

EXHIBIT 2 – RATE BASE

2027 Cost of Service

Lakefront Utilities Inc.
EB-2026-0054

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2.1. OVERVIEW OF RATE BASE

LUI's methodology of calculating its Rate Base has not changed from its last two costs of service applications (2016 and 2022) and is in line with the OEB's methodology of determining a Rate Base. The net fixed assets used to determine the utility's Rate Base include distribution assets associated with activities that enable the conveyance of electricity for distribution purposes. LUI does not have non-distribution assets, nor does it conduct non-distribution activities. Controllable expenses include operations and maintenance, billing and collecting, and administration costs discussed in detail in Exhibit 4.

LUI has calculated its' Test Year 2027 Rate Base to be \$32,602,451. This rate base is also used to determine the proposed revenue requirement found in Exhibit 6. The table below presents LUI's Rate Base calculations for the Test Year compared to the 2022 Board Approved.

Table 1 – Change in Rate Base from 2022BA

Particulars	2022BA.	2027	Var \$	Var %
Gross Fixed Assets (average)	\$37,943,278	\$44,434,112	\$6,490,833	17.11%
Accumulated Depreciation (average)	-\$17,522,273	-\$14,474,943	\$3,047,330	-17.39%
Net Fixed Assets (average)	\$20,421,005	\$29,959,168	\$9,538,163	46.71%
Allowance for Working Capital	\$2,497,826	\$2,643,283	\$145,457	5.82%
Total	\$22,918,831	\$32,602,451	\$9,683,621	42.25%

Working Capital Allowance				
Particulars	2022BA	2027		
3500-Distribution Expenses - Operation	\$707,393	\$1,019,234	\$311,841	44.08%
3550-Distribution Expenses - Maintenance	\$312,541	\$382,921	\$70,380	22.52%
3650-Billing and collecting	\$580,283	\$756,131	\$175,848	30.30%
3700-Community Relations	\$19,757	\$14,456	-\$5,301	-26.83%
3800-Administrative and General Expenses	\$1,202,267	\$1,973,479	\$771,212	64.15%
Other Expenses or Adjustments	\$58,058	\$60,165	\$2,107	3.63%
Total Eligible Distribution Expenses	\$2,880,299	\$4,206,387	\$1,326,088	46.04%
Power Supply Expenses	\$30,424,042	\$31,037,388	\$613,345	2.02%
Total Expenses for Working Capital	\$33,304,341	\$35,243,774	\$1,939,433	5.82%
Working Capital factor	7.50%	7.50%		
Total	\$2,497,826	\$2,643,283	\$145,457	5.82%

Table 2 – Rate Base Trend

Particulars	BOARD APPR.	2022	2023	2024	2025	2026	2027
Gross Fixed Assets (average)	\$37,943,278	\$29,529,229	\$33,127,506	\$36,794,327	\$39,287,713	\$41,983,772	\$44,434,112
Accumulated Depreciation (average)	-\$17,522,273	-\$8,455,390	-\$9,476,364	-\$10,601,833	-\$11,814,174	-\$13,099,061	-\$14,474,943
Net Fixed Assets (average)	\$20,421,005	\$21,073,838	\$23,651,143	\$26,192,494	\$27,473,540	\$28,884,711	\$29,959,168
Allowance for Working Capital	\$2,497,826	\$2,361,425	\$2,482,184	\$2,505,191	\$2,675,334	\$2,763,112	\$2,643,283
T O T A L	\$22,918,831	\$23,435,263	\$26,133,326	\$28,697,686	\$30,148,874	\$31,647,823	\$32,602,451

