



EXHIBIT 7 – COST ALLOCATION

2025 Cost of Service

Lakeland Power Distribution Ltd.
EB-2024-0039

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7.1 COST ALLOCATION STUDY REQUIREMENTS

7.1.1 OVERVIEW OF COST ALLOCATION

Lakeland Power Distribution Ltd (“LPDL”) has prepared and is filing the Cost Allocation Study consistent with its understanding of the Directions and Policies in the Ontario Energy Board’s (“OEB” or “Board”) reports of November 28, 2007 *“Application of Cost Allocation for Electricity Distributors”*, and March 31, 2011 *“Review of Electricity Distribution Cost Allocation Policy”* (EB-2010-0219) (the “Cost Allocation Reports”) and all subsequent updates.

In this application, LPDL has used the most up to date 2025 OEB-approved Cost Allocation Model released by the OEB on April 11, 2024, and followed the instructions and guidelines issued by the OEB to enter 2025 data into this model. The 2025 demand values were determined based on the Load Profiles section of this Exhibit. The various weighting factors used are also explained.

The main objectives of the original informational filings in 2006 were to provide information on any apparent cross-subsidization among a distributor’s rate classifications and to support future rate applications. This information is updated to reflect new parameters and inputs and then used to adjust any cross-subsidization in the proposed rates.

The previous Board Approved revenue to cost ratios are presented as a point of reference to the proposed 2025 ratios. As part of its last Cost of Service Rate Application (“COS”), LPDL updated the cost allocation revenue to cost ratios with 2019 base revenue requirement information. The revenue to cost ratios from the 2019 application are presented in Table 1.

Table 1 - Previously Approved Ratios (2019 COS)

Customer Class Name	2019 Approved Revenue to Cost Ratio
Residential	0.9695
General Service < 50 kW	0.9700
General Service 50 to 4999 kW	1.2000
Unmetered Scattered Load	1.2000
Sentinel Lighting	1.2000
Street Lighting	1.2000

The Cost Allocation Study for 2025 allocates the 2025 test year costs (i.e., the 2025 forecast revenue requirement) to the various customer classes based on LPDL's inputs, described in this Exhibit, entered into the OEB's Cost Allocation Model.

7.1.2 LOAD PROFILE (DEMAND DATA SHEET I8)

In preparing this Application, LPDL assessed available methodologies to prepare updated load profiles for its rate classes based on more recent data and is of the view that the most appropriate methodology is the Historical Average approach using weather-actual data outlined in section 2.7.1.1 of the Filing Requirements. For this method, a minimum of three years of hourly data is required, with five years of hourly data being optimal. LPDL possesses three full years of actual hourly interval data for all the applicable rate classes and is therefore able to implement this methodology in this Application.

LPDL's load profile calculation utilized three years of actual hourly data by rate class for 2021-2023 to determine the Coincident Peak (CP) and Non-Coincident Peak (NCP) contributions to the system to prepare inputs into tab "I8 Demand Data" of the OEB's Cost Allocation Model. Per section 2.7.1.1 of the Filing Requirements, 1, 4, and 12 CP and NCP values are determined for each rate class, for each year from 2021 to 2023 based on actual hourly data. The resulting

1 demand allocators are subsequently averaged across the 3 years to calculate the final inputs to
2 the Cost Allocation Model.

3 The Sentinel Lighting and Unmetered Scattered Load ("USL") rate classes provide some
4 exception to the approach of relying on rate class specific actual data for the purpose of
5 determining demand allocators. For the Sentinel rate class, LPDL determined the hourly load
6 profile of its Street Lighting rate class for each year from 2021 to 2023 and applied this hourly
7 profile to the annual consumption of the Sentinel rate class for the purpose of determining CP
8 and NCP values. LPDL submits this is reasonable on the basis that Street Lights and Sentinel
9 Lights represent consumption patterns which are highly similar on an hourly basis. With respect
10 to USL, lacking meter data for these connections LPDL relied on the hourly load profile
11 approved in its 2019 COS, and applied this hourly profile to the actual annual consumption for
12 USL in each of 2021, 2022 and 2023. In both cases, the demand allocators included in the Cost
13 Allocation Model are the result of averaging the CP and NCP values of 2021, 2022 and 2023.

14 Table 2 through to Table 5 show the calculation of 2021 to 2023 CP and NCP values, as well as
15 the averaging of these 3 years to determine CP and NCP demand allocators for use in the Cost
16 Allocation Model.

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Table 2 - 2021-2023 Actual Data used for 2025 CP Values

CP CALCULATION	Residential	GS<50	GS>50	Street Lighting	Sentinel Lighting	USL	Total Sales
January 2021	24,693	8,464	14,599	130	5	27	47,918
February 2021	22,349	10,524	16,077	-	-	23	48,972
March 2021	19,967	9,681	16,085	-	-	21	45,754
April 2021	14,817	8,823	15,974	-	-	19	39,633
May 2021	13,886	8,077	16,746	-	-	18	38,727
June 2021	29,720	4,093	10,992	257	9	18	45,089
July 2021	14,629	9,772	17,976	-	-	18	42,395
August 2021	21,787	10,737	18,840	-	-	18	51,382
September 2021	10,001	8,833	17,762	-	-	18	36,614
October 2021	16,209	6,432	15,336	-	-	18	37,995
November 2021	20,739	8,339	15,936	87	3	20	45,123
December 2021	22,391	9,342	15,712	87	3	23	47,558
1CP	21,787	10,737	18,840	-	-	18	51,382
2CP	22,349	10,524	16,077	-	-	23	48,972
3CP	24,693	8,464	14,599	130	5	27	47,918
4CP	22,391	9,342	15,712	87	3	23	47,558
4CP - Total	91,221	39,067	65,228	216	8	90	195,830
12CP	231,188	103,117	192,036	560	20	240	527,161
January 2022	28,241	10,671	15,840	43	1	26	54,822
February 2022	24,879	10,710	16,380	130	4	22	52,125
March 2022	23,257	8,936	15,735	173	6	21	48,128
April 2022	15,125	9,212	16,620	-	-	18	40,975
May 2022	14,917	9,714	18,670	-	-	18	43,319
June 2022	14,819	9,778	20,215	-	-	16	44,829
July 2022	15,819	11,262	18,401	-	-	18	45,500
August 2022	13,122	9,960	19,872	-	-	17	42,971
September 2022	12,901	9,096	17,857	-	-	18	39,871
October 2022	14,988	6,676	16,253	-	-	18	37,934
November 2022	23,260	7,562	13,905	87	3	20	44,838
December 2022	21,318	8,722	16,296	87	3	23	46,448
1CP	28,241	10,671	15,840	43	1	26	54,822
2CP	24,879	10,710	16,380	130	4	22	52,125
3CP	23,257	8,936	15,735	173	6	21	48,128
4CP	21,318	8,722	16,296	87	3	23	46,448
4CP - Total	97,696	39,039	64,250	433	14	91	201,524
12CP	222,647	112,299	206,043	519	17	233	541,760

