Lakefront
Utilities
Inc.

207 Division Street, Cobourg, ON K9A 4L3 • www.lusi.on.ca • Tel: (905) 372-2193 • Fax: (905) 372-2581

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 – 1st PREFERENCE

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.

As per Procedural Order, we have enclosed two paper copies along with a CD in the mail.

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 Utilties 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

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.

In its application, LUI sought approval to implement its smart meter program to avoid the duplication of expenses by having to replace expired/expiring meters with conventional meters and then soon after replacing those conventional meters with smart meters. LUI estimated that the replacement of expired conventional meters with new conventional meters would be approximately $500,000.[1]

In the Decision, the Board denied LUI's smart meter program and provided that LUI's expired conventional meters do not necessarily require replacement:

> "Lakefront's evidence is that "approximately half of our customer's meter seals are expired or on the verge of expiration." The Board notes, however, that an expired seal does not necessarily require replacement of the meter. Rather, the meters will be subject to further testing."

In LUI's Draft Rate Order Submission dated May 27, 2008 (the "Draft Rate Order Submission"), LUI described the basis for an estimate of approximately $250,000 in OM&A to re-seal its expired conventional meters, and suggested amortizing that cost over three years by including approximately $83,000 in OM&A in the test year.

Board Staff in its June 3, 2008 submission raised a concern that:

> "the "meter re-sealing program" discussed above was neither applied for nor approved by the Board in its Decision. No evidence on these costs was presented through the hearing, and the figures presented by LUI are untested."

LUI had not proposed re-sealing its expired conventional meters as an alternative during the course of this proceeding. Rather, LUI had proposed a capital replacement plan as an alternative to the Board rejecting LUI's smart meter implementation. The alternative of re-sealing conventional meters was not raised in the proceeding until the Board's Decision.

[1] LUI's March 10, 2008 submission at page 16

Therefore, LUI did not know during the evidentiary portion of this proceeding that re-sealing was an alternative that required supporting evidence. Had any of the parties or Board staff posed interrogatories on the alternative of re-sealing expired meters, LUI would have filed responses in that regard. For Board staff to suggest now that it is too late to consider evidence that supports an alternative that was raised by the Board in its Decision is unfair.

LUI had included the smart meter program in its original submission, which would have solved the resealing issue by replacing the meters with sealed smart meters. If LUI had submitted O&M costs to reseal the meters in addition to the smart meter program, LUI would have been applying for funds it did not intend to use and would have been double dipping if the smart meter program had been approved.

Approximately half of LUI's customers' meter seals are expired or on the verge of expiration.[2] Re-sealing those meters will cost approximately $250,000. This is an inescapable cost that is significant to LUI, representing approximately 10% of its total forecasted 2008 OM&A expense.[3] If the Board does not allow LUI to recover its re-sealing expense through rates, LUI will not have the funds to carry out a re-sealing program. Obviously, this expense cannot be funded through the smart meter rate adder granted by the Board. LUI cannot distribute electricity without meters that satisfy the requirements under the *Electricity and Gas Inspection Act* (the "Inspection Act"). Pursuant to the Inspection Act, if LUI does not use meters that are verified and sealed in accordance with that act, LUI will commit an offence.[4] Therefore, without the ability to pay for re-sealing its expired conventional meters, LUI does not know how it will be able to continue distributing electricity in accordance with its license.

VECC has suggested that if LUI seeks to include the cost associated with re-sealing its conventional meters:

> "the appropriate approach would be for LUI to make a review and vary application regarding the Board's original decision."

LUI disagrees with VECC's suggestion. This issue relates to the implementation of the Board's Decision. The Board raised the issue of re-sealing, but was silent on including re-sealing costs in LUI's 2008 revenue requirement. Therefore, it is appropriate to deal with this matter in the context of this proceeding, rather than in a separate proceeding. LUI was open and transparent about its inclusion of a re-sealing expense in its Draft Rate Order Submission. Parties and Board staff have had the opportunity to make submissions on LUI's proposal, and the same Board panel that issued the Decision can address this matter in its final order. Had LUI filed a motion to review and vary the Decision, two different Board panels would be concurrently considering the same topic in different proceedings. Therefore, it is more appropriate to address the issue of re-sealing in this ongoing proceeding before initiating another. Under the Board's Rules of Practice and Procedure, LUI may apply to review and vary an order of the Board.

[2] Response to Board Staff Interrogatory #2.5
[3] Exhibit 4, Tab 1, Schedule 2, Page 1 – total 2008 OM&A expense is stated as $2,542,982

[4] Sections 33 and 34 of the *Electricity and Gas Inspection Act* (R.S., 1985, c. E-4)

Should the Board deny LUI's re-sealing expense in its final order, LUI will have no choice but to file a motion to review and vary that order in light of the inescapable conflict with the Inspection Act and LUI's ability to continue operating.

LUI filed information in support of the cost to re-seal its expired conventional meters in its Draft Rate Order Submission. Should Board staff or the parties wish to test this information, LUI would not object to answering any questions that Board Staff or other parties may have.