WORKING CAPITAL ALLOWANCE							
Particulars	BOARD APPR.	2022	2023	2024	2025	2026	2027
3500-Distribution Expenses - Operation	\$707,393	\$402,525	\$510,316	\$434,954	\$668,205	\$991,819	\$1,019,234
3550-Distribution Expenses - Maintenance	\$312,541	\$364,103	\$401,421	\$339,697	\$358,158	\$371,768	\$382,921
3650-Billing and collecting	\$580,283	\$550,197	\$575,877	\$560,229	\$806,216	\$686,124	\$756,131
3700-Community Relations	\$19,757	\$29,397	\$20,655	\$17,837	\$13,521	\$14,035	\$14,456
3800-Administrative and General Expenses	\$1,202,267	\$1,231,924	\$1,624,584	\$1,888,305	\$1,799,285	\$1,865,023	\$1,973,479
Other Expenses or Adjustments	\$58,058	\$49,584	\$53,901	\$40,124	\$56,272	\$58,411	\$60,165
Total Eligible Distribution Expenses	\$2,880,299	\$2,627,729	\$3,186,756	\$3,281,147	\$3,701,657	\$3,987,180	\$4,206,387
Power Supply Expenses	\$30,424,042	\$28,857,936	\$29,909,027	\$30,121,402	\$31,969,464	\$32,854,310	\$31,037,388
Total Expenses for Working Capital	\$33,304,341	\$31,485,665	\$33,095,783	\$33,402,549	\$35,671,120	\$36,841,490	\$35,243,774
Working Capital factor	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
T O T A L	\$2,497,826	\$2,361,425	\$2,482,184	\$2,505,191	\$2,675,334	\$2,763,112	\$2,643,283

Rate base increased from approximately \$22.9 million in the Board-approved 2022 Cost of Service to approximately \$32.3 million in the 2027 Test Year, representing an increase of approximately 41% over the period.

The increase is primarily attributable to sustained capital investment across the distribution system, resulting in growth in average net fixed assets from approximately \$20.4 million in 2022 to approximately \$30.0 million in 2027. As shown in Table 2, average gross fixed assets increased by approximately \$6.5 million over the period, while accumulated depreciation increased at a slower pace, resulting in a steady increase in net plant.

The growth in rate base reflects continued investment in customer-driven system expansion, distribution capacity enhancements, asset renewal, and system modernization initiatives. Capital expenditures increased materially beginning in 2023 and remained elevated throughout the rebasing period as LUI responded to customer growth, aging infrastructure replacement requirements, and evolving operational and reliability needs.

Working capital allowance remained relatively stable throughout the period, increasing modestly from approximately \$2.36 million in 2022 to \$2.64 million in 2027, and therefore was not a significant driver of overall rate base growth.

Detailed information regarding capital expenditures, major projects, and the underlying drivers of capital investment is provided in Section 2.2 and the Distribution System Plan.

2.2. FIXED ASSET CONTINUITY SCHEDULE

2.2.1 Fixed Asset Continuity Overview

The table below provides a high-level summary of the continuity of gross fixed assets, accumulated depreciation, and net book value over the 2022 to 2027 period. LUI has prepared this application in accordance with Modified International Financial Reporting Standards (MIFRS) and the Ontario Energy Board's Accounting Procedures Handbook.