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January 2023	21,369	9,231	16,725	43	1	25	47,394
February 2023	27,561	10,992	15,625	-	-	22	54,199
March 2023	17,458	10,155	17,209	-	-	20	44,842
April 2023	15,907	9,636	16,602	-	-	18	42,163
May 2023	14,106	9,874	18,017	-	-	17	42,014
June 2023	14,053	10,704	18,881	-	-	16	43,654
July 2023	15,548	11,512	19,365	-	-	17	46,443
August 2023	12,756	10,408	18,056	-	-	17	41,236
September 2023	16,884	11,403	18,331	-	-	17	46,635
October 2023	14,115	9,049	17,260	-	-	17	40,442
November 2023	21,067	8,880	14,740	87	3	19	44,794
December 2023	20,968	9,066	15,448	87	3	22	45,592
1CP	27,561	10,992	15,625	-	-	22	54,199
2CP	21,369	9,231	16,725	43	1	25	47,394
3CP	16,884	11,403	18,331	-	-	17	46,635
4CP	15,548	11,512	19,365	-	-	17	46,443
4CP - Total	81,362	43,138	70,046	43	1	81	194,671
12CP	211,791	120,909	206,259	216	6	227	539,408

Table 3 - 2025 CP Values

Average	Residential	GS<50	GS>50	Street Lighting	Sentinel Lighting	USL
1CP	25,863	10,800	16,768	14	0	22
2CP	22,866	10,155	16,394	58	2	23
3CP	21,612	9,601	16,222	101	3	22
4CP	19,753	9,859	17,124	58	2	21
4CP - Total	90,093	40,415	66,508	231	8	87
12CP	221,876	112,109	201,446	432	14	233

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Table 4 - 2021-2023 Actual Data used for 2025 NCP Values

NCP CALCULATION	Residential	GS<50	GS>50	Street Lighting	Sentinel Lighting	USL	Total Sales
January 2021	24,896	9,885	16,368	257	9	27	47,918
February 2021	24,844	10,782	16,516	257	9	24	48,972
March 2021	22,729	9,984	16,167	257	9	21	45,754
April 2021	18,250	8,906	15,988	257	9	20	39,633
May 2021	16,153	8,547	17,366	257	9	20	38,727
June 2021	29,720	9,614	18,180	257	9	18	45,089
July 2021	17,658	10,183	18,594	257	9	20	42,395
August 2021	21,787	11,097	19,939	257	9	19	51,382
September 2021	13,977	8,950	18,186	257	9	19	36,614
October 2021	16,530	8,320	18,176	257	9	19	37,995
November 2021	22,083	9,688	17,353	257	9	21	45,123
December 2021	23,646	10,503	17,303	257	9	27	47,558
1NCP	29,720	11,097	19,939	257	9	27	51,382
4NCP	103,105	42,565	74,900	1,027	36	98	195,830
12NCP	252,271	116,459	210,136	3,082	108	253	527,161
January 2022	28,241	11,912	17,635	257	8	26	54,822
February 2022	26,399	11,286	16,968	257	8	23	52,125
March 2022	23,257	10,442	16,952	257	8	21	48,128
April 2022	18,204	9,318	17,139	257	8	19	40,975
May 2022	17,058	10,072	19,501	257	8	19	43,319
June 2022	17,707	10,589	20,879	257	8	19	44,829
July 2022	18,239	11,296	19,217	257	8	19	45,500
August 2022	19,022	10,481	19,872	257	8	19	42,971
September 2022	16,396	9,707	18,953	257	8	19	39,871
October 2022	15,985	8,525	18,045	257	8	20	37,934
November 2022	23,260	9,895	18,313	257	8	23	44,838
December 2022	24,603	10,510	18,128	257	8	24	46,448
1NCP	28,241	11,912	20,879	257	8	26	54,822
4NCP	102,504	45,082	79,469	1,027	34	96	201,524
12NCP	248,372	124,031	221,601	3,082	102	250	541,760

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January 2023	23,368	10,742	18,054	257	8	25	47,394
February 2023	27,728	12,015	17,620	257	8	22	54,199
March 2023	20,689	10,234	17,668	257	8	20	44,842
April 2023	18,151	9,636	17,682	257	8	19	42,163
May 2023	16,516	10,226	19,392	257	8	19	42,014
June 2023	18,627	10,756	20,086	257	8	17	43,654
July 2023	19,777	11,540	19,365	257	8	19	46,443
August 2023	15,737	10,408	18,056	257	8	18	41,236
September 2023	19,637	11,479	18,669	257	8	18	46,635
October 2023	17,387	9,902	18,550	257	8	18	40,442
November 2023	21,301	10,158	17,401	257	8	20	44,794
December 2023	21,999	10,307	16,907	257	8	23	45,592
1NCP	27,728	12,015	20,086	257	8	25	54,199
4NCP	94,397	45,790	77,511	1,027	30	91	194,671
12NCP	240,918	127,402	219,448	3,082	91	239	539,408

Table 5 - 2025 NCP Values

Average	Residential	GS<50	GS>50	Street Lighting	Street Lighting	USL
1NCP	28,563	11,675	20,301	257	8	26
4NCP	100,002	44,479	77,293	1,027	33	95
12NCP	247,187	122,631	217,062	3,082	100	247

The above NCP and CP values were input into tab I8 Demand Data of this model as shown in Table 6.

