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JAN 14 2008

ONTARIO ENERGY BOARD

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BY COURIER

14/1/08
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Lakefront Utilities Inc. EB-2007-0761

Please find enclosed three hard copies of School Energy Coalition's Interrogatories in respect of the above-captioned matter.

Yours very truly,
SHIBLEY RIGHTON LLP

per: *John De Vellis*

John De Vellis

December 14, 2007
Our File No. 2070836

OEB BOARD SECRETARY	
File No.	EB-2007-0761 Sub No. 9
Parent	G.K./C.C.
Licensing	
Other	Christie C. D.C.
6/9/08	

**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.**

**INTERROGATORIES
OF THE
SCHOOL ENERGY COALITION**

1. Transition Cost Recovery

Ref: Ex 1/T1/S7/pg2

- a. LUI has stated in the Evidence that subsequent to the write-down of its transition costs from a tax perspective in 2002 as advised by LUI's auditor, LUI created a revenue account to reverse the write-down and return the asset to its financial statements to reflect its financial position for tax purposes.

Please provide the adjustment entries LUI has made to write down its transition cost and reverse entries LUI has made to return its assets for tax purposes.

- b. LUI has stated that \$238,124 per year needs to be added to return the asset to its financial statements for tax purposes.

Please advise the total amount to be added to LUI's financial statements and what rate years will be affected as a result of removing this additional revenue.

2. Specific Charges for 2008 Test Year

Ref: Ex 1/T2/S5

LUI has forecasted the volume for its specific services based on past 3-year average.

- a. The volume forecasted for collection of account charge has increased by 15 times, from 49 in 2006 to 800 in 2007 & 2008. Please explain.
- b. The volume forecasted for Disconnect/Reconnect at meter during regular hours has almost tripled, from 53 in 2006 to 150 in 2007 & 2008. Please explain.

3. Depreciation Policy

Ref: Ex 4/T1/S2

LUI's 2007 depreciation expense has decreased by \$44K compared to 2006 level, despite the fact that LUI had approximately \$1.5 million additions to gross fixed assets in 2007. In the "Explanation of Decrease in Depreciation from 2006 to 2007" table, LUI has explained that Account #1808 (Land and Buildings), #1915 (Office Furniture), #1930 (Rolling Stock), #1980 (Equipment) were depreciated over a longer period of time in 2007.

Please explain whether LUI has conducted any depreciation study, and if yes, please file a copy of the study justifying the change in its depreciation policy.

4. Wages and Compensation

Ref: Ex 4/T2/S7 – Average total compensation columns

a. Please confirm that LUI's average total compensation should be as follows.

Average Total Compensation				
	2006 Approved	2006 Actual	2007	2008
Executive	56,348	114,453	118,179	122,293
Mgmt	71,204	83,767	86,334	81,467
Non-Unionized	#DIV/0!	22,374	23,145	24,335
Unionized	48,142	65,863	69,275	71,446
Total	55,016	72,380	75,060	75,975

b. Please explain the average salary & wages and average benefits increase in 2006 actual levels compared to the 2006 approved levels for the identified pay group.

	2006 Actual vs. Approved			
	Average Salary and Wages		Average Benefits	
	\$	%	\$	%
Executive	50,612	112%	7,492	66%
Mgmt	11,098	19%	1,465	10%
Non-Unionized	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Unionized	14,508	39%	3,213	31%

5. Cost Allocation
Ref: Ex 8/T1/S2

	Existing Rev/Cost Ratio	Proposed Rev/Cost Ratio	Over/Under Contributing
Residential	114%	112%	Over
GS<50	141%	138%	Over
GS>50	148%	134%	Over
GS 3000-4999	25%	70%	Under
Street Lights	13%	3%	Under
Sentinel Lights	29%	26%	Under
USL	97%	92%	Under

- a. Please explain the steps LUI will take to further move Revenue /Cost ratios for its various rate classes to the desired range.
- b. LUI has expressed concerns with the output of the Cost Allocation study for Street Lights, Sentinel Lights, and USL rate classes. Please specify.

6. Revenue Requirement
Ref a: Ex 9/T1/S1
Ref b: Ex 1/T2/S1

In Ref a, LUI's 2008 test year base revenue requirement is shown as \$4,742,278.
In Ref b, LUI's 2008 test year base revenue requirement is shown as \$5,077,851.

Please confirm that correct amount and provide breakdown of LUI's 2008 revenue requirement components.