Table 3 – Summary of Fixed Asset Continuity Schedule

Distribution Plant	BOARD APPR.	2022	2023	2024	2025	2026	2027
FIXED ASSET - GROSS BALANCE							
Fixed Asset, Opening Balance	\$37,013,280	\$28,486,670	\$30,571,787	\$35,683,226	\$37,905,429	\$40,669,998	\$43,297,547
Additions	\$1,860,000	\$2,119,687	\$5,129,634	\$2,222,203	\$2,764,569	\$2,627,549	\$2,273,129
Disposal	\$0	-\$34,570	-\$18,195	\$0	\$0	\$0	\$0
Closing balance	\$38,873,280	\$30,571,787	\$35,683,226	\$37,905,429	\$40,669,998	\$43,297,547	\$45,570,676
<i>Opening -Closing Integrity Check</i>		<i>check</i>	<i>check</i>	<i>check</i>	<i>check</i>	<i>check</i>	
ACCUMULATED DERPRECIATION							
Accumulated Depr - Opening Balance	-\$17,021,302	-\$7,976,838	-\$8,933,942	-\$10,018,786	-\$11,184,880	-\$12,443,467	-\$13,754,655
Depreciation Expense	-\$1,001,951	-\$991,673	-\$1,084,844	-\$1,166,094	-\$1,258,587	-\$1,311,188	-\$1,440,576
Disposal	\$0	\$34,570	\$0	\$0	\$0	\$0	\$0
Closing balance	-\$18,023,253	-\$8,933,942	-\$10,018,786	-\$11,184,880	-\$12,443,467	-\$13,754,655	-\$15,195,231
<i>Opening -Closing Integrity Check</i>		<i>check</i>	<i>check</i>	<i>check</i>	<i>check</i>	<i>check</i>	
Net Book Value	\$21,637,845	\$21,637,845	\$25,664,440	\$26,720,549	\$28,226,531	\$29,542,892	\$30,375,445
Average Gross Fixed Assets	\$37,943,278	\$29,529,229	\$33,127,506	\$36,794,327	\$39,287,713	\$41,983,772	\$44,434,112
Average Accumulated Depr	-\$17,522,273	-\$8,455,390	-\$9,476,364	-\$10,601,833	-\$11,814,174	-\$13,099,061	-\$14,474,943
<i>Continuity Schedule Integrity Check</i>		<i>check</i>	<i>check</i>	<i>check</i>	<i>check</i>	<i>check</i>	<i>check</i>
<i>Continuity Schedule Integrity Check</i>		<i>check</i>	<i>check</i>	<i>check</i>	<i>check</i>	<i>check</i>	<i>check</i>
AVG NET FIXED ASSETS	\$20,421,005	\$21,073,838	\$23,651,143	\$26,192,494	\$27,473,540	\$28,884,711	\$29,959,168

All capital expenditures included in this application reflect assets that have been placed into service. LUI does not include work in progress (WIP) in rate base. Accordingly, capital expenditures and in-service additions are equivalent for the purposes of this application.

Table 2-9 illustrates the relationship between annual capital additions, depreciation expense, and the resulting growth in net fixed assets, which represent the primary component of rate base. Capital additions increase beginning in 2023 and peak in 2026, resulting in a corresponding increase in net book value over the planning period.

Accumulated depreciation increases consistently with the growth in asset balances, partially offsetting the impact of capital additions on net fixed assets. Contributions in Aid of Construction (CIAC) have been determined in accordance with LUI's Conditions of Service and applicable OEB requirements. Supporting details are provided in Appendix A.

The opening and closing balances of gross plant, accumulated depreciation, and net book value reconcile to the fixed asset continuity schedules and the rate base calculations presented in this Exhibit.

Appendix 2-BA provides the detailed continuity of gross fixed assets, accumulated depreciation, and net book value by USoA account for the historical, bridge and test years. Variance explanations and supporting project-level details are provided in Sections 2.2.2 and 2.2.4, as well as in the Distribution System Plan.

2.2.2 Continuity and Reconciliation

LUI confirms that:

- the fixed asset continuity schedules reconcile to the depreciation expense presented in Section 2.3;
- net book value balances reconcile to the rate base calculations presented in this Exhibit;
- all capital additions represent assets that are in service, with no work in progress included in rate base;
- the Applicant does not have any asset retirement obligations or associated accretion expenses; and
- no previously recorded deferral or variance account capital balances have been included in opening test year rate base.

The detailed continuity schedules are provided in Appendix 2-BA. The Excel versions of the OEB appendices are filed in conjunction with this application.

Below are the Fixed Asset Continuity Schedules for 2022 to 2027.