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Table 6 - I8 Demand Data

Customer Classes	Total	1	2	3	7	8	9
		Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load
	CP Sanity Check	Pass	Pass	Pass	Pass	Pass	Pass
CO-INCIDENT PEAK							
1 CP							
Transformation CP TCP1	53,468	25,863	10,800	16,768	14	0	22
Bulk Delivery CP BCP1	53,468	25,863	10,800	16,768	14	0	22
Total Sytem CP DCP1	53,468	25,863	10,800	16,768	14	0	22
4 CP							
Transformation CP TCP4	197,342	90,093	40,415	66,508	231	8	87
Bulk Delivery CP BCP4	197,342	90,093	40,415	66,508	231	8	87
Total Sytem CP DCP4	197,342	90,093	40,415	66,508	231	8	87
12 CP							
Transformation CP TCP12	536,110	221,876	112,109	201,446	432	14	233
Bulk Delivery CP BCP12	536,110	221,876	112,109	201,446	432	14	233
Total Sytem CP DCP12	536,110	221,876	112,109	201,446	432	14	233
NON CO-INCIDENT PEAK							
1 NCP	NCP Sanity Check	Pass	Pass	Pass	Pass	Pass	Pass
Classification NCP from Load Data Provider DNCP1	60,830	28,563	11,675	20,301	257	8	26
Primary NCP PNCP1	60,830	28,563	11,675	20,301	257	8	26
Line Transformer NCP LTNCP1	50,572	28,563	11,675	10,043	257	8	26
Secondary NCP SNCP1	47,038	24,560	11,559	10,628	257	8	26
4 NCP							
Classification NCP from Load Data Provider DNCP4	222,930	100,002	44,479	77,293	1,027	33	95
Primary NCP PNCP4	222,930	100,002	44,479	77,293	1,027	33	95
Line Transformer NCP LTNCP4	183,873	100,002	44,479	38,237	1,027	33	95
Secondary NCP SNCP4	171,645	85,985	44,040	40,464	1,027	33	95
12 NCP							
Classification NCP from Load Data Provider DNCP12	590,309	247,187	122,631	217,062	3,082	100	247
Primary NCP PNCP12	590,309	247,187	122,631	217,062	3,082	100	247
Line Transformer NCP LTNCP12	480,628	247,187	122,631	107,381	3,082	100	247
Secondary NCP SNCP12	451,027	212,541	121,421	113,636	3,082	100	247

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7.1.3 INPUTS TO THE COST ALLOCATION MODEL (SHEETS I3, I4, I5.1, I5.2, I6.1, I6.2, I7.1, I7.2, I9)

Sheet I3, Trial Balance Data

LPDL populated the model with the 2025 forecasted data, return on deemed equity, PILs, deemed interest on long term debt, and the targeted revenue requirement and rate base.

Sheet I4, Break-out of Assets

LPDL updated the allocation of the accounts based on 2025 values.

Sheet I5.1, Miscellaneous Data

LPDL updated the deemed equity component of rate base, kilometer of roads in the service area that have a distribution line, the working capital allowance rate and the proportion of pole rental revenue from secondary poles.

Sheet I5.2, Weighting Factors

LPDL has used LDC specific factors, as instructed by the Board, rather than continue to use OEB approved default factors. LPDL has applied service and billing & collecting weightings for each customer classification.

These weightings are based on a review of time and costs incurred in servicing its customer classes for each respective activity, illustrated in Table 7 and described below.

Table 7 - I5.2 Weighting Factors

	1	2	3	7	8	9
	Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load
Insert Weighting Factor for Services Account 1855	1.0	1.6	2.2	0.0	0.0	0.0
Insert Weighting Factor for Billing and Collecting	1.0	1.0	0.9	0.9	0.8	0.8

Proposed Services Weighting Factors

Residential: The Services weighting factor is set to a value of 1, per the Cost Allocation Model instruction sheet.

General Service < 50 kW: The proposed Services weighting factor of 1.6 reflects that these customers require greater capacity than residential customers as well increased levels of planning and engineering, and a larger size of conductor, which are more costly and require more material.

General Service > 50 kW (GS 50-4999 kW): The proposed Services weighting factor of 2.2 reflects that these customers require greater capacity than residential customers as well increased levels of planning, engineering as well as a larger size of conductor, which is more costly and requires more material.

Street Lighting, Sentinel Lighting and Unmetered Scattered Load: A Services weighting factor of 0.0 is proposed for all three customer classes as the utility does not service these classes.

Proposed Billing and Collecting Weighting Factors

Residential: The Billing and Collecting weighting factor is set to a value of 1, per the Cost Allocation Model instruction sheet.

General Service < 50 kW: The proposed Billing and Collecting weighting factor is also set to a value of 1. LPDL does not experience a material difference between time or cost required to bill this class when compared to the residential class.

General Service > 50 kW (GS 50-4999 kW) and Street Lighting: The proposed Billing and Collecting weighting factor for both classes is 0.9. All customers within this classification have interval meters that are read and verified by a third-party vendor with a retail meter account. The retail settlement provider costs attributed to these customer classes are less

than the overall smart meter network costs required for residential and GS < 50 kW customers.