The details are listed in the table below:

Recommendations to bring into seal for Industry Canada	units	$/unit	extended
Purchase 700 used residential type meters at $5.00 per unit	700	$ 5.00	$ 3,500.00
Remove outdoor S-base residential meters	1,808	$ 37.80	$ 68,342.40
Remove indoor residential meters (includes installing S base adapter if necessary)	873	$ 67.50	$ 58,927.50
Reseal and shipping for residential meters 1808+873 ($6.50 seal + $1.50 shipping)	2,681	$ 8.00	$ 21,448.00
Purchase 50 used S base Network $25.00 per unit	50	$ 25.00	$ 1,250.00
Remove network meters	271	$ 45.00	$ 12,195.00
Reseal and shipping for 271 network (seal $10.25 + shipping $1.50)	271	$ 11.75	$ 3,184.25
Purchase 20 used 2 wire transformer type 1 phase meters $25.00 per unit	20	$ 25.00	$ 500.00
Remove 72 by 1 phase transformer type meters (includes A base and S base with test switch)	72	$ 67.50	$ 4,860.00
Reseal and shipping for 72 1 phase transformer type (seal $10.25 + shipping $1.50)	72	$ 11.75	$ 846.00
Purchase 40 used 3 phase S-base meters $40.00 per unit	40	$ 40.00	$ 1,600.00
Remove 200 by 3 phase S-base meters	200	$ 90.00	$ 18,000.00
Reseal and shipping for 200 by 3 phase S base (seal $10.25 + shipping $2.00)	200	$ 12.25	$ 2,450.00
Purchase 40 used 3 phase P base transformer meters $70.00 per unit	40	$ 103.50	$ 4,140.00
Remove 161 by 3 phase transformer type meters	161	$ 270.00	$ 43,470.00
Reseal and shipping for 161 3 phase transformer type meters (seal $30.00 + shipping $4.00)	161	$ 34.00	$ 5,474.00
	TOTAL		$ 250,187.15

Because LUI would treat this program as OM&A, LUI has amortized the cost of the $250,187 meter re-sealing program over 3-years by including $83,396 in its 2008 OM&A budget. Given that the Board recognized re-sealing as an option for LUI and that $83,396 is a significant expense to LUI and that re-sealing its existing conventional meters is necessary to come into compliance with Measurement Canada's requirements, LUI believes that it is prudent to include this expense in its operating budget. If it is not included, LUI will not have the funds to comply with Measurement Canada's requirements.

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	187,503
Biling & 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	2,178,816

OM&A Detailed Costs Table	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved	2006 Actual	2007 Bridge	Variance from 2006 Actual	2007 Bridge	2008 Test	Variance from 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	100,627	(70,968
3550 Distribution Expenses - Maintenance	104,971	88,033	16,938	88,033	114,011	(25,978)	114,011	**187,503**	(73,49
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	25,00
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**	13,14
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	8,918	17,130	(8,212)	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**	**2,178,816**	**(247,937)**
TOTAL DISTRIBUTION EXPENSE	2,296,952	2,633,885		2,633,885	2,711,860		2,711,860	3,000,353	

Dereck Paul:
Reduced by $220,278 per Board Decision but $83,396 added for meter reseal project

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**	**umulated ortization**	**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. However, LUI has added back $325,262 of voltage conversion Capital projects into LUI's 2008 Capital budget that that were previously deferred to accommodate smart meters implementation (see page 18). The result is a decrease in amortization expense from $888,341 to $821,258. The details related to the changes are reflected in the below tables:

Original Submission: October 31, 2007:

ACCUMULATED DEPRECIATION TABLE	2007 Bridge ($'s)	2008 Test ($'s)	Variance form 2007 Bridge
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**

Boards Direction May 9, 2008:

ACCUMULATED DEPRECIATION TABLE	2007 Bridge ($'s)	2008 Test ($'s)	Variance form 2007 Bridge
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	-		-
Sub-Total-TS Primary Above 50	-	-	-
DS			
1820-Distribution Station Equipment - Normally Primary below 50 k	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	3,841,759	169,471
1835-Overhead Conductors and Devices-Depreciation	773,139	899,488	126,349
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	6,457,083	425,946
Line Transformers			
1850-Line Transformers-Depreciation	1,832,557	1,999,346	166,789
Sub-Total-Line Transformers	1,832,557	1,999,346	166,789
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**	**11,767,555**	**821,258**

Incremental CDM Funding

The Board finds that LUI has misinterpreted the Board's August 13, 2007 decision relating to incremental third-tranch 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 Boards 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

	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	11.500%	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
OCTexemption	15,000,000
LCTexemption	50,000,000
OCTrate	0.285%
LCTrate	0.000%
LCTsurtax	0.000%

Payment in Lieu of Taxes (PILs)

