-Underground Distribution Lines and Feeders - Operation Labour	25,467	15%	3,820	25,467	15%	3,820
5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	3,966	15%	595	3,966	15%	595
5085-Miscellaneous Distribution Expense	2,216	15%	332	2,216	15%	332
Sub-Total	620,871		93,131	620,871		93,131
Maintenance (Working Capital)						
5120-Maintenance of Poles, Towers and Fixtures	3,124	15%	469	3,124	15%	469
5135-Overhead Distribution Lines and Feeders - Right of Way	18,016	15%	2,702	18,016	15%	2,702
5155-Maintenance of Underground Services	214	15%	32	214	15%	32
5160-Maintenance of Line Transformers	65,522	15%	9,828	65,522	15%	9,828
5175-Maintenance of Meters	237,509	15%	35,626	17,231	15%	2,585
5178-Customer Installations Expenses- Leased Property	0	15%	0	0	15%	0
Sub-Total	324,385		48,658	104,107		15,616
Billing and Collections						
5310-Meter Reading Expense	65,533	15%	9,830	65,533	15%	9,830
5315-Customer Billing	122,846	15%	18,427	122,846	15%	18,427
5320-Collecting	97,303	15%	14,595	97,303	15%	14,595
5325-Collecting- Cash Over and Short	-17	15%	-3	-17	15%	-3
5330-Collection Charges	516	15%	77	516	15%	77
5335-Bad Debt Expense	46,344	15%	6,952	21,344	15%	3,202
5340-Miscellaneous Customer Accounts Expenses	121,319	15%	18,198	121,319	15%	18,198
Sub-Total	453,844		68,077	428,844		64,327
Community Relations						
5410-Community Relations - Sundry	19,767	15%	2,965	19,767	15%	2,965
5415-Energy Conservation	80,408	15%	12,061	0	15%	0
Sub-Total	100,175		15,026	19,767		2,965
Administrative and General Expenses						
5605-Executive Salaries and Expenses	17,657	15%	2,649	17,657	15%	2,649
5610-Management Salaries and Expenses	312,318	15%	46,848	312,318	15%	46,848
5615-General Administrative Salaries and Expenses	148,698	15%	22,305	148,698	15%	22,305
5620-Office Supplies and Expenses	93,931	15%	14,090	93,931	15%	14,090
5630-Outside Services Employed	138,624	15%	20,794	138,624	15%	20,794
5635-Property Insurance	19,915	15%	2,987	19,915	15%	2,987
5640-Injuries and Damages	39,556	15%	5,933	39,556	15%	5,933
5655-Regulatory Expenses	149,198	15%	22,380	82,531	15%	12,380
5660-General Advertising Expenses	5,025	15%	754	5,025	15%	754
5665-Miscellaneous General Expenses	3,524	15%	529	3,524	15%	529
5675-Maintenance of General Plant	32,464	15%	4,870	32,464	15%	4,870
5680-Electrical Safety Authority Fees	27,588	15%	4,138	27,588	15%	4,138
Sub-Total	988,498		148,275	921,831		138,275
Taxes Other than Income Taxes						
6105-Taxes Other than Income Taxes	55,209	15%	8,281	55,209	15%	8,281
Sub-Total	55,209		8,281	55,209		8,281
Cost of Power						
4705-Power Purchased	17,249,638	15%	2,587,446	16,657,064	15%	2,498,560
4708-Charges-WMS	1,423,198	15%	213,480	1,423,198	15%	213,480
4714-Charges-NW	1,322,705	15%	198,406	1,084,618	15%	162,693
4716-Charges-CN	1,104,389	15%	165,658	1,049,169	15%	157,375
4750-LV Charges Costs	346,196	15%	51,929	346,196	15%	51,929
Sub-Total	21,446,126		3,216,919	20,560,245		3,084,037
Total	23,989,108			22,710,874		
WORKING CAPITAL ALLOWANCE TOTAL			3,598,366			3,406,631

Cost of Capital

The following tables have been extracted from the model to indicate the required change to the deemed debt rate of 6.1% has taken place in the rate model being used by LUI resulting in a weighted average cost of capital of 7.19%. This is consistent with the Board's conclusions for LUI's Board approved capital structure and cost of capital contained in the Board's May 9, 2008, Decision.

Submitted October 31, 2007:

	<i>Deemed Portion</i>	<i>Effective Rate</i>
Long-Term Debt	49.33%	7.25%
Short-Term Debt	4.00%	4.77%
Return On Equity	46.67%	8.68%
Regulated Rate of Return	100.00%	7.82%

<u>Test Year Balances, Fixed Assets in Service:</u>		
Opening Balance	10,944,829	
Closing Balance	<u>13,007,060</u>	
Average Balance		11,975,944
Working Capital Allowance		3,601,563
Total Rate Base		15,577,507
<i>Regulated Rate of Return</i>		7.82%
Regulated Return On Capital		1,218,052

Board's Direction May 9, 2008:

	<i>Deemed Portion</i>	<i>Effective Rate</i>
Long-Term Debt	49.3%	6.10%
Short-Term Debt	4.0%	4.47%
Return On Equity	46.7%	8.57%
Regulated Rate of Return	100.00%	7.19%