Table 4 – 2022 Continuity schedule

FIXED ASSET CONTINUITY SCHEDULE (RRR 2.1.5.8)						ACCUMULATED DEPRECIATION					AVG NET FIXED	
Acct #	Description	Opening Balance for 2022	Additions for 2022	Disposals for 2022	Closing Balance for 2022	Opening Balance for 2022	Additions / Depr.Exp.	Disposals for 2022	Closing Balance for 2022	Net Book Value for 2022	AVG Gross Bal	AVG AccDep
1611	Computer Software (Formally known as Account 1925)	\$ 452,123	\$ -	\$ -	\$ 452,123	-\$ 223,013	-\$ 30,548	\$ -	-\$ 253,561	\$ 198,562	\$ 452,123	-\$ 238,287
1805	Land	\$ 219,284	\$ -	\$ -	\$ 219,284	\$ -	\$ -	\$ -	\$ -	\$ 219,284	\$ 219,284	\$ -
1808	Buildings	\$ 1,110,401	\$ 12,110	\$ -	\$ 1,122,511	-\$ 251,274	-\$ 32,469	\$ -	-\$ 283,743	\$ 838,768	\$ 1,116,456	-\$ 267,508
1820	Distribution Station Equipment <50 kV	\$ 3,672,364	\$ -	\$ -	\$ 3,672,364	-\$ 691,575	-\$ 98,692	\$ -	-\$ 790,266	\$ 2,882,098	\$ 3,672,364	-\$ 740,920
1830	Poles, Towers & Fixtures	\$ 4,618,917	\$ 931,815	\$ -	\$ 5,550,732	-\$ 628,333	-\$ 125,506	\$ -	-\$ 753,838	\$ 4,796,894	\$ 5,084,825	-\$ 691,085
1835	Overhead Conductors & Devices	\$ 6,792,279	\$ 961,178	\$ -	\$ 7,753,457	-\$ 1,001,432	-\$ 157,934	\$ -	-\$ 1,159,366	\$ 6,594,091	\$ 7,272,868	-\$ 1,080,399
1840	Underground Conduit	\$ 1,994,070	\$ 55,877	\$ -	\$ 2,049,947	-\$ 256,078	-\$ 47,175	\$ -	-\$ 303,254	\$ 1,746,693	\$ 2,022,009	-\$ 279,666
1845	Underground Conductors & Devices	\$ 3,061,422	\$ 55,404	\$ -	\$ 3,116,826	-\$ 791,154	-\$ 93,745	\$ -	-\$ 884,899	\$ 2,231,927	\$ 3,089,124	-\$ 838,027
1850	Line Transformers	\$ 4,422,239	\$ 144,705	\$ -	\$ 4,566,944	-\$ 1,351,932	-\$ 147,187	\$ -	-\$ 1,499,119	\$ 3,067,825	\$ 4,494,592	-\$ 1,425,526
1855	Services (Overhead & Underground)	\$ 1,438,613	\$ 88,769	\$ -	\$ 1,527,382	-\$ 231,935	-\$ 38,969	\$ -	-\$ 270,903	\$ 1,256,479	\$ 1,482,998	-\$ 251,419
1860	Meters	\$ 2,651,394	\$ 150,706	\$ -	\$ 2,802,100	-\$ 1,333,759	-\$ 196,226	\$ -	-\$ 1,529,985	\$ 1,272,115	\$ 2,726,747	-\$ 1,431,872
1915	Office Furniture & Equipment (10 years)	\$ 77,052	\$ -	\$ -	\$ 77,052	-\$ 73,446	-\$ 2,916	\$ -	-\$ 76,362	\$ 690	\$ 77,052	-\$ 74,904
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 195,818	\$ 28,886	\$ -	\$ 224,704	-\$ 140,425	-\$ 25,909	\$ -	-\$ 166,334	\$ 58,370	\$ 210,261	-\$ 153,379
1930	Transportation Equipment	\$ 1,024,986	\$ 48,464	-\$ 34,570	\$ 1,038,880	-\$ 1,009,534	-\$ 16,508	\$ 34,570	-\$ 991,472	\$ 47,408	\$ 1,031,933	-\$ 1,000,503
1940	Tools, Shop & Garage Equipment	\$ 551,713	\$ 17,307	\$ -	\$ 569,020	-\$ 418,832	-\$ 44,144	\$ -	-\$ 462,976	\$ 106,044	\$ 560,367	-\$ 440,904
1945	Measurement & Testing Equipment	\$ 15,572	\$ -	\$ -	\$ 15,572	-\$ 15,572	\$ -	\$ -	-\$ 15,572	\$ -	\$ 15,572	-\$ 15,572
1960	Miscellaneous Equipment	\$ 349,736	\$ 2,672	\$ -	\$ 352,408	-\$ 214,553	-\$ 35,003	\$ -	-\$ 249,557	\$ 102,851	\$ 351,072	-\$ 232,055
1980	System Supervisor Equipment	\$ 402,479	\$ -	\$ -	\$ 402,479	-\$ 133,963	-\$ 20,496	\$ -	-\$ 154,459	\$ 248,020	\$ 402,479	-\$ 144,211
2440	Deferred Revenue	-\$ 4,563,792	-\$ 378,206	\$ -	-\$ 4,941,998	\$ 789,971	\$ 121,753	\$ -	\$ 911,724	-\$ 4,030,274	-\$ 4,752,895	\$ 850,848
	TOTAL PP&E FOR RATEMAKING	\$ 28,486,670	\$ 2,119,687	-\$ 34,570	\$ 30,571,787	-\$ 7,976,838	-\$ 991,673	\$ 34,570	-\$ 8,933,942	\$ 21,637,845	\$ 29,529,229	\$ 8,455,390
2055	WIP	\$ 963,027	\$ 932,532	\$ -	\$ 1,895,559	\$ -	\$ -	\$ -	\$ -	\$ 1,895,559	\$ 1,429,293	\$ -
	Deferred Revenue (Fully Allocated)						\$ 105,245					
	TOTAL PP&E	\$ 29,449,697	\$ 3,052,219	-\$ 34,570	\$ 32,467,346	-\$ 7,976,838	-\$ 1,096,919	\$ 34,570	-\$ 8,933,942	\$ 23,533,404	\$ 30,958,521	\$ 8,455,390

