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ONTARIO ENERGY BOARD

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BY COURIER

2/19/08
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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February 19, 2008

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Lakefront Utilities Inc. EB-2008-0277

Please find enclosed a copy of the Submissions of the School Energy Coalition in respect of the above-captioned matter. An electronic copy has already been sent to the parties.

Yours very truly,
SHIBLEY RIGHTON LLP

John De Vellis
jd/tw
Encl.

EB-2008-0277
OEB BOARD SECRETARY

File No:	Sub File: 8
Panel	GK/PV/PS
Licensing	CC
Other	MM
00/04	

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

**AND IN THE MATTER OF an Application by
Lakefront Utilities Inc. for an Order or Orders
approving or fixing just and reasonable rates and
other charges for the distribution of electricity
commencing May 1, 2008.**

**AND IN THE MATTER OF a Motion by Lakefront
Utilities Inc. for a review and variance of the
Board's Decision dated May 9, 2008 in the
proceeding.**

**SUBMISSIONS
OF THE
SCHOOL ENERGY COALITION**

Introduction

1. These are the submission of the School Energy Coalition ("SEC") in response to the Notice of Motion of Lakefront Utilities Inc. ("LUI") dated August 6, 2008 seeking a review and variance of the Board's decision, dated May 9, 2008, in this proceeding.
2. The initial list of issues to be considered in this motion has been reduced, first by the Board, in its Decision and Procedural Order No. 1 in the proceeding, in which the Board advised it would not review Issue 4 (the requested change in the decision regarding the implementation date of LUI's 2008 distribution rates), and subsequently by the Applicant, which withdrew issues 1 and 3 from consideration. That leaves one issue, issue 2, relating to the applicant's request to include:

The inclusion of an additional \$325,000 in capital spending in the 2008 test year on LUI's voltage conversion program and reflecting that expenditure in LUI's rates

3. Having reviewed the applicant's evidence and submissions, SEC believes LUI has made a reasonable case for a review of its 2008 capital expenditures. Specifically, SEC recognizes that, absent a review, LUI's capital expenditures during the IRM period would be well below its historical levels.

4. In making this submission, SEC would like to point out that ordinarily a motion of this sort should be rejected. LUI has not satisfied any of the grounds for review set out in Rule 44 of the Board's Rules of Practice and Procedure. In addition, SEC is concerned that LUI's alternative position was only mentioned in reply, without any evidence to substantiate it and without other parties having the opportunity to comment.

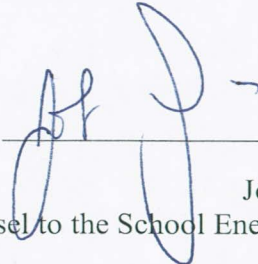
5. However, SEC believes an exception should be made in this case because LUI tried to do the right thing by reducing its 2008 capital expenditures to make room for anticipated smart meter expenditures. SEC believes utilities should be encouraged, when faced with a major capital project that is above the norm as compared to previous years, to reorganize their priorities so that the major project is not entirely incremental. Given that LUI has demonstrated that its non-smart meter 2008 capital spending was below its historical average, that appears to be what LUI did in its 2008 cost of service application. It also appears as though, absent the relief sought, LUI's rates during the IRM period will be based on an unusually low 2008 capital budget.

6. While SEC agrees that LUI's 2008 capital expenditures should be adjusted to include the voltage conversion expenditures, it does not agree with the way in which the expenditures have been accounted for in rate base. LUI has used the half-year rule for recognition of the capital expenditures in rate base for 2008. However, the work was not completed until the end of 2008 [Board Staff IRR#10]. For that reason, SEC believes that LUI's 2008 capital expenditures should be revised to include spending for \$325,000. However, the amounts should not be booked to rate base in 2008 as the work was not completed until the end of 2008. This would mean no revenue requirement impact for 2008. However, it appears that LUI's real concern is over the impact of the 2008 decision on its rates during the IRM period. SEC's proposal would still address that concern since 2008 capital expenditures would be adjusted, although there would be no impact on the 2008 revenue requirement.

Costs

7. SEC participated responsibly in this proceeding and respectfully submits that it be awarded 100% of its reasonably incurred costs. SEC would like to point out, as well, that though the list of issues was pared down by the time final submissions were due submitted, parties, including SEC, spent some time considering the other issues before they were withdrawn by the applicant.

All of which is respectfully submitted this 18th day of February, 2009.



John De Vellis
Counsel to the School Energy Coalition