<u>Test Year Balances, Fixed Assets in Service:</u>		
Opening Balance	10,959,545	
Closing Balance	<u>11,053,544</u>	
Average Balance		11,006,545
Working Capital Allowance		3,406,631
Total Rate Base		14,413,176
<i>Regulated Rate of Return</i>		7.19%
Regulated Return On Capital		1,035,942

Draft Rate Order
2008 Rate Application
Lakefront Utilities Inc.
File Number: EB-2007-0761

The slight change in opening balance of Fixed Assets in LUI's evidence in Exhibit 2, Tab 2, Schedule 1 page 5 from \$10,944,829 to \$10,959,545 in the amount of \$14,715, is due to the change in Meters depreciation from 5.7% to 4%. The details of this difference are reflected in the below tables (\$49,341 less \$34,626 = \$14,715).

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1860 1860-Meters

	BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	825,640	-392,534	433,106	905,640	-441,876	463,764
Additions	80,000		80,000	2,041,819		2,041,819
Depreciation 5.7%		-49,341	-49,341		-109,813	-109,813
Retirements & Sales	0	0	0	0	0	0
Other (specify) ARO			0			0
			0			0
			0			0
Closing Balance	905,640	-441,876	463,764	2,947,459	-551,689	2,395,770
Average Balance	865,640	-417,205	448,435	1,926,550	-496,783	1,429,767
Change in Year	80,000	-49,341	30,659	2,041,819	-109,81	Return to Total Fixe

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1860 1860-Meters

	BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	825,640	-392,534	433,106	905,640	-427,160	478,480
Additions	80,000		80,000	0		0
Depreciation 4.0%		-34,626	-34,626		-36,226	-36,226
Retirements & Sales	0	0	0	0	0	0
Other (specify) ARO			0			0
			0			0
			0			0
Closing Balance	905,640	-427,160	478,480	905,640	-463,386	442,255
Average Balance	865,640	-409,847	455,793	905,640	-445,273	460,367
Change in Year	80,000	-34,626	45,374	0	-36,22	Return to Total Fixe

Cost Allocation and Rate Design

LUI has made all efforts to comply with the Board's decision with respect to moving the Street Lights and Sentinel Lights classes to revenue to cost ratios of 25% and 55% respectively. At the Board's suggestion, LUI has used VECC's cost ratios as a starting point.

	VECC Rev/Cost Ratio	Revenue in Cost Allocation Excluding \$296,166 incorrect Misc rev \$	Proportion of Revenue	Rev/Cost Ratio at 100%	100% Alloc on New Rev	Proposed Rev/Cost Ratio	Proposed Revenue Allocation	Proportion of Revenue
Residential	94.90%	\$ 1,672,296	46.94%	\$ 1,757,190	\$ 1,992,720	97.51%	\$ 1,943,006	48.09%
GS <50 kW	124.40%	\$ 621,988	17.46%	\$ 498,578	\$ 565,407	118.00%	\$ 667,181	16.51%
GS >50-2999 kW	146.80%	\$ 1,128,237	31.67%	\$ 766,383	\$ 869,109	140.95%	\$ 1,225,009	30.32%
GS 3000-4999 kW	35.10%	\$ 87,078	2.44%	\$ 247,385	\$ 280,544	35.10%	\$ 98,471	2.44%
Street Lights	9.30%	\$ 24,469	0.69%	\$ 262,365	\$ 297,532	25.00%	\$ 74,383	1.84%
Sentinel Lights	39.40%	\$ 2,119	0.06%	\$ 5,363	\$ 6,082	55.00%	\$ 3,345	0.08%
Unmetered Scattered Load	103.90%	\$ 26,758	0.75%	\$ 25,681	\$ 29,123	100.00%	\$ 29,123	0.72%
		\$ 3,562,945	100.00%	\$ 3,562,945	\$ 4,040,517		\$ 4,040,517	100.00%

The above chart shows that the existing Residential class revenue/cost ratio is below 100% and the existing GS<50 kW and GS>50-2,999 kW classes revenue/cost ratios are >120%. LUI has proposed the revenue/cost ratio for the Residential class be adjusted to 97.51% to assist the reduction the reduction of the revenue/cost ratios for the GS<50 kW and GS>50-2,999 kW classes.

In order to work with the numbers, LUI adjusted the allocation of \$296,166 miscellaneous revenues (interest on Regulatory Assets and mentioned in the Board's decision page 25) as this number distorted the Street Lights bill impact by over 1,100% increase for distribution revenue. The method used above result in a distribution revenue impact of 680% increase and a total bill impact of 47.5% increase to Street Lights.

Sentinel Lights bill impact before the adjustment of the \$296,166 was over 300% increase to distribution revenue and with the above method is 88% increase and a total bill impact of 54%.

LUI is concerned about the revenue to cost allocation for certain classes of customers, particularly the Street Lighting and Sentinel Lights classes, as mentioned throughout this rate application process. For example, as noted in the below table below, the Cost Allocation model output shows Street Lighting revenue allocation should be 12.73% of LUI's total revenue, this is obviously incorrect as Street Lighting account for only 0.8% of LUI's load.