	Source or Input		Tax Payable	Inclusion in Revenue Req.	
Regulatory Taxable Income	TxblIncome		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	*grossed-up for income taxes*
Ontario Capital Tax	CapitalTaxes		1,646	1,646	*not grossed-up*
Large Corporations Tax	CapitalTaxes		-	-	*grossed-up for income taxes*
Total PILs			**259,070**	**407,157**	*amount for Output*

Boards Direction May 9, 2008:

Revised Income Tax Rates:

PILS RATE AND CALCULATION

Item	Description	Reference	Rates	$	PILs
1	Taxable Income	Page 12		$ 717,099	
2	Ontario				
3	Income tax payable		14.00%	$ 100,394	
4	Small business credit	400,000	8.50%	-$ 34,000	
5	Surtax on (1-4)	317,099	4.67%	$ 14,799	
6	Income tax			**$ 81,193**	
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)			$ 221,027
11	Grossed-up PILs	(10) / (1-30.82%)			**$ 319,471**

	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	14,585,064
OCTexemption	15,000,000
LCTexemption	50,000,000
OCTrate	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**	583,305	0	583,305
Additions:				
Amortization of tangible assets	104	821,258	0	821,258
Reserves from financial statements- balance at end of year	126	264,625	0	264,625
Other Additions (see OtherAdditions sheet)	295	464,991	0	464,991
Total Additions		**1,550,874**	**0**	**1,550,874**
Deductions:				
Capital cost allowance from Schedule 8	403	693,921	0	693,921
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	464,991	0	464,991
Total Deductions		**1,417,081**	**0**	**1,417,081**
Net Income for Tax Purposes		**717,099**	**0**	**717,099**
TAXABLE INCOME		**717,099**	**0**	**717,099**

Deemed Interest Expense	464,991
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 13

Revised Payment in Lieu of Taxes (PILs) results:

	Source or Input	Tax Payable	Inclusion in Revenue Req.	
Regulatory Taxable Income	TxblIncome	717,099		
Combined Income Tax Rate	TaxRates	30.820%		
Total Income Taxes		221,010		
Investment Tax Credits	-			
Miscellaneous Tax Credits	-			
Total Tax Credits		-		
Income Tax Provision		221,010	319,471	*grossed-up for income taxes*
Ontario Capital Tax	CapitalTaxes	-	-	*not grossed-up*
Large Corporations Tax	CapitalTaxes	-	-	*grossed-up for income taxes*
Total PILs		**221,010**	**319,471**	*amount for Output*

Capital Expenditures and Rate Base

Capital Budget

Smart Meters

As indicated in the Board's decision, LUI had provided an estimate in its submission dated March 10, 2008 (page 23) to replace the meters with expired seals for a total capital budget of $503,992 in the event the smart meter proposal was denied. This estimate was based on replacing the meters, a high percentage of which (2,714 out of 3,400) were older than their expected life.

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.

As indicated in the Decision, LUI proposed the advancement of capital projects in the event the Board rejected LUI's smart meter capital program. As per LUI's submission (page 16), LUI proposed to advance its 2009 voltage conversion program projects to 2008 in the amount of $325,262. The Board did not reject this proposal in its Decision. The inclusion of $325,262 in LUI's 2009 capital budget would bring LUI's total capital budget to $1,234,015, consistent with (although less than) LUI's 2007 capital budget of approximately $1,600,000 and 2006 capital budget of approximately $1,500,000. The Board was supportive of LUI's voltage conversion program as indicated in the Decision:

"The Board believes that asset condition assessments and asset management plans are an important component of capital expenditure proposals, particularly when significant capital expenditures are contemplated. However Lakefront has demonstrated that its capital expenditures, particularly in the area of voltage conversion, are the result of a plan developed in response to its ongoing assessment of asset conditions on its system. The Board concludes that this approach is suitable given the circumstances of Lakefront's system."

Accordingly, LUI assumes that its proposal has been accepted by the Board and has included $325,262 in its 2008 capital budget for voltage conversion. Failure to include this amount will result in the unnecessary delay of a program that is important to LUI's distribution system as recognized by the Board.

The associated voltage conversion projects are provided in the list below which brings LUI's total capital budget for 2008 to $1,234,015.

Burnham St	1830	$	32,256.00	$	32,256.00
Barbara St	1830	$	10,752.00	$	10,752.00
Elizabeth St	1830	$	13,658.00	$	13,658.00
Shirley St	1830	$	8,598.00	$	8,598.00
Norma St	1830	$	3,990.00	$	3,990.00
Ruth St	1830	$	3,990.00	$	3,990.00
Burnham St	1835	$	58,463.00	$	58,463.00
Burnham Manor	1835	$	9,026.00	$	9,026.00
Barbara St	1835	$	17,580.00	$	17,580.00
Elizabeth St	1835	$	17,627.00	$	17,627.00
Shirley St	1835	$	11,352.00	$	11,352.00
Norma St	1835	$	4,713.00	$	4,713.00
Ruth St	1835	$	4,907.00	$	4,907.00
Burnham St	1850	$	79,935.00	$	79,935.00
Burnham Manor	1850	$	4,500.00	$	4,500.00
Barbara St	1850	$	13,526.00	$	13,526.00
Elizabeth St	1850	$	22,792.00	$	22,792.00
Shirley St	1850	$	7,597.00	$	7,597.00
Total:					$325,262.00