Sentinel Lighting and Unmetered Scattered Load: The proposed Billing and Collecting weighting factor for both classes is 0.8. These classes do not give rise to collection costs as the above customer classes do.

Sheet I6.1 Revenue

LPDL has populated the model with the 2025 Test Year forecast data as well as existing rates as illustrated in Table 8.

Table 8 - I6.1 Revenue

Total kWhs from Load Forecast	297,790,797
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Total kW from Load Forecast	287,770
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Deficiency/sufficiency (RRWF 8, cell F51)	- 797,356
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Miscellaneous Revenue (RRWF 5, cell F48)	1,140,879
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			1	2	3	7	8	9
	ID	Total	Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load
Billing Data								
Forecast kWh	CEN	297,790,797	118,317,066	61,352,783	116,858,492	1,059,533	27,553	175,370
Forecast kW	CDEM	287,770			284,699	2,994	77	
Forecast kW, included in CDEM, of customers receiving line transformer allowance		143,858			143,858			
Optional - Forecast kWh, included in CEN, from customers that receive a line transformation allowance on a kWh basis. In most cases this will not be applicable and will be left blank.		-						
KWh excluding KWh from Wholesale Market Participants	CEN EWMP	297,790,797	118,317,066	61,352,783	116,858,492	1,059,533	27,553	175,370
Existing Monthly Charge			\$39.61	\$45.05	\$271.06	\$2.40	\$6.49	\$12.90
Existing Distribution kWh Rate			\$0.0000	\$0.0132				\$0.0252
Existing Distribution kW Rate					\$3.1033	\$11.0008	\$22.5503	
Existing TOA Rate					\$0.60			
Additional Charges								
Distribution Revenue from Rates		\$9,322,739	\$5,893,968	\$2,014,854	\$1,280,338	\$115,103	\$3,995	\$14,481
Transformer Ownership Allowance		\$86,315	\$0	\$0	\$86,315	\$0	\$0	\$0
Net Class Revenue	CREV	\$9,236,425	\$5,893,968	\$2,014,854	\$1,194,023	\$115,103	\$3,995	\$14,481

Sheet I6.2 Customer Data

LPDL has updated the three-year historical bad debt expense and late payment revenue as well as number of customers, connections and customer bills as illustrated in Table 9.

Table 9 - I6.2 Customer Data

			1	2	3	7	8	9
	ID	Total	Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load
Billing Data								
Bad Debt 3 Year Historical Average	BDHA	\$25,195	\$21,932	\$3,264	\$0	\$0	\$0	\$0
Late Payment 3 Year Historical Average	LPHA	\$73,470	\$44,658	\$15,975	\$12,673	\$133	\$1	\$30
Number of Bills	CNB	177,948	148,800	26,748.00	1,464.00	96.00	60.00	780.00
Number of Devices	CDEV					2,853		65
Number of Connections (Unmetered)	CCON	2,947				2,853	29	65
Total Number of Customers	CCA	17,698	12,400	2,229	122	2,853	29	65
Bulk Customer Base	CCB	-						
Primary Customer Base	CCP	14,972	12,400	2,229	122	127	29	65
Line Transformer Customer Base	CCLT	14,953	12,400	2,229	103	127	29	65
Secondary Customer Base	CCS	15,925	10,662	2,207	109	2,853	29	65
Weighted - Services	CWCS	14,433	10,662	3,531	240	-	-	-
Weighted Meter -Capital	CWMC	5,389,530	3,439,440	1,516,258	433,832	-	-	-
Weighted Meter Reading	CWMR	14,678	12,400	2,229	49	-	-	-
Weighted Bills	CWNB	177,624	148,800	26,748	1,318	86	48	624

Bad Debt Data

Historic Year:	2021	12,890	6,356	6,533	-	-	-	-
Historic Year:	2022	35,056	33,202	1,854	-	-	-	-
Historic Year:	2023	27,640	26,237	1,404	-	-	-	-
Three-year average		25,195	21,932	3,264	-	-	-	-

Sheet I7.1 Meter Capital

LPDL has updated the meter count and capital cost per meter information and summarized in Table 10.

Table 10 - I7.1 Meter Capital

	Single Phase 200 Amp			Three-phase - no demand Smart Meters			Demand without IT			Demand with IT			TOTAL	
Customer Class	Cost per Meter Installed \$	# of Meters	Weighted Metering Costs \$	Cost per Meter Installed \$	# of Meters	Weighted Metering Costs \$	Cost per Meter Installed \$	# of Meters	Weighted Metering Costs \$	Cost per Meter Installed \$	# of Meters	Weighted Metering Costs \$	# of Meters	Weighted Metering Costs \$
Residential	234	11,320	2,648,880	732	1,080	790,560	1,396	-	-	3,556	-	-	12,400	3,439,440
GS<50	234	1,373	321,282	732	-	-	1,396	856	1,194,976	3,556	-	-	2,229	1,516,258
GS>50	234	-	-	732	-	-	1,396	-	-	3,556	122	433,832	122	433,832
Street Light	234	-	-	732	-	-	1,396	-	-	3,556	-	-	-	-
Sentinel	234	-	-	732	-	-	1,396	-	-	3,556	-	-	-	-
Unmetered Scattered Load	234	-	-	732	-	-	1,396	-	-	3,556	-	-	-	-
TOTAL		12,693	2,970,162		1,080	790,560		856	1,194,976		122	433,832	14,751	5,389,530

Sheet I7.2 Meter Reading

LPDL has updated the meter reading weighting factors based on recent reading costs by customer meter read types as shown in Table 11.

Table 11 - I7.2 Meter Reading

Meter Read Type	Weighting Factors for Meter Reading
Smart Meter	1.00
Interval	0.40

Sheet I9 Direct Allocation

LPDL has not entered any Direct Allocations.