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Customer Class	Outstanding Base Revenue Requirement %			Outstanding Base Revenue Requirement \$			CDM Revenue Allocations	Total Base Revenue Requirement
	Cost Allocation	Existing Rates	Rate Application	Cost Allocation	Existing Rates	Rate Application		
Status: OK								
Residential	40.46%	47.93%	48.09%	1,634,780	1,936,806	1,943,016	0	1,943,016
General Service Less Than 50 kW	12.10%	18.28%	16.51%	489,009	738,670	667,170	0	667,170
General Service 50 to 2,999 kW	20.65%	29.64%	30.32%	834,320	1,197,707	1,225,004	0	1,225,004
General Service 3,000 to 4,999 kW	12.99%	3.12%	2.44%	524,733	125,884	98,471	0	98,471
Street Lighting	12.73%	0.27%	1.84%	514,428	10,806	74,386	0	74,386
Sentinel Lighting	0.26%	0.05%	0.08%	10,491	2,014	3,346	0	3,346
Unmetered Scattered Load	0.81%	0.71%	0.72%	32,757	28,631	29,124	0	29,124
TOTAL	100.00%	100.00%	100.00%	4,040,517	4,040,517	4,040,517	0	4,040,517
Check			OK			OK		

**Draft Rate Order
2008 Rate Application
Lakefront Utilities Inc.
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Rate Design – Fixed Charges

LUI has complied with the Board's decision to leave the monthly fixed charges unchanged at the 2007 level net of the smart meter rate adder with the exception of Street Lights and Sentinel Lights. Although Board staff noted that LUI monthly fixed charges are generally above the ceiling reference point, the fixed charges proposed below for these two classes are within the floor and ceiling values provided in the Cost Allocation informational filing.

Customer Class	Per Cost Allocation		Existing Fixed/Variable Split		Proposed Fixed Rate
	Minimum	Maximum	Existing Rate	with new Rev. Req	
Residential	\$2.16	\$8.24	\$9.52	\$10.34	\$9.26
General Service Less Than 50	\$6.39	\$14.39	\$25.08	\$24.54	\$24.82
General Service 50 to 2,999 kW	\$21.43	\$33.94	\$200.80	\$222.45	\$200.54
General Service 3,000 to 4,999 kW	\$86.39	\$182.24	\$1,762.37	\$1,493.23	\$1,762.11
Street Lighting	\$0.01	\$14.93	\$0.15	\$1.12	\$1.12
Sentinel Lighting	\$0.00	\$14.90	\$1.98	\$3.56	\$3.56
Unmetered Scattered Load	\$9.66	\$25.62	\$11.19	\$12.33	\$11.19

Customer Class	Before Adjustment	Transformer Allowance Impact			Low Voltage Charges			Adjusted Rates	Fixed
	Usage Rate per	Total \$	Load	Rate Δ	Total \$	Load	Rate Δ	Usage per	Charge
Residential	0.0136 kWh	0	77,241,202	\$0.0000	101,285	77,241,202	\$0.0013	\$0.0149 kWh	\$9.26
General Service Less Than 50 kW	0.0094 kWh	0	36,960,206	\$0.0000	44,109	36,960,206	\$0.0012	\$0.0106 kWh	\$24.82
General Service 50 to 2,999 kW	3.3986 kW	106,625	270,520	\$0.3941	130,026	270,520	\$0.4807	\$4.2734 kW	\$200.54
General Service 3,000 to 4,999 kW	0.4555 kW	71,455	123,329	\$0.5794	67,897	123,329	\$0.5505	\$1.5855 kW	\$1,762.11
Street Lighting	7.0529 kW	0	5,335	\$0.0000	1,955	5,335	\$0.3665	\$7.4194 kW	\$1.12
Sentinel Lighting	8.7879 kW	0	98	\$0.0000	37	98	\$0.3710	\$9.1588 kW	\$3.56
Unmetered Scattered Load	0.0298 kWh	0	620,588	\$0.0000	887	620,588	\$0.0014	\$0.0313 kWh	\$11.19
TOTAL		178,080			346,196				

Deferral and Variance Accounts

LUI has adjusted its calculation for the disposition of deferral and variance accounts in accordance with the Board's decision.

LUI will dispose of accounts 1508 and 1550 over a 1 year period. All other deferral and variance accounts will be addressed at a later date including the CDM over collection adjustment of \$30,363 as noted on page 11 of the Board's decision.