According to Board Staff at page 5 of its June 3, 2008 submission, the Board did not approve LUI's request to advance its 2000 voltage conversion program:

> "Any assumption that the Board has approved advancement of the 2009 voltage conversion is, in Board staff's view, an incorrect interpretation of the Board's Decision, as the Board only approved and authorized capital expenditure for the 2008 rate year. On page 12 of the Decision, the Board accepted LUI's proposed 2008 capital expenditures, excluding smart meters, of $900,000. The Board did not turn its attention to the alternative proposal, and the 2009 voltage conversion program, and associated costs, was not tested during the proceeding, as it was outside of the 2008 test year."

In its Decision, the Board neither specifically accepted nor rejected LUI's proposal regarding the advancement of its voltage conversion program. Further, the Board never stated the approved 2008 capital budget amount. While the Board's reference to $900,000 could be interpreted as a rejection of LUI's proposal as suggested by Board Staff, the Board's statement, "The Board accepts Lakefront's proposed capital budget, excluding smart meters" could also be interpreted as acceptance of LUI's proposal in its final submission, since LUI's proposed capital budget (excluding smart meters) included the voltage conversion program. LUI submits that arguments to a Board panel on the correct interpretation of its own decision are not helpful. Obviously, the Board panel knows the capital budget it approved.

LUI submits that the advancement of its voltage conversion program in 2008 is appropriate for the following reasons:

- it would bring LUI's 2008 capital budget in line with LUI's 2006 and 2007 capital budgets (although significantly less than those budgets);
- it would be consistent with the Board staff's support of LUI's position that there has been a need to "catch-up" on infrastructure investment following the period of low capital expenditures;
- the Board was supportive of LUI's voltage conversion program in the Decision:

> "The Board believes that asset condition assessments and asset management plans are an important component of capital expenditure proposals, particularly when significant capital expenditures are contemplated. However Lakefront has demonstrated that its capital expenditures, particularly in the area of voltage conversion, are the result of a plan developed in response to its ongoing assessment of asset conditions on its system. The Board concludes that this approach is suitable given the circumstances of Lakefront's system."

Board staff's submission that, "the 2009 voltage conversion program, and associated costs, was not tested during the proceeding, as it was outside of the 2008 test year." is without merit. LUI's voltage conversion program was described on the record as follows:

- As indicated in LUI's response to Board staff interrogatory 2.10, the basis for the voltage conversion program was the EnerSpectrum Group report that was filed as Appendix V to LUI's interrogatory responses.
- Included in Appendix V to LUI's interrogatory responses was a map that illustrated the areas targeted for voltage conversion by year from 2008 to 2012 with the cost for each year (i.e. including 2009).
- In the pre-filed evidence at Exhibit 2, Tab 3, Schedule 2 numerous projects in voltage conversion projects in 2007 and 2008 were described. Although different areas would be targeted for 2009, the need and work involved is same throughout the entire multi-year program.

Therefore, evidence of the LUI's multi-year voltage conversion program (including 2009) was on the record. LUI notes that Board staff did not pose any interrogatories on the voltage conversion program generally or the specific projects within the program. Board staff had the opportunity to test LUI's evidence in this regard, but chose not to.

LUI questions why both Board staff and VECC would dispute LUI continuing its voltage conversion program in 2008. Notwithstanding the system reliability benefits associated with LUI's voltage conversion program, the voltage conversion program will reduce line losses, which is in the interest of LUI's customers. Clearly, the Board recognizes the benefit of reduced line losses, as illustrated by its Filing Guidelines which require:

> “Details of actions currently planned, and actions taken to reduce losses in previous 5 years and their results.”

LUI respectfully submits that it would be unreasonable for the Board to expect LUI to reduce line losses, approve of LUI’s line-loss reduction plan generally (i.e. the voltage conversion program), but disallow the inclusion of the necessary capital expenditure in rate base to carry out that program.

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

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		170,654		170,654
Burnham Manor		13,526		13,526
Barbara St.		41,858		41,858
Elizabeth St.		54,077		54,077
Shirley St.		27,547		27,547
Norma St.		8,703		8,703
Ruth St.		8,897		8,897
Grand Total	1,543,932	1,234,015		2,777,947

Fixed Asset Continuity Schedule as submitted October 31, 2007:

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

ACCOUNT: 1830 1830-Poles, Towers and Fixtures

			BRIDGE YEAR			TEST YEAR		
			Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance			3,883,075	-3,511,776	371,299	4,142,537	-3,672,288	470,249
Additions			259,462		259,462	115,229		115,229
Depreciation	4.0%			-160,512	-160,512		-168,006	-168,006
Retirements & Sales			0	0	0	0	0	0
Other (specify)		ARO			0			0
					0			0
					0			0
Closing Balance			4,142,537	-3,672,288	470,249	4,257,766	-3,840,294	417,472
Average Balance			*4,012,806*	*-3,592,032*	*420,774*	*4,200,152*	*-3,756,291*	*443,860*
Change in Year			*259,462*	*-160,512*	*98,950*	*115,229*	*-168,00*	Return to Total Fixe