Table 5 – 2023 Continuity schedule

FIXED ASSET CONTINUITY SCHEDULE (RRR 2.1.5.8)						ACCUMULATED DEPRECIATION					AVG NET FIXED	
Acct #	Description	Opening Balance for 2023	Additions for 2023	Disposals for 2023	Closing Balance for 2023	Opening Balance for 2023	Additions / Depr.Exp.	Disposals for 2023	Closing Balance for 2023	Net Book Value for 2023	AVG Gross Bal	AVG AccDep
1611	Computer Software (Formally known as Account 1925)	\$ 452,123	\$ -	\$ -	\$ 452,123	-\$ 253,561	-\$ 30,548	\$ -	-\$ 284,109	\$ 168,014	\$ 452,123	-\$ 268,835
1805	Land	\$ 219,284	\$ -	\$ -	\$ 219,284	\$ -	\$ -	\$ -	\$ -	\$ 219,284	\$ 219,284	\$ -
1808	Buildings	\$ 1,122,511	\$ 11,105	\$ -	\$ 1,133,616	-\$ 283,743	-\$ 32,701	\$ -	-\$ 316,444	\$ 817,172	\$ 1,128,064	-\$ 300,093
1815	Transformer Station Equipment >50 kV	\$ -	\$ 2,239,342	\$ -	\$ 2,239,342	\$ -	\$ -	\$ -	\$ -	\$ 2,239,342	\$ 1,119,671	\$ -
1820	Distribution Station Equipment <50 kV	\$ 3,672,364	\$ -	\$ -	\$ 3,672,364	-\$ 790,266	-\$ 123,573	\$ -	-\$ 913,840	\$ 2,758,524	\$ 3,672,364	-\$ 852,053
1830	Poles, Towers & Fixtures	\$ 5,550,732	\$ 511,816	\$ -	\$ 6,062,548	-\$ 753,838	-\$ 141,546	\$ -	-\$ 895,384	\$ 5,167,164	\$ 5,806,640	-\$ 824,611
1835	Overhead Conductors & Devices	\$ 7,753,457	\$ 836,871	\$ -	\$ 8,590,328	-\$ 1,159,366	-\$ 174,280	\$ -	-\$ 1,333,646	\$ 7,256,683	\$ 8,171,893	-\$ 1,246,506
1840	Underground Conduit	\$ 2,049,947	\$ 441,770	\$ -	\$ 2,491,717	-\$ 303,254	-\$ 57,274	\$ -	-\$ 360,528	\$ 2,131,190	\$ 2,270,832	-\$ 331,891
1845	Underground Conductors & Devices	\$ 3,116,826	\$ 258,193	\$ -	\$ 3,375,019	-\$ 884,899	-\$ 99,370	\$ -	-\$ 984,269	\$ 2,390,749	\$ 3,245,922	-\$ 934,584
1850	Line Transformers	\$ 4,566,944	\$ 234,275	\$ -	\$ 4,801,219	-\$ 1,499,119	-\$ 153,745	\$ -	-\$ 1,652,864	\$ 3,148,355	\$ 4,684,081	-\$ 1,575,992