The Horizon Plastics adjustments will be made to the 2007 balances as per the Board's decision, to reflect the timing of the refund which LUI made to Horizon. The revised 2007 balance will be dealt with in a subsequent application for disposition

The rate rider for the recovery of 1508 and 1550 is included in the Draft Rate Order and the calculation is provided below:

Account Description	Apr 30/08		Allocation Basis	Residential	General	General	General	Unmetered	Sentinel	Street Lighting	Totals
	Dec31/06 Balance	Balance			Service Less Than 50 kW	Service 50 to 2,999 kW	Service 3,000 to 4,999 kW	Scattered Load			
Other Regulatory Assets 1508	122,263	129,296	KWh	34,444	16,482	52,304	24,847	277	22	921	129,296
LV Variance Account 1550	86,443	91,718	Dx Revenue	43,960	16,766	22,654	7,383	660	46	248	91,718
Sub-total to Dispose at Apr30/08	208,707	221,014		78,404	33,248	74,958	32,230	937	68	1,169	221,014
Total to Dispose at May1/08				78,404	33,248	74,958	32,230	937	68	1,169	221,014
Disposal period? 1 YEAR				78,404	33,248	74,958	32,230	937	68	1,169	221,014
Projected 2008 Rate Riders				0.0010	0.0009	0.2771	0.2613	0.0015	0.6929	0.2190	
Rate Determinant				kWh	kWh	kW	kW	kWh	kW	kW	

REVENUE REQUIREMENT

The changes on the previous pages have resulted in changes to the Service Revenue Requirement and subsequent Base Revenue Requirement.

The following tables provide the original submitted revenue requirement and the revised amounts:

Submitted October 31, 2007:

OM&A Expenses	2,564,293
Amortization Expenses	888,341
Total Distribution Expenses	3,452,633
Regulated Return On Capital	1,218,052
PILs (with gross-up)	407,157
Service Revenue Requirement	5,077,843

Service Revenue Requirement	5,077,843
Less: Revenue Offsets	-335,564
Base Revenue Requirement	4,742,279
Directly Allocated CDM	80,408
Outstanding Base Revenue Requirement	4,661,871

Includes Adjustments for Boards Direction May 9, 2008:

OM&A Expenses	2,150,631
Amortization Expenses	814,753
Total Distribution Expenses	2,965,384
Regulated Return On Capital	1,035,942
PILs (with gross-up)	319,484
Service Revenue Requirement	4,320,810

Service Revenue Requirement	4,320,810
Less: Revenue Offsets	-280,293
Base Revenue Requirement	4,040,517
Directly Allocated CDM	0
Outstanding Base Revenue Requirement	4,040,517

Base Revenue Requirement Reconciliation

	31-Oct-07	Adjustments	09-May-08
OM&A	\$ 2,564,293	-\$ 413,662	\$ 2,150,631
Amortization	\$ 888,341	-\$ 73,588	\$ 814,753
Return on Capital	\$ 1,218,052	-\$ 182,110	\$ 1,035,942
PILs	\$ 407,157	-\$ 87,673	\$ 319,484
Revenue Offsets	-\$ 335,564	\$ 55,271	-\$ 280,293
CDM	-\$ 80,408	\$ 80,408	\$ -
Base Revenue Requirement	<u>\$ 4,661,871</u>	<u>-\$ 621,354</u>	<u>\$ 4,040,517</u>

In the Board's decision they advised LUI that it is LUI's responsibility to ensure that our financial data is correct for the application, specifically referring to the incorrect interest entry in our 2006 rate application which seriously impacted the revenue requirement and financial situation of LUI.

In the above reconciliation table you will note an adjustment to revenue offsets. This adjustment was made in accordance with the Board's advice. LUI is making this adjustment to reduce the miscellaneous revenue in account #4405 in the amount of \$55,271 pertaining to interest earned on retained earnings. LUI mistakenly included interest on retained earnings in this account and proposes to move the \$55,271 balance to account 3040. It would be inappropriate to treat interest on retained earnings as a revenue offset since retained earnings belong to LUI's shareholder and are used to pay out as a dividend to LUI's shareholder. Accordingly, interest on retained earnings should not be treated as a revenue offset.

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RECONCILIATION OF RATE CLASS REVENUE TO TOTAL REVENUE REQUIREMENT

2008 Test - Projected									
				Proposed Volumetric Charge without LV & Transformer Allowance		Fixed Charge			
	Customers	Projected Consumption	Consumption	Unit Revenues	Unit Revenues	Unit Revenues	Projected Base Revenue Requirement on Volumetric	Projected Base Revenue Requirement on Fixed Charge	Total Proposed Base Revenue
	(Year-End)	(kWh)	(KW)	\$/kWh	\$/KW	\$/Cust	(\$)	(\$)	
Residential	8,012	77,241,202	-	0.0136		9.26	1,052,261	890,293	1,942,554
General Service Less Than 50 kW	1,075	36,960,206	-	0.0094		24.82	347,426	320,178	667,604
General Service 50 to 2,999 kW	127	117,291,948	270,520		3.3986	200.54	919,389	305,623	1,225,012
General Service 3,000 to 4,999 kW	2	55,719,421	123,329		0.4555	1,762.11	56,176	42,291	98,467
Unmetered Scattered Load	79	620,588	-	0.0298		11.19	18,494	10,608	29,102
Sentinel Lighting	58	49,428	98		8.7879	3.56	861	2,478	3,339
Street Lighting	2,739	2,065,217	5,335		7.0529	1.12	37,627	36,812	74,439
TOTAL	12,092	289,948,010	399,282				2,432,234	1,608,283	\$ 4,040,517

Transformer Allowance Revenue									\$ 178,080
Low Voltage									\$ 346,196
Smart Meter Adder	9216 Meters multiply by 12 months								\$ 110,592
Regulatory Asset Recovery	Accounts 1508 & 1550								\$ 221,014
Grand Total									\$ 4,896,399

Lakefront Utilities Inc.