ACCOUNT: 1835 1835-Overhead Conductors and Devices

			BRIDGE YEAR			TEST YEAR		
			Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance			2,750,896	213,078	2,963,974	3,062,671	217,158	3,279,830
Additions			432,127		432,127	177,612		177,612
Depreciation	4.0%			-116,271	-116,271		-123,876	-123,876
Retirements & Sales			-120,352	120,352	0	-109,174	109,174	0
Other (specify)		ARO			0			0
					0			0
					0			0
Closing Balance			3,062,671	217,158	3,279,830	3,131,109	202,456	3,333,566
Average Balance			*2,906,784*	*215,118*	*3,121,902*	*3,096,890*	*209,807*	*3,306,698*
Change in Year			*311,775*	*4,081*	*315,856*	*68,438*	*-14,70*	Return to Total Fixe

ACCOUNT: 1850 1850-Line Transformers

			BRIDGE YEAR			TEST YEAR		
			Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance			3,377,741	-1,514,537	1,863,205	4,015,084	-1,662,393	2,352,691
Additions			637,343		637,343	180,912		180,912
Depreciation	4.0%			-147,857	-147,857		-164,222	-164,222
Retirements & Sales			0	0	0	0	0	0
Other (specify)		ARO			0			0
					0			0
					0			0
Closing Balance			4,015,084	-1,662,393	2,352,691	4,195,996	-1,826,615	2,369,382
Average Balance			*3,696,413*	*-1,588,465*	*2,107,948*	*4,105,540*	*-1,744,504*	*2,361,036*
Change in Year			*637,343*	*-147,857*	*489,486*	*180,912*	*-164,22*	Return to Total Fixe

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

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*

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

ACCOUNT: 1830 1830-Poles, Towers and Fixtures

			BRIDGE YEAR			*TEST YEAR*	
		Gross Cost	***Accumulated Amortization***	***Net Book Value***	***Gross Cost***	***Accumulated Amortization***	***Net Book Value***
Opening Balance		**3,883,075**	**-3,511,776**	**371,299**	**4,142,537**	**-3,672,288**	**470,249**
Additions		259,462		259,462	188,473		188,473
Depreciation	*4.0%*		-160,512	-160,512		-169,471	-169,471
Retirements & Sales		0	0	0	0	0	0
Other (specify)	*ARO*			0			0
				0			0
				0			0
Closing Balance		**4,142,537**	**-3,672,288**	**470,249**	**4,331,010**	**-3,841,759**	**489,251**
Average Balance		*4,012,806*	*-3,592,032*	*420,774*	*4,236,774*	*-3,757,024*	*479,750*
Change in Year		*259,462*	*-160,512*	*98,950*	*188,473*	*-169,47*	Return to Total Fixe

ACCOUNT: 1835 1835-Overhead Conductors and Devices

			BRIDGE YEAR			*TEST YEAR*	
		Gross Cost	***Accumulated Amortization***	***Net Book Value***	***Gross Cost***	***Accumulated Amortization***	***Net Book Value***
Opening Balance		**2,750,896**	**213,078**	**2,963,974**	**3,062,671**	**217,158**	**3,279,830**
Additions		432,127		432,127	301,280		301,280
Depreciation	*4.0%*		-116,271	-116,271		-126,349	-126,349
Retirements & Sales		-120,352	120,352	0	-109,174	109,174	0
Other (specify)	*ARO*			0			0
				0			0
				0			0
Closing Balance		**3,062,671**	**217,158**	**3,279,830**	**3,254,777**	**199,983**	**3,454,760**
Average Balance		*2,906,784*	*215,118*	*3,121,902*	*3,158,724*	*208,571*	*3,367,295*
Change in Year		*311,775*	*4,081*	*315,856*	*192,106*	*-17,17*	**Return to Total Fixe**

ACCOUNT: 1850 1850-Line Transformers

			BRIDGE YEAR			*TEST YEAR*	
		Gross Cost	***Accumulated Amortization***	***Net Book Value***	***Gross Cost***	***Accumulated Amortization***	***Net Book Value***
Opening Balance		**3,377,741**	**-1,514,537**	**1,863,205**	**4,015,084**	**-1,662,393**	**2,352,691**
Additions		637,343		637,343	309,262		309,262
Depreciation	*4.0%*		-147,857	-147,857		-166,789	-166,789
Retirements & Sales		0	0	0	0	0	0
Other (specify)	*ARO*			0			0
				0			0
				0			0
Closing Balance		**4,015,084**	**-1,662,393**	**2,352,691**	**4,324,346**	**-1,829,182**	**2,495,165**
Average Balance		*3,696,413*	*-1,588,465*	*2,107,948*	*4,169,715*	*-1,745,787*	*2,423,928*
Change in Year		*637,343*	*-147,857*	*489,486*	*309,262*	*-166,78*	**Return to Total Fixe**