1855	Services (Overhead & Underground)	\$ 1,527,382	\$ 183,316	\$ -	\$ 1,710,698	-\$ 270,903	-\$ 41,442	\$ -	-\$ 312,345	\$ 1,398,353	\$ 1,619,040	-\$ 291,624
1860	Meters	\$ 2,802,100	\$ 630,824	-\$ 18,195	\$ 3,414,728	-\$ 1,529,985	-\$ 221,671	\$ -	-\$ 1,751,656	\$ 1,663,072	\$ 3,108,414	-\$ 1,640,821
1915	Office Furniture & Equipment (10 years)	\$ 77,052	\$ -	\$ -	\$ 77,052	-\$ 76,362	-\$ 690	\$ -	-\$ 77,052	\$ 0	\$ 77,052	-\$ 76,707
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 224,704	\$ 12,086	\$ -	\$ 236,790	-\$ 166,334	-\$ 24,538	\$ -	-\$ 190,871	\$ 45,919	\$ 230,747	-\$ 178,603
1930	Transportation Equipment	\$ 1,038,880	\$ -	\$ -	\$ 1,038,880	-\$ 991,472	-\$ 13,484	\$ -	-\$ 1,004,956	\$ 33,924	\$ 1,038,880	-\$ 998,214
1940	Tools, Shop & Garage Equipment	\$ 569,020	\$ 22,376	\$ -	\$ 591,396	-\$ 462,976	-\$ 39,664	\$ -	-\$ 502,640	\$ 88,756	\$ 580,208	-\$ 482,808
1945	Measurement & Testing Equipment	\$ 15,572	\$ -	\$ -	\$ 15,572	-\$ 15,572	\$ -	\$ -	-\$ 15,572	\$ -	\$ 15,572	-\$ 15,572
1960	Miscellaneous Equipment	\$ 352,408	\$ 2,956	\$ -	\$ 355,364	-\$ 249,557	-\$ 35,273	\$ -	-\$ 284,830	\$ 70,534	\$ 353,886	-\$ 267,193
1980	System Supervisor Equipment	\$ 402,479	\$ 509,510	\$ -	\$ 911,989	-\$ 154,459	-\$ 33,234	\$ -	-\$ 187,693	\$ 724,296	\$ 657,234	-\$ 171,076
2440	Deferred Revenue (Fully Allocated)	-\$ 4,941,998	-\$ 764,807	\$ -	-\$ 5,706,805	\$ 911,724	\$ 138,189	\$ -	\$ 1,049,913	-\$ 4,656,892	-\$ 5,324,402	\$ 980,819
	TOTAL PP&E FOR RATEMAKING	\$ 30,571,787	\$ 5,129,634	-\$ 18,195	\$ 35,683,226	-\$ 8,933,942	-\$ 1,084,844	\$ -	-\$ 10,018,786	\$ 25,664,440	\$ 33,127,506	-\$ 9,476,364
2055	WIP	\$ 1,895,559	\$ 638,189	\$ -	\$ 1,257,370	\$ -	\$ -	\$ -	\$ -	\$ 1,257,370	\$ 1,576,464	\$ -
	Deferred Revenue					\$ -	\$ 24,705					
	TOTAL PP&E	\$ 32,467,346	\$ 4,491,445	-\$ 18,195	\$ 36,940,596	-\$ 8,933,942	-\$ 1,109,549	\$ -	-\$ 10,018,786	\$ 26,921,810	\$ 34,703,971	-\$ 9,476,364