TARIFF OF RATES AND CHARGES

Effective May 1, 2008

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

APPLICATION

The application of these rates and charges shall be in accordance with the License of the Distributor and any Codes, Guidelines or Orders 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 License or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

This schedule does not contain any rates and charges relating to the electricity commodity (e.g. the Regulated Price Plan).

EFFECTIVE DATES

DISTRIBUTION RATES – May 1, 2008 for all consumption or deemed consumption service used on or after that date.

SPECIFIC SERVICE CHARGES – May 1, 2008 for all charges incurred by customers on or after that date.

LOSS FACTOR ADJUSTMENT – May 1, 2008 unless the distributor is not capable of prorating changed loss factors jointly with distribution rates. In that case, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

SERVICE CLASSIFICATIONS

Residential

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately 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.

General Service Less Than 50 kW

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW.

General Service Less 50 to 2,999 kW

The classification refers to a non residential whose monthly average peak demand is equal to or less than, or is forecast to be equal to or greater than, 50 kW but less than 3,000 kW.

General Service 3,000 to 4,999 kW

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 3,000 kW but less than 5,000 kW.

Unmetered Scattered Load

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load.

Sentinel Lighting

This classification refers to accounts that are an unmetered lighting load supplied by a sentinel light.

Street Lighting

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private railroad lighting operation, 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.

Lakefront Utilities Inc. TARIFF OF RATES AND CHARGES

Effective May 1, 2008

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

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	10.26
Distribution Volumetric Rate	\$/kWh	0.0149
Regulatory Asset Recovery	\$/kWh	0.0010
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0040
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0038
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	25.82
Distribution Volumetric Rate	\$/kWh	0.0106
Regulatory Asset Recovery	\$/kWh	0.0009
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0037
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0034
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service 50 to 2,999 kW

Service Charge	\$	201.54
Distribution Volumetric Rate	\$/kWh	4.2734
Regulatory Asset Recovery	\$/kWh	0.2771
Retail Transmission Rate – Network Service Rate	\$/kWh	1.4910
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	1.3718
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service 2,999 to 4,999 kW

Service Charge	\$	1,763.11
Distribution Volumetric Rate	\$/kWh	1.5855
Regulatory Asset Recovery	\$/kWh	0.2613
Retail Transmission Rate – Network Service Rate	\$/kWh	1.6676
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	1.6179
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge for metered account	\$	11.19
Distribution Volumetric Rate	\$/kWh	0.0313
Regulatory Asset Recovery	\$/kWh	0.0015
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0043
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0043
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Lakefront Utilities Inc.

TARIFF OF RATES AND CHARGES

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Sentinel Lighting

Service Charge	\$ 3.65
Distribution Volumetric Rate	\$/kW 9.1588
Regulatory Asset Recovery	\$/kW 0.6929
Retail Transmission Rate – Network Service Rate	\$/kW 1.1301
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW 1.0826
Wholesale Market Service Rate	\$/kWh 0.0052
Rural Rate Protection Charge	\$/kWh 0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25

Street Lighting

Service Charge	\$ 1.15
Distribution Volumetric Rate	\$/kW 7.4194
Regulatory Asset Recovery	\$/kW 0.2190
Retail Transmission Rate – Network Service Rate	\$/kW 1.1245
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW 1.0605
Wholesale Market Service Rate	\$/kWh 0.0052
Rural Rate Protection Charge	\$/kWh 0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25

Specific Service Charges

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	\$ 15.00
Returned cheque charge (plus bank charges)	\$ 15.00
Legal letter charge	\$ 15.00
Account setup charge/change of occupancy	\$ 30.00
Special Meter Reads	\$ 30.00
Collection of account charge - no disconnection	\$ 30.00
Collection of account charge - no disconnection - after regular hours	\$ 185.00
Disconnect/Reconnect at meter - during regular hours	\$ 65.00
Install/Remove load control device - during regular hours	\$ 65.00
Disconnect/Reconnect at meter - after regular hours	\$ 165.00
Install/Remove load control device - after regular hours	\$ 185.00
Disconnect/Reconnect at pole - during regular hours	\$ 185.00
Disconnect/Reconnect at pole - after regular hours	\$ 415.00
Service call - customer-owned equipment	\$ 30.00
Service Call - after regular hours	\$ 165.00
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	\$ 1,000.00
Specific charge for access to the Power poles \$/pole/year	\$ 22.35
Interval Meter Load Management Tool charge (\$110/month)	\$ 110.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$ 30.00

Lakefront Utilities Inc.
TARIFF OF RATES AND CHARGES

Effective May 1, 2008

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Allowances

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

LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0541
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0456
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A