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**

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	1,234,015	0	1,234,015
Depreciation		0	-766,265	-766,265	0	-821,258	-821,258
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**	**20,676,739**	**-9,304,438**	**11,372,301**
Average Balance		*19,241,055*	*-8,670,344*	*10,570,711*	*20,186,124*	*-9,020,201*	*11,165,923*
Change in Year		*908,910*	*-131,242*	*777,667*	*981,230*	*-568,473*	*412,756*

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

Changes to the Working Capital can be seen in the following tables:

WORKING CAPITAL ALLOWANCE CALCULATION BY ACCOUNT	As submitted October 31, 2007 2008 Test	15%	Allowance for Working Capital	Revised as per Board Decision 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	100,627	15%	15,094
5178-Customer Installations Expenses- Leased Property	0	15%	0	0	15%	0
Sub-Total	**324,385**		**48,658**	**187,503**		**28,125**
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**			**22,794,270**		
WORKING CAPITAL ALLOWANCE TOTAL			**3,598,366**			**3,419,141**

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 approver capital structure and cost of capital contained in the Board's May 9, 2008, Decision.

Submitted October 31, 2007:

	Deemed Portion	***Effective Rate***
Long-Term Debt	49.33%	7.25%
Short-Tern Debt	4.00%	4.77%
Return On Equity	46.67%	8.68%
Regulated Rate of Return	**100.00%**	**7.82%**

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

Board's Direction May 9, 2008:

	Deemed Portion	***Effective Rate***
Long-Term Debt	49.3%	6.10%
Short-Tern Debt	4.0%	4.47%
Return On Equity	46.7%	8.57%
Regulated Rate of Return	**100.00%**	**7.19%**

Test Year Balances, Fixed Assets in Service:		
Opening Balance	10,959,545	
Closing Balance	11,372,301	
Average Balance		11,165,923
Working Capital Allowance		3,419,141
Total Rate Base		14,585,064
Regulated Rate of Return		*7.19%*
Regulated Return On Capital		**1,048,297**

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 rations 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 Ration	Proposed Revenue Allocation	Proportion of Revenue
Residential	94.90%	$ 1,672,296	46.94%	$ 1,757,190	$ 2,043,145	97.51%	$ 1,992,181	48.09%
GS <50 kW	124.40%	$ 621,988	17.46%	$ 498,578	$ 579,714	118.00%	$ 684,063	16.51%
GS >50-2999 kW	146.80%	$ 1,128,237	31.67%	$ 766,383	$ 891,100	140.95%	$ 1,256,006	30.32%
GS 3000-4999 kW	35.10%	$ 87,078	2.44%	$ 247,385	$ 287,643	35.10%	$ 100,963	2.44%
Street Lights	9.30%	$ 24,469	0.69%	$ 262,365	$ 305,060	25.00%	$ 76,265	1.84%
Sentinel Lights	39.40%	$ 2,119	0.06%	$ 5,363	$ 6,236	55.00%	$ 3,430	0.08%
Unmetered Scatered Load	103.90%	$ 26,758	0.75%	$ 25,681	$ 29,860	100.00%	$ 29,860	0.72%
		$ 3,562,945	**100.00%**	**$ 3,562,945**	**$ 4,142,759**		**$ 4,142,759**	**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.

Customer Class	**Outstanding Base Revenue Requirement %**			**Outstanding Base Revenue Requirement $**			**CDM Revenue Allocations**	**Total Base Revenue Requirement**
Status: OK	**Cost Allocation**	**Existing Rates**	**Rate Application**	**Cost Allocation**	**Existing Rates**	**Rate Application**		
Residential	40.47%	47.93%	**48.09%**	1,676,490	1,985,815	**1,992,183**	0	1,992,183
General Service Less Than 50 kW	12.11%	18.28%	**16.51%**	501,579	757,362	684,052	0	684,052
General Service 50 to 2,999 kW	20.65%	29.64%	**30.32%**	855,280	1,228,014	1,256,002	0	1,256,002
General Service 3,000 to 4,999 kW	12.98%	3.12%	**2.44%**	537,795	129,070	100,963	0	100,963
Street Lighting	12.73%	0.27%	**1.84%**	527,212	11,079	76,268	0	76,268
Sentinel Lighting	0.26%	0.05%	**0.08%**	10,751	2,065	3,430	0	3,430
Unmetered Scattered Load	0.81%	0.71%	**0.72%**	33,653	29,356	29,861	0	29,861
TOTAL	**100.00%**	**100.00%**	**100.00%**	**4,142,759**	**4,142,759**	**4,142,759**	**0**	**4,142,759**
Check			**OK**			**OK**		