7.1.4 CUSTOMER CLASSES

Embedded Distributor Class

LPDL confirms it is not a host to any distributor.

Street Lighting and Unmetered Scattered Load

LPDL communicates with Street Light and Unmetered Scattered Load customers to assist them in understanding the regulatory requirements in which LPDL operates. Since LPDL's largest customers in this category are its municipal shareholders, LPDL communicates with them frequently about load and potential rate impacts. LPDL will also communicate the rate increase forecasted for this rate application and the impacts on its customers.

MicroFIT

LPDL is proposing to keep its MicroFit costs at \$10.00 per month to cover the cost of the settlement process as established in LPDL's COS, EB-2018-0050.

1 **Standby Rates**

2 LPDL does not have and is not seeking approval of standby charges.

3 **New or Eliminated Customer Classes**

4 LPDL is not proposing to include any new, or eliminate any existing, customer classes.

5

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7.2 CLASS REVENUE REQUIREMENTS

7.2.1 SUMMARY OF DATA AND OUTPUTS

The revenue to cost ratios calculated in Sheet O1 and O2 of the Cost Allocation Model, updated for the 2025 Test Year, are provided in Table 12 and Table 13 below.

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Table 12 - Sheet O-1 of the Cost Allocation Model

	Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
Distribution Revenue at Existing Rates	\$9,236,425	\$5,893,968	\$2,014,854	\$1,194,023	\$115,103	\$3,995	\$14,481
Miscellaneous Revenue (mi)	\$1,140,879	\$741,525	\$217,669	\$159,625	\$19,485	\$605	\$1,971
Miscellaneous Revenue Input equals Output							
Total Revenue at Existing Rates	\$10,377,303	\$6,635,493	\$2,232,523	\$1,353,649	\$134,587	\$4,600	\$16,452
Factor required to recover deficiency (1 + D)	1.0863						
Distribution Revenue at Status Quo Rates	\$10,033,782	\$6,402,780	\$2,188,791	\$1,297,101	\$125,039	\$4,340	\$15,731
Miscellaneous Revenue (mi)	\$1,140,879	\$741,525	\$217,669	\$159,625	\$19,485	\$605	\$1,971
Total Revenue at Status Quo Rates	\$11,174,661	\$7,144,304	\$2,406,460	\$1,456,726	\$144,524	\$4,944	\$17,702
Expenses							
Distribution Costs (di)	\$2,668,680	\$1,697,985	\$576,081	\$368,753	\$22,412	\$1,064	\$2,385
Customer Related Costs (cu)	\$1,314,705	\$1,074,714	\$215,983	\$19,544	\$509	\$283	\$3,673
General and Administration (ad)	\$2,666,142	\$1,836,686	\$530,548	\$277,525	\$16,407	\$943	\$4,035
Depreciation and Amortization (dep)	\$2,032,770	\$1,170,741	\$426,520	\$408,625	\$23,183	\$1,134	\$2,567
PILs (INPUT)	\$133,457	\$75,365	\$26,923	\$29,218	\$1,690	\$80	\$181
Interest	\$1,042,207	\$588,549	\$210,248	\$228,172	\$13,196	\$625	\$1,416
Total Expenses	\$9,857,961	\$6,444,040	\$1,986,301	\$1,331,836	\$77,396	\$4,129	\$14,258
Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Allocated Net Income (NI)	\$1,316,700	\$743,560	\$265,622	\$288,267	\$16,672	\$790	\$1,789
Revenue Requirement (includes NI)	\$11,174,661	\$7,187,600	\$2,251,923	\$1,620,103	\$94,068	\$4,919	\$16,047
Revenue Requirement Input equals Output							
Rate Base Calculation							
Net Assets							
Distribution Plant - Gross	\$74,326,300	\$42,560,149	\$15,267,873	\$15,465,758	\$890,913	\$43,428	\$98,179
General Plant - Gross	\$9,279,347	\$5,305,173	\$1,868,868	\$1,965,414	\$120,891	\$5,835	\$13,167
Accumulated Depreciation	(\$33,150,787)	(\$18,977,963)	(\$6,970,151)	(\$6,788,685)	(\$356,907)	(\$17,460)	(\$39,621)
Capital Contribution	(\$17,877,189)	(\$10,462,666)	(\$3,595,908)	(\$3,538,302)	(\$240,957)	(\$12,142)	(\$27,215)
Total Net Plant	\$32,577,671	\$18,424,693	\$6,570,681	\$7,104,185	\$413,939	\$19,661	\$44,511
Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Power (COP)	\$35,528,911	\$14,149,409	\$7,315,939	\$13,913,254	\$126,149	\$3,280	\$20,880
OM&A Expenses	\$6,649,527	\$4,609,384	\$1,322,612	\$665,822	\$39,327	\$2,289	\$10,092
Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$42,178,438	\$18,758,793	\$8,638,551	\$14,579,076	\$165,476	\$5,570	\$30,972
Working Capital	\$3,163,383	\$1,406,909	\$647,891	\$1,093,431	\$12,411	\$418	\$2,323
Total Rate Base	\$35,741,054	\$19,831,603	\$7,218,573	\$8,197,615	\$426,350	\$20,079	\$46,834
Rate Base Input equals Output							
Equity Component of Rate Base	\$14,296,421	\$7,932,641	\$2,887,429	\$3,279,046	\$170,540	\$8,032	\$18,734
Net Income on Allocated Assets	\$1,316,700	\$700,264	\$420,159	\$124,889	\$67,128	\$816	\$3,445
Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$1,316,700	\$700,264	\$420,159	\$124,889	\$67,128	\$816	\$3,445
RATIOS ANALYSIS							
REVENUE TO EXPENSES STATUS QUO%	100.00%	99.40%	106.86%	89.92%	153.64%	100.52%	110.31%
EXISTING REVENUE MINUS ALLOCATED COSTS	(\$797,357)	(\$552,107)	(\$19,400)	(\$266,455)	\$40,519	(\$319)	\$405
Deficiency Input equals Output							
STATUS QUO REVENUE MINUS ALLOCATED COSTS	\$0	(\$43,296)	\$154,537	(\$163,378)	\$50,456	\$26	\$1,655
RETURN ON EQUITY COMPONENT OF RATE BASE	9.21%	8.83%	14.55%	3.81%	39.36%	10.15%	18.39%