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Bill Impacts

Residential

750 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				9.52			10.26	0.74	7.8%	0.9%
Distribution	kWh	750	0.01130	8.48	750	0.01490	11.18	2.70	31.9%	3.3%
Sub-Total				18.00			21.44	3.44	19.1%	4.2%
Regulatory Asset Recovery	kWh	750	0.00590	4.43	750	0.00100	0.75	-3.68	-83.1%	-4.5%
Retail Transmission - Network	kWh	785	0.00490	3.85	791	0.00400	3.16	-0.69	-17.8%	-0.8%
Retail Transmission - Line and Transformation Connection	kWh	785	0.00400	3.14	791	0.00380	3.00	-0.14	-4.4%	-0.2%
Wholesale Market Service	kWh	785	0.00520	4.08	791	0.00520	4.11	0.03	0.7%	0.0%
Rural Rate Protection Charge	kWh	785	0.00100	0.79	791	0.00100	0.79	0.01	0.7%	0.0%
Debt Retirement Charge	kWh	750	0.00700	5.25	750	0.00700	5.25	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	785	0.05450	42.80	791	0.05450	43.09	0.29	0.7%	0.4%
Total Bill				82.33			81.59	-0.74	-0.9%	-0.9%

Residential

1,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				9.52			10.26	0.74	7.8%	0.7%
Distribution	kWh	1,000	0.01130	11.30	1,000	0.01490	14.90	3.60	31.9%	3.4%
Sub-Total				20.82			25.16	4.34	20.8%	4.1%
Regulatory Asset Recovery	kWh	1,000	0.00590	5.90	1,000	0.00100	1.00	-4.90	-83.1%	-4.7%
Retail Transmission - Network	kWh	1,047	0.00490	5.13	1,054	0.00400	4.22	-0.91	-17.8%	-0.9%
Retail Transmission - Line and Transformation Connection	kWh	1,047	0.00400	4.19	1,054	0.00380	4.01	-0.18	-4.4%	-0.2%
Wholesale Market Service	kWh	1,047	0.00520	5.44	1,054	0.00520	5.48	0.04	0.7%	0.0%
Rural Rate Protection Charge	kWh	1,047	0.00100	1.05	1,054	0.00100	1.05	0.01	0.7%	0.0%
Debt Retirement Charge	kWh	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	1,047	0.05450	57.07	1,054	0.05450	57.45	0.38	0.7%	0.4%
Total Bill				106.60			105.37	-1.23	-1.2%	-1.2%

Residential

1,500 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				9.52			10.26	0.74	7.8%	0.5%
Distribution	kWh	1,500	0.01130	16.95	1,500	0.01490	22.35	5.40	31.9%	3.5%
Sub-Total				26.47			32.61	6.14	23.2%	4.0%
Regulatory Asset Recovery	kWh	1,500	0.00590	8.85	1,500	0.00100	1.50	-7.35	-83.1%	-4.8%
Retail Transmission - Network	kWh	1,571	0.00490	7.70	1,581	0.00400	6.32	-1.37	-17.8%	-0.9%
Retail Transmission - Line and Transformation Connection	kWh	1,571	0.00400	6.28	1,581	0.00380	6.01	-0.27	-4.4%	-0.2%
Wholesale Market Service	kWh	1,571	0.00520	8.17	1,581	0.00520	8.22	0.05	0.7%	0.0%
Rural Rate Protection Charge	kWh	1,571	0.00100	1.57	1,581	0.00100	1.58	0.01	0.7%	0.0%
Debt Retirement Charge	kWh	1,500	0.00700	10.50	1,500	0.00700	10.50	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	1,571	0.05450	85.60	1,581	0.05450	86.17	0.57	0.7%	0.4%
Total Bill				155.14			152.92	-2.22	-1.4%	-1.5%

General Service Less Than 50 kW

3,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				25.08			25.82	0.74	3.0%	0.3%
Distribution	kWh	3,000	0.00970	29.10	3,000	0.01060	31.80	2.70	9.3%	0.9%
Sub-Total				54.18			57.62	3.44	6.3%	1.2%
Regulatory Asset Recovery	kWh	3,000	0.00130	3.90	3,000	0.00090	2.70	-1.20	-30.8%	-0.4%
Retail Transmission - Network	kWh	3,141	0.00450	14.14	3,162	0.00370	11.70	-2.44	-17.2%	-0.8%
Retail Transmission - Line and Transformation Connection	kWh	3,141	0.00360	11.31	3,162	0.00340	10.75	-0.56	-4.9%	-0.2%
Wholesale Market Service	kWh	3,141	0.00520	16.33	3,162	0.00520	16.44	0.11	0.7%	0.0%
Rural Rate Protection Charge	kWh	3,141	0.00100	3.14	3,162	0.00100	3.16	0.02	0.7%	0.0%
Debt Retirement Charge	kWh	3,000	0.00700	21.00	3,000	0.00700	21.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	3,141	0.05450	171.20	3,162	0.05450	172.35	1.14	0.7%	0.4%
Total Bill				295.20			295.72	0.52	0.2%	0.2%