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		
	Minimum	Maximum	Existing Rate	with new Rev. Req	Proposed Fixed Rate
Residential	$2.16	$8.24	$9.52	$10.61	**$9.26**
General Service Less Than 50	$6.39	$14.39	$25.08	$25.16	**$24.82**
General Service 50 to 2,999 k\	$21.43	$33.94	$200.80	$228.08	**$200.54**
General Service 3,000 to 4,999	$86.39	$182.24	$1,762.37	$1,531.01	**$1,762.11**
Street Lighting	$0.01	$14.93	$0.15	$1.15	**$1.15**
Sentinel Lighting	$0.00	$14.90	$1.98	$3.65	**$3.65**
Unmetered Scattered Load	$9.66	$25.62	$11.19	$12.64	**$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	0.0143	kWh	0	77,241,202	$0.0000	101,285	77,241,202	$0.0013	$0.0156	kWh	$9.26
General Service Less Than 50 kW	0.0098	kWh	0	36,960,206	$0.0000	44,109	36,960,206	$0.0012	$0.0110	kWh	$24.82
General Service 50 to 2,999 kW	3.5132	kW	106,625	270,520	$0.3941	130,026	270,520	$0.4807	$4.3880	kW	$200.54
General Service 3,000 to 4,999 kW	0.4757	kW	71,455	123,329	$0.5794	67,897	123,329	$0.5505	$1.6057	kW	$1,762.11
Street Lighting	7.2313	kW	0	5,335	$0.0000	1,955	5,335	$0.3665	$7.5979	kW	$1.15
Sentinel Lighting	9.0102	kW	0	98	$0.0000	37	98	$0.3710	$9.3812	kW	$3.65
Unmetered Scattered Load	0.0310	kWh	0	620,588	$0.0000	887	620,588	$0.0014	$0.0325	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	Dec31/06 Balance	Apr 30/08 Balance	Allocation Basis	Residential	General Service Less Than 50 kW	General Service 50 to 2,999 kW	General Service 3,000 to 4,999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting	Totals
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	2,234,027
Amortization Expenses	821,258
Total Distribution Expenses	3,055,285
Regulated Return On Capital	1,048,297
PILs (with gross-up)	319,471
Service Revenue Requirement	**4,423,052**

Service Revenue Requirement	4,423,052	
Less: Revenue Offsets	-280,293	
Base Revenue Requirement		**4,142,759**
Directly Allocated CDM		0
Outstanding Base Revenue Requirement		**4,142,759**

Base Revenue Requirement Reconciliation

	31-Oct-07	Adjustments	09-May-08
OM&A	$ 2,564,293	-$ 330,266	$ 2,234,027
Amortization	$ 888,341	-$ 67,083	$ 821,258
Return on Capital	$ 1,218,052	-$ 169,755	$ 1,048,297
PILs	$ 407,157	-$ 87,678	$ 319,479
Revenue Offsets	-$ 335,564	$ 55,271	-$ 280,293
CDM	-$ 80,408	$ 80,408	$ -
Base Revenue Requirement	$ 4,661,871	-$ 519,103	$ 4,142,768

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.

RECONCILLIATION 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	$/Cust	($)	($)	
Residential	8,012	77,241,202	-	0.0143		9.26	1,102,978	890,293	1,993,272
General Service Less Than 50 kW	1,075	36,960,206	-	0.0098		24.82	362,210	320,178	682,388
General Service 50 to 2,999 kW	127	117,291,948	270,520		3.5132	200.54	950,391	305,623	1,256,014
General Service 3,000 to 4,999 kW	2	55,719,421	123,329		0.4757	1,762.11	58,668	42,291	100,958
Unmetered Scattered Load	79	620,588	-	0.0310		11.19	19,238	10,608	29,846
Sentinel Lighting	58	49,428	98		9.0102	3.65	883	2,540	3,423
Street Lighting	2,739	2,065,217	5,335		7.3213	1.15	39,059	37,798	76,857
TOTAL	**12,092**	**289,948,010**	**399,282**				**2,533,427**	**1,609,332**	**$ 4,142,759**

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		**$ 4,998,641**

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.

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MONTHLY RATES AND CHARGES

Residential

Service Charge	$	10.26
Distribution Volumetric Rate	$/kWh	0.0156
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	0.0110
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	4.3880
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	1.6057
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	0.0325
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

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Sentinel Lighting

Service Charge	$	3.65
Distribution Volumetric Rate	$/kW	9.3812
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	7.5979
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 occpancy	$	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

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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

Bill Impacts

Residential
750 kWh Consumption

	Metric	2007 BILL Volume	Rate $	Charge $	2008 BILL Volume	Rate $	Charge $	IMPACT 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	0.01560	11.70	3.23	38.1%	3.9%
Sub-Total				**18.00**			**21.96**	**3.97**	**22.0%**	**4.8%**
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%	0.3%
Total Bill				**82.33**			**82.11**	**-0.21**	**-0.3%**	**-0.3%**