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Table 13 - Sheet O-2 of the Cost Allocation Model

Summary

Customer Unit Cost per month - Avoided Cost

Customer Unit Cost per month - Directly Related

Customer Unit Cost per month - Minimum System
with PLCC Adjustment

Existing Approved Fixed Charge

1	2	3	7	8	9
Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load

\$6.34	\$9.04	\$21.20	\$0.01	\$0.56	\$3.22
\$9.88	\$13.34	\$30.70	\$0.01	\$0.95	\$5.40
\$33.27	\$45.48	\$66.94	\$2.18	\$14.11	\$20.43
\$39.61	\$45.05	\$271.06	\$2.40	\$6.49	\$12.90

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7.2.2 CLASS REVENUE ANALYSIS

Table 14 shows the results of the Cost Allocation study updated for 2025. These results are used as the starting point to consider LPDL's revenue to cost ratios for 2025 and assess whether modifications to revenue to cost ratios are required to remain within the OEB's prescribed revenue to cost ranges.

Table 14 - Results of the Cost Allocation Study

Cost Allocation Results		REVENUE ALLOCATION (sheet O1)						CUSTOMER UNIT COST PER MONTH (sheet O2)			
Customer Class Name	Service Rev Req (row40)		Misc. Revenue (mi) (row19)		Base Rev Req		Rev2Cost Expenses %	Fixed Rate Based on Current Fixed/Variable Revenue Proportions	Minimum System with PLCC * adjustment	2024 Rates From OEB Approved Tariff	Proposed Rate
Residential	7,187,600	64.32%	741,525	65.00%	6,446,075	64.24%	99.40%	\$43.03	\$33.27	\$39.61	\$43.03
General Service < 50 kW	2,251,923	20.15%	217,669	19.08%	2,034,254	20.27%	106.86%	\$48.94	\$45.48	\$45.05	\$45.48
General Service 50 to 4999 kW	1,620,103	14.50%	159,625	13.99%	1,460,478	14.56%	89.92%	\$301.60	\$66.94	\$271.06	\$271.06
Sentinel Lighting	4,919	0.04%	605	0.05%	4,314	0.04%	100.52%	\$7.05	\$14.11	\$6.49	\$7.05
Street Lighting	94,068	0.84%	19,485	1.71%	74,584	0.74%	153.64%	\$1.95	\$2.18	\$2.40	\$2.40
Unmetered Scattered Load	16,047	0.14%	1,971	0.17%	14,076	0.14%	110.31%	\$14.01	\$20.43	\$12.90	\$14.01
TOTAL	11,174,660	100.00%	1,140,879	100.00%	10,033,782	100.00%					

Table 15 shows the allocation percentage and base revenue requirement allocation under existing rates, cost allocation results and proposed 2025 proposed allocation.

Table 15 - Base Revenue Requirement Under 3 Scenarios

Customer Class Name	Proposed Base Revenue Requirement %					
	Cost Allocation Results		Existing Rates		Proposed Allocation	
Residential	6,446,074	64.24%	6,402,779	63.81%	6,402,780	63.81%
General Service < 50 kW	2,034,254	20.27%	2,188,791	21.81%	2,188,791	21.81%
General Service 50 to 4999 kW	1,460,478	14.56%	1,297,100	12.93%	1,328,742	13.24%
Sentinel Lighting	4,314	0.04%	4,340	0.04%	4,340	0.04%
Street Lighting	74,584	0.74%	125,039	1.25%	93,397	0.93%
Unmetered Scattered Load	14,076	0.14%	15,731	0.16%	15,731	0.16%
TOTAL	10,033,781	100.00%	10,033,781	100.00%	10,033,781	100.00%

1 Table 16 below shows the revenue offset allocation which resulted from the Cost Allocation Study (Sheet O1).

2 **Table 16 - Revenue Offset Allocation as per Cost Allocation Study**

Customer Class Name	Revenue Offset	
	%	\$
Residential	741,525	65.00%
General Service < 50 kW	217,669	19.08%
General Service 50 to 4999 kW	159,625	13.99%
Sentinel Lighting	605	0.05%
Street Lighting	19,485	1.71%
Unmetered Scattered Load	1,971	0.17%
TOTAL	1,140,879	100.00%

3
4 Table 17 shows the allocation of the service revenue requirement under the same 3 scenarios.

5 **Table 17 - Service Revenue Requirement Under 3 Scenarios**

Customer Class Name	Proposed Service Revenue Requirement %					
	Cost Allocation Results		Existing Rates		Proposed Allocation	
Residential	7,187,599	64.32%	7,144,303	63.93%	7,144,304	63.93%
General Service < 50 kW	2,251,923	20.15%	2,406,460	21.53%	2,406,460	21.53%
General Service 50 to 4999 kW	1,620,103	14.50%	1,456,726	13.04%	1,488,367	13.32%
Sentinel Lighting	4,919	0.04%	4,944	0.04%	4,944	0.04%
Street Lighting	94,068	0.84%	144,524	1.29%	112,882	1.01%
Unmetered Scattered Load	16,047	0.14%	17,702	0.16%	17,702	0.16%
TOTAL	11,174,659	100.00%	11,174,660	100.00%	11,174,660	100.00%

6

7.3 REVENUE-TO-COST RATIOS

7.3.1 COST ALLOCATION RESULTS AND ANALYSIS

Table 18 and Table 19 show the methodology followed to achieve the revenue to cost ratios.