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General Service Less Than 50 kW
5,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				25.08			25.82	0.74	3.0%	0.2%
Distribution	kWh	5,000	0.00970	48.50	5,000	0.01060	53.00	4.50	9.3%	0.9%
Sub-Total				73.58			78.82	5.24	7.1%	1.1%
Regulatory Asset Recovery	kWh	5,000	0.00130	6.50	5,000	0.00090	4.50	-2.00	-30.8%	-0.4%
Retail Transmission - Network	kWh	5,236	0.00450	23.56	5,271	0.00370	19.50	-4.06	-17.2%	-0.9%
Retail Transmission - Line and Transformation Connection	kWh	5,236	0.00360	18.85	5,271	0.00340	17.92	-0.93	-4.9%	-0.2%
Wholesale Market Service	kWh	5,236	0.00520	27.22	5,271	0.00520	27.41	0.18	0.7%	0.0%
Rural Rate Protection Charge	kWh	5,236	0.00100	5.24	5,271	0.00100	5.27	0.04	0.7%	0.0%
Debt Retirement Charge	kWh	5,000	0.00700	35.00	5,000	0.00700	35.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	5,236	0.05450	285.33	5,271	0.05450	287.24	1.91	0.7%	0.4%
Total Bill				475.28			475.66	0.38	0.1%	0.1%

Unmetered Scattered Load
800 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				11.19			11.19	0.00	0.0%	0.0%
Distribution	kWh	800	0.02550	20.40	800	0.03130	25.04	4.64	22.7%	4.5%
Sub-Total				31.59			36.23	4.64	14.7%	4.5%
Regulatory Asset Recovery	kWh	800	0.00500	4.00	800	0.00130	1.04	-2.96	-74.0%	-2.9%
Retail Transmission - Network	kWh	838	0.00520	4.36	843	0.00520	4.39	0.03	0.7%	0.0%
Retail Transmission - Line and Transformation Connection	kWh	838	0.00450	3.77	843	0.00450	3.79	0.03	0.7%	0.0%
Wholesale Market Service	kWh	838	0.00520	4.36	843	0.00520	4.39	0.03	0.7%	0.0%
Rural Rate Protection Charge	kWh	838	0.00100	0.84	843	0.00100	0.84	0.01	0.7%	0.0%
Debt Retirement Charge	kWh	800	0.00700	5.60	800	0.00700	5.60	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	838	0.05450	45.65	843	0.05450	45.96	0.31	0.7%	0.3%
Total Bill				100.16			102.24	2.07	2.1%	2.0%

General Service 50 to 2,999 Kw
60 kW Consumption
15,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				200.80			201.54	0.74	0.4%	0.0%
Distribution	kW	60	2.95630	177.38	60	4.27340	256.40	79.03	44.6%	4.6%
Sub-Total				378.18			457.94	79.77	21.1%	4.6%
Regulatory Asset Recovery	kW	60	0.37560	22.54	60	0.27710	16.63	-5.91	-26.2%	-0.3%
Retail Transmission - Network	kW	63	1.81830	114.24	63	1.49100	94.30	-19.94	-17.5%	-1.2%
Retail Transmission - Line and Transformation Connection	kW	63	1.44400	90.72	63	1.37180	86.76	-3.96	-4.4%	-0.2%
Wholesale Market Service	kWh	15,707	0.00520	81.67	15,812	0.00520	82.22	0.55	0.7%	0.0%
Rural Rate Protection Charge	kWh	15,707	0.00100	15.71	15,812	0.00100	15.81	0.11	0.7%	0.0%
Debt Retirement Charge	kWh	15,000	0.00700	105.00	15,000	0.00700	105.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	15,707	0.05450	856.00	15,812	0.05450	861.73	5.72	0.7%	0.3%
Total Bill				1,664.06			1,720.39	56.33	3.4%	3.3%

General Service 50 to 2,999 Kw
100 kW Consumption
40,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				200.80			201.54	0.74	0.4%	0.0%
Distribution	kW	100	2.95630	295.63	100	4.27340	427.34	131.71	44.6%	3.5%
Sub-Total				496.43			628.88	132.45	26.7%	3.5%
Regulatory Asset Recovery	kW	100	0.37560	37.56	100	0.27710	27.71	-9.85	-26.2%	-0.3%
Retail Transmission - Network	kW	100	1.81830	181.83	100	1.49100	149.10	-32.73	-18.0%	-0.9%
Retail Transmission - Line and Transformation Connection	kW	100	1.44400	144.40	100	1.37180	137.18	-7.22	-5.0%	-0.2%
Wholesale Market Service	kWh	41,884	0.00520	217.80	42,164	0.00520	219.25	1.46	0.7%	0.0%
Rural Rate Protection Charge	kWh	41,884	0.00100	41.88	42,164	0.00100	42.16	0.28	0.7%	0.0%
Debt Retirement Charge	kWh	40,000	0.00700	280.00	40,000	0.00700	280.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	41,884	0.05450	2,282.68	42,164	0.05450	2,297.94	15.26	0.7%	0.4%
Total Bill				3,682.58			3,782.22	99.65	2.7%	2.6%