Residential
1,000 kWh Consumption

	Metric	2007 BILL Volume	Rate $	Charge $	2008 BILL Volume	Rate $	Charge $	IMPACT 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	0.01560	15.60	4.30	38.1%	4.1%
Sub-Total				**20.82**			**25.86**	**5.04**	**24.2%**	**4.8%**
Regulatory Asset Recovery	kWh	1,000	0.00590	5.90	1,000	0.00100	1.00	-4.90	-83.1%	-4.6%
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**			**106.07**	**-0.53**	**-0.5%**	**-0.5%**

Residential
1,500 kWh Consumption

	Metric	2007 BILL Volume	Rate $	Charge $	2008 BILL Volume	Rate $	Charge $	IMPACT 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	0.01560	23.40	6.45	38.1%	4.2%
Sub-Total				**26.47**			**33.66**	**7.19**	**27.2%**	**4.7%**
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**			**153.97**	**-1.17**	**-0.8%**	**-0.8%**

General Service Less Than 50 kW
3,000 kWh Consumption

	Metric	2007 BILL Volume	Rate $	Charge $	2008 BILL Volume	Rate $	Charge $	IMPACT Change $	Change %	% of Total Bill
Monthly Service Charge				25.08			25.82	0.74	3.0%	0.2%
Distribution	kWh	3,000	0.00970	29.10	3,000	0.01100	33.00	3.90	13.4%	1.3%
Sub-Total				**54.18**			**58.82**	**4.64**	**8.6%**	**1.6%**
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**			**296.92**	**1.72**	**0.6%**	**0.6%**

General Service Less Than 50 kW
5,000 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	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	0.01100	55.00	6.50	13.4%	1.4%
Sub-Total				**73.58**			**80.82**	**7.24**	**9.8%**	**1.5%**
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%	-0.8%
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**			**477.66**	**2.38**	**0.5%**	**0.5%**

Unmetered Scattered Load
800 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	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	0.03250	26.00	5.60	27.5%	5.4%
Sub-Total				**31.59**			**37.19**	**5.60**	**17.7%**	**5.4%**
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**			**103.20**	**3.03**	**3.0%**	**2.9%**

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

		2007 BILL			2008 BILL			IMPACT		
	Metric	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	4.38800	263.28	85.90	48.4%	5.0%
Sub-Total				**378.18**			**464.82**	**86.64**	**22.9%**	**5.0%**
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**			**1,727.26**	**63.21**	**3.8%**	**3.7%**

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

		2007 BILL			2008 BILL			IMPACT		
	Metric	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	4.38800	438.80	143.17	48.4%	3.8%
Sub-Total				**496.43**			**640.34**	**143.91**	**29.0%**	**3.8%**
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**			**3,793.68**	**111.11**	**3.0%**	**2.9%**

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

		2007 BILL			2008 BILL			IMPACT		
	Metric	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	1.60570	4,817.10	3,018.90	167.9%	1.8%
Sub-Total				**3,560.57**			**6,580.21**	**3,019.64**	**84.8%**	**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**			**166,286.74**	**4,751.63**	**2.9%**	**2.9%**

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

	Metric	2007 BILL Volume	2007 BILL Rate $	2007 BILL Charge $	2008 BILL Volume	2008 BILL Rate $	2008 BILL Charge $	IMPACT Change $	IMPACT Change %	IMPACT % 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	1.60570	7,546.79	4,729.61	167.9%	2.0%
Sub-Total				**4,579.55**			**9,309.90**	**4,730.35**	**103.3%**	**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%	1.4%
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**			**237,011.95**	**7,307.83**	**3.2%**	**3.1%**

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

	Metric	2007 BILL Volume	2007 BILL Rate $	2007 BILL Charge $	2008 BILL Volume	2008 BILL Rate $	2008 BILL Charge $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge		2235	0.15	335.25	2235	1.15	2,570.25	2,235.00	666.7%	15.5%
Distribution	kW	346	0.94590	327.28	346	7.59790	2,628.87	2,301.59	703.2%	16.0%
Sub-Total				**662.53**			**5,199.12**	**4,536.59**	**684.7%**	**31.5%**
Regulatory Asset Recovery	kW	346	-0.30070	-104.04	346	0.21900	75.77	179.82	172.8%	1.2%
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**			**14,407.00**	**4,661.85**	**47.8%**	**32.4%**

Sentinel Lighting
0.75 kW Consumption
50 kWh Consumption

	Metric	2007 BILL Volume	2007 BILL Rate $	2007 BILL Charge $	2008 BILL Volume	2008 BILL Rate $	2008 BILL Charge $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge				1.98			3.65	1.67	84.3%	10.1%
Distribution	kW	1	4.88320	3.66	1	9.38120	7.04	3.37	92.1%	20.4%
Sub-Total				**5.64**			**10.69**	**5.04**	**89.4%**	**30.6%**
Regulatory Asset Recovery	kW	1	-0.64040	-0.48	1	0.69290	0.52	1.00	208.2%	6.1%
Retail Transmission - Network	kW	1	1.37820	1.08	1	1.13010	0.89	-0.19	-17.5%	-1.1%
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**			**16.50**	**5.84**	**54.7%**	**35.4%**