Table 18 - Allocated Costs

Name of Customer Class ⁽³⁾	Costs Allocated from Previous Study ⁽¹⁾	%	Allocated Class Revenue Requirement ⁽¹⁾ (7A)	%
From Sheet 10. Load Forecast				
1 Residential	\$ 5,219,412	63.90%	\$ 7,187,600	64.32%
2 General Service < 50 kW	\$ 1,872,519	22.93%	\$ 2,251,923	20.15%
3 General Service >= 50 kW	\$ 964,802	11.81%	\$ 1,620,103	14.50%
4 Unmetered Scattered Load Connection	\$ 9,487	0.12%	\$ 16,047	0.14%
5 Sentinel Lighting Connections	\$ 4,949	0.06%	\$ 4,919	0.04%
6 Street Lighting Connections	\$ 96,791	1.19%	\$ 94,068	0.84%
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
Total	\$ 8,167,960	100.00%	\$ 11,174,661	100.00%
Service Revenue Requirement (from Sheet 9)			\$ 11,174,660.45	

1

Table 19 - Calculated Class Revenues

Name of Customer Class	Load Forecast (LF) X	LF X current	LF X Proposed Rates	Miscellaneous
	current approved rates (7B)	approved rates X (1+d) (7C)	(7D)	Revenues (7E)
1 Residential	\$ 5,893,968	\$ 6,402,780	\$ 6,402,780	\$ 741,525
2 General Service < 50 kW	\$ 2,014,854	\$ 2,188,791	\$ 2,188,791	\$ 217,669
3 General Service >= 50 kW	\$ 1,194,023	\$ 1,297,101	\$ 1,328,742	\$ 159,625
4 Unmetered Scattered Load Connection	\$ 14,481	\$ 15,731	\$ 15,731	\$ 1,971
5 Sentinel Lighting Connections	\$ 3,995	\$ 4,340	\$ 4,340	\$ 605
6 Street Lighting Connections	\$ 115,103	\$ 125,039	\$ 93,397	\$ 19,485
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
Total	\$ 9,236,425	\$ 10,033,781	\$ 10,033,781	\$ 1,140,879

2

3 Table 20 and Table 21 show LPDL's proposed Revenue to Cost reallocation based on an analysis
4 of the proposed results from the Cost Allocation Model versus the Board prescribed revenue to
5 cost ratio ranges.

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Table 20 - Calculated Class Revenues – Rebalancing and Proposed Ratios

Name of Customer Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios	Policy Range
	Most Recent Year: 2019 %	(7C + 7E) / (7A) %	(7D + 7E) / (7A) %	%
1 Residential	96.95%	99.40%	99.40%	85 - 115
2 General Service < 50 kW	97.00%	106.86%	106.86%	80 - 120
3 General Service >= 50 kW	120.00%	89.92%	91.87%	80 - 120
4 Unmetered Scattered Load Connection	120.00%	110.31%	110.31%	80 - 120
5 Sentinel Lighting Connections	120.00%	100.51%	100.52%	80 - 120
6 Street Lighting Connections	120.00%	153.64%	120.00%	80 - 120
7				
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19				
20				

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Table 21 - Proposed Allocation

Customer Class Name	Calculated R/C Ratio	Proposed R/C Ratio	Variance
Residential	0.99	0.99	-
General Service < 50 kW	1.07	1.07	-
General Service 50 to 4999 kW	0.90	0.92	0.02
Sentinel Lighting	1.01	1.01	-
Street Lighting	1.54	1.20	(0.34)
Unmetered Scattered Load	1.10	1.10	-

The proposed Revenue to Cost ratio is adjusted by changing the allocation percentage for each class. LPDL reviews and assesses the bill impacts for each class before adjusting the Revenue to Cost ratios to determine whether rate mitigation is warranted for affected classes.

Only the Street Lighting customer class fell outside of the board range at 1.54. Consequently, the Street Lighting class was adjusted to reduce its ratio to the top of the OEB's prescribed range at 1.20. In order to reduce the Street Lighting revenue to cost ratio downwards, additional revenues need to be allocated to another rate class. Consistent with commonly accepted practice amongst distributors regulated by the OEB, LPDL first allocated these additional amounts to the rate class with the lowest revenue to cost ratio, which in this case was the GS>50 kW rate class with a ratio of 0.90. The entire revenue shortfall resulting from adjustment of the Street Lighting rate class was absorbed by the GS>50 kW rate class without raising the revenue to cost ratio for this rate class up to the ratio of the next lowest rate class. As such, only the GS>50 kW revenue to cost ratio was adjusted upwards to facilitate reduction of the Street Lighting ratio. The resulting GS>50 kW revenue to cost ratio proposed is 0.92.

APPENDICES	
Appendix A	Cost Allocation Model – O1 Revenue to Cost
Appendix B	Cost Allocation Model – O2 Fixed Charge Floor Ceiling

Appendix A **Cost Allocation Model – O1 Revenue to Cost**

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2

2025 Cost Allocation Model

EB-2024-0039
Sheet 01 Revenue to Cost Summary Worksheet -
Instructions:

Please see the first tab in this workbook for detailed instructions

Class Revenue, Cost Analysis, and Return on Rate Base

		Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
Rate Base								
Assets								
crev	Distribution Revenue at Existing Rates	\$9,236,425	\$5,893,968	\$2,014,854	\$1,194,023	\$115,103	\$3,995	\$14,481
mi	Miscellaneous Revenue (mi)	\$1,140,879	\$741,525	\$217,669	\$159,625	\$19,485	\$605	\$1,971
	Miscellaneous Revenue Input equals Output							
	Total Revenue at Existing Rates	\$10,377,303	\$6,635,493	\$2,232,523	\$1,353,649	\$134,587	\$4,600	\$16,452
	Factor required to recover deficiency (1 + D)	1.0863						
	Distribution Revenue at Status Quo Rates	\$10,033,782	\$6,402,780	\$2,188,791	\$1,297,101	\$125,039	\$4,340	\$15,731
	Miscellaneous Revenue (mi)	\$1,140,879	\$741,525	\$217,669	\$159,625	\$19,485	\$605	\$1,971
	Total Revenue at Status Quo Rates	\$11,174,661	\$7,144,304	\$2,406,460	\$1,456,726	\$144,524	\$4,944	\$17,702
	Expenses							
di	Distribution Costs (di)	\$2,668,680	\$1,697,985	\$576,081	\$368,753	\$22,412	\$1,064	\$2,385
cu	Customer Related Costs (cu)	\$1,314,705	\$1,074,714	\$215,983	\$19,544	\$509	\$283	\$3,673
ad	General and Administration (ad)	\$2,666,142	\$1,836,686	\$530,548	\$277,525	\$16,407	\$943	\$4,035
dep	Depreciation and Amortization (dep)	\$2,032,770	\$1,170,741	\$426,520	\$408,625	\$23,183	\$1,134	\$2,567
INPUT	PIUs (INPUT)	\$133,457	\$75,365	\$26,923	\$29,218	\$1,690	\$80	\$181
INT	Interest	\$1,042,207	\$588,549	\$210,248	\$228,172	\$13,196	\$625	\$1,416
	Total Expenses	\$9,857,961	\$6,444,040	\$1,986,301	\$1,331,836	\$77,396	\$4,129	\$14,258
	Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NI	Allocated Net Income (NI)	\$1,316,700	\$743,560	\$265,622	\$288,267	\$16,672	\$790	\$1,789
	Revenue Requirement (includes NI)	\$11,174,661	\$7,187,600	\$2,251,923	\$1,620,103	\$94,068	\$4,919	\$16,047
	Revenue Requirement Input equals Output							
	Rate Base Calculation							
	Net Assets							
dp	Distribution Plant - Gross	\$74,326,300	\$42,560,149	\$15,267,873	\$15,465,758	\$890,913	\$43,428	\$98,179
gp	General Plant - Gross	\$9,279,347	\$5,305,173	\$1,868,868	\$1,965,414	\$120,891	\$5,835	\$13,167
accum dep	Accumulated Depreciation	(\$33,150,787)	(\$18,977,963)	(\$6,970,151)	(\$6,788,685)	(\$356,907)	(\$17,460)	(\$39,621)
co	Capital Contribution	(\$17,877,189)	(\$10,462,666)	(\$3,595,908)	(\$3,538,302)	(\$240,957)	(\$12,142)	(\$27,215)
	Total Net Plant	\$32,577,671	\$18,424,693	\$6,570,681	\$7,104,185	\$413,939	\$19,661	\$44,511
	Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
COP	Cost of Power (COP)	\$35,528,911	\$14,149,409	\$7,315,939	\$13,913,254	\$126,149	\$3,280	\$20,880
	OM&A Expenses	\$6,649,527	\$4,609,384	\$1,322,612	\$665,822	\$39,327	\$2,289	\$10,092
	Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal	\$42,178,438	\$18,758,793	\$8,638,551	\$14,579,076	\$165,476	\$5,570	\$30,972
	Working Capital	\$3,163,383	\$1,406,909	\$647,891	\$1,093,431	\$12,411	\$418	\$2,323
	Total Rate Base	\$35,741,054	\$19,831,603	\$7,218,573	\$8,197,615	\$426,350	\$20,079	\$46,834
	Rate Base Input equals Output							
	Equity Component of Rate Base	\$14,296,421	\$7,932,641	\$2,887,429	\$3,279,046	\$170,540	\$8,032	\$18,734
	Net Income on Allocated Assets	\$1,316,700	\$700,264	\$420,159	\$124,889	\$67,128	\$816	\$3,445
	Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Net Income	\$1,316,700	\$700,264	\$420,159	\$124,889	\$67,128	\$816	\$3,445

2025 Cost Allocation Model

EB-2024-0039

Sheet 01 Revenue to Cost Summary Worksheet -

Instructions:
Please see the first tab in this workbook for detailed instructions

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base
Assets

	1	2	3	7	8	9
Total	Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load
RATIOS ANALYSIS						
REVENUE TO EXPENSES STATUS QUO%	100.00%	99.40%	106.86%	89.92%	153.64%	100.52%
EXISTING REVENUE MINUS ALLOCATED COSTS	(\$797,357)	(\$552,107)	(\$19,400)	(\$266,455)	\$40,519	(\$319)
Deficiency Input equals Output						
STATUS QUO REVENUE MINUS ALLOCATED COSTS	\$0	(\$43,296)	\$154,537	(\$163,378)	\$50,456	\$26
RETURN ON EQUITY COMPONENT OF RATE BASE	9.21%	8.83%	14.55%	3.81%	39.36%	10.15%

110.31%

\$405

\$1,655

18.39%

Appendix B	Cost Allocation Model – O2 Fixed		
	Charge	Floor	Ceiling



Ontario Energy Board

2025 Cost Allocation Model

EB-2024-0039

Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet -

Output sheet showing minimum and maximum level for
Monthly Fixed Charge

Summary

Customer Unit Cost per month - Avoided Cost

Customer Unit Cost per month - Directly Related

Customer Unit Cost per month - Minimum System
with PLCC Adjustment

Existing Approved Fixed Charge

1	2	3	7	8	9
Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load
\$6.34	\$9.04	\$21.20	\$0.01	\$0.56	\$3.22
\$9.88	\$13.34	\$30.70	\$0.01	\$0.95	\$5.40
\$33.27	\$45.48	\$66.94	\$2.18	\$14.11	\$20.43
\$39.61	\$45.05	\$271.06	\$2.40	\$6.49	\$12.90