General Service 3,000 to 4,999 kW
3,000 kW Consumption
2,100,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				1,762.37			1,763.11	0.74	0.0%	0.0%
Distribution	kW	3,000	0.59940	1,798.20	3,000	1.58550	4,756.50	2,958.30	164.5%	1.8%
Sub-Total				3,560.57			6,519.61	2,959.04	83.1%	1.8%
Regulatory Asset Recovery	kW	3,000	-0.46970	-1,409.10	3,000	0.26130	783.90	2,193.00	155.6%	1.3%
Retail Transmission - Network	kW	3,000	2.03360	6,100.80	3,000	1.66760	5,002.80	-1,098.00	-18.0%	-0.7%
Retail Transmission - Line and Transformation Connection	kW	3,000	1.70300	5,109.00	3,000	1.61790	4,853.70	-255.30	-5.0%	-0.2%
Wholesale Market Service	kWh	2,198,910	0.00520	11,434.33	2,213,610	0.00520	11,510.77	76.44	0.7%	0.0%
Rural Rate Protection Charge	kWh	2,198,910	0.00100	2,198.91	2,213,610	0.00100	2,213.61	14.70	0.7%	0.0%
Debt Retirement Charge	kWh	2,100,000	0.00700	14,700.00	2,100,000	0.00700	14,700.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	2,198,910	0.05450	119,840.60	2,213,610	0.05450	120,641.75	801.15	0.7%	0.5%
Total Bill				161,535.11			166,226.14	4,691.03	2.9%	2.8%

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General Service 3,000 to 4,999 kW
4,700 kW Consumption
3,000,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				1,762.37			1,763.11	0.74	0.0%	0.0%
Distribution	kW	4,700	0.59940	2,817.18	4,700	1.58550	7,451.85	4,634.67	164.5%	2.0%
Sub-Total				4,579.55			9,214.96	4,635.41	101.2%	2.0%
Regulatory Asset Recovery	kW	4,700	-0.46970	-2,207.59	4,700	0.26130	1,228.11	3,435.70	155.6%	1.5%
Retail Transmission - Network	kW	4,700	2.03360	9,557.92	4,700	1.66760	7,837.72	-1,720.20	-18.0%	-0.7%
Retail Transmission - Line and Transformation Connection	kW	4,700	1.70300	8,004.10	4,700	1.61790	7,604.13	-399.97	-5.0%	-0.2%
Wholesale Market Service	kWh	3,109,887	0.00520	16,171.41	3,130,677	0.00520	16,279.52	108.11	0.7%	0.0%
Rural Rate Protection Charge	kWh	3,109,887	0.00100	3,109.89	3,130,677	0.00100	3,130.68	20.79	0.7%	0.0%
Debt Retirement Charge	kWh	3,000,000	0.00700	21,000.00	3,000,000	0.00700	21,000.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	3,109,887	0.05450	169,488.84	3,130,677	0.05450	170,621.90	1,133.06	0.7%	0.5%
Total Bill				229,704.12			236,917.01	7,212.89	3.1%	3.0%

Street Lighting

346 kW Consumption
118,000 kWh Consumption
2235 **Connections**

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge		2235	0.15	335.25	2235	1.12	2,503.20	2,167.95	646.7%	15.2%
Distribution	kW	346	0.94590	327.28	346	7.41940	2,567.11	2,239.83	684.4%	15.7%
Sub-Total				662.53			5,070.31	4,407.78	665.3%	30.9%
Regulatory Asset Recovery	kW	346	-0.30070	-104.04	346	0.21900	75.77	179.82	172.8%	1.3%
Retail Transmission - Network	kW	346	1.37130	474.47	346	1.12450	389.08	-85.39	-18.0%	-0.6%
Retail Transmission - Line and Transformation Connection	kW	346	1.11630	386.24	346	1.06050	366.93	-19.31	-5.0%	-0.1%
Wholesale Market Service	kWh	123,558	0.00520	642.50	124,384	0.00520	646.80	4.30	0.7%	0.0%
Rural Rate Protection Charge	kWh	123,558	0.00100	123.56	124,384	0.00100	124.38	0.83	0.7%	0.0%
Debt Retirement Charge	kWh	118,000	0.00700	826.00	118,000	0.00700	826.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	123,558	0.05450	6,733.90	124,384	0.05450	6,778.92	45.02	0.7%	0.3%
Total Bill				9,745.16			14,278.19	4,533.04	46.5%	31.7%

Sentinel Lighting

0.75 kW Consumption
50 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				1.98			3.56	1.58	79.8%	9.7%
Distribution	kW	1	4.88320	3.66	1	9.15880	6.87	3.21	87.6%	19.7%
Sub-Total				5.64			10.43	4.79	84.8%	29.5%
Regulatory Asset Recovery	kW	1	-0.64040	-0.48	1	0.69290	0.52	1.00	208.2%	6.2%
Retail Transmission - Network	kW	1	1.37820	1.08	1	1.13010	0.89	-0.19	-17.5%	-1.2%
Retail Transmission - Line and Transformation Connection	kW	1	1.13960	0.89	1	1.08260	0.86	-0.04	-4.4%	-0.2%
Wholesale Market Service	kWh	52	0.00520	0.27	53	0.00520	0.27	0.00	0.7%	0.0%
Rural Rate Protection Charge	kWh	52	0.00100	0.05	53	0.00100	0.05	0.00	0.7%	0.0%
Debt Retirement Charge	kWh	50	0.00700	0.35	50	0.00700	0.35	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	52	0.05450	2.85	53	0.05450	2.87	0.02	0.7%	0.1%
Total Bill				10.67			16.25	5.58	52.3%	34.3%