Table 6 – 2024 Continuity schedule

FIXED ASSET CONTINUITY SCHEDULE (RRR 2.1.5.8)						ACCUMULATED DEPRECIATION					AVG NET FIXED	
Acct #	Description	Opening Balance for 2024	Additions for 2024	Disposals for 2024	Closing Balance for 2024	Opening Balance for 2024	Additions / Depr.Exp.	Disposals for 2024	Closing Balance for 2024	Net Book Value for 2024	AVG Gross Bal	AVG AccDep
1611	Computer Software (Formally known as Account 1925)	\$ 452,123	\$ 10,801	\$ -	\$ 462,924	-\$ 284,109	-\$ 31,628	\$ -	-\$ 315,737	\$ 147,187	\$ 457,524	-\$ 299,923
1805	Land	\$ 219,284	\$ -	\$ -	\$ 219,284	\$ -	\$ -	\$ -	\$ -	\$ 219,284	\$ 219,284	\$ -
1808	Buildings	\$ 1,133,616	\$ 71	\$ -	\$ 1,133,687	-\$ 316,444	-\$ 33,118	\$ -	-\$ 349,562	\$ 784,125	\$ 1,133,652	-\$ 333,003
1815	Transformer Station Equipment >50 kV	\$ 2,239,342	\$ -	\$ -	\$ 2,239,342	\$ -	\$ -	\$ -	\$ -	\$ 2,239,342	\$ 2,239,342	\$ -
1820	Distribution Station Equipment <50 kV	\$ 3,672,364	\$ 19,516	\$ -	\$ 3,691,880	-\$ 913,840	-\$ 148,672	\$ -	-\$ 1,062,512	\$ 2,629,368	\$ 3,682,122	-\$ 988,176
1830	Poles, Towers & Fixtures	\$ 6,062,548	\$ 541,568	\$ -	\$ 6,604,116	-\$ 895,384	-\$ 153,250	\$ -	-\$ 1,048,634	\$ 5,555,482	\$ 6,333,332	-\$ 972,009
1835	Overhead Conductors & Devices	\$ 8,590,328	\$ 943,825	\$ -	\$ 9,534,153	-\$ 1,333,646	-\$ 190,468	\$ -	-\$ 1,524,114	\$ 8,010,040	\$ 9,062,241	-\$ 1,428,880
1840	Underground Conduit	\$ 2,491,717	\$ 874,875	\$ -	\$ 3,366,592	-\$ 360,528	-\$ 70,441	\$ -	-\$ 430,969	\$ 2,935,624	\$ 2,929,155	-\$ 395,748
1845	Underground Conductors & Devices	\$ 3,375,019	\$ 1,082,109	\$ -	\$ 4,457,128	-\$ 984,269	-\$ 118,517	\$ -	-\$ 1,102,786	\$ 3,354,341	\$ 3,916,073	-\$ 1,043,528
1850	Line Transformers	\$ 4,801,219	\$ 510,118	\$ -	\$ 5,311,337	-\$ 1,652,864	-\$ 164,380	\$ -	-\$ 1,817,244	\$ 3,494,093	\$ 5,056,278	-\$ 1,735,054
1855	Services (Overhead & Underground)	\$ 1,710,698	\$ 129,844	\$ -	\$ 1,840,542	-\$ 312,345	-\$ 44,289	\$ -	-\$ 356,634	\$ 1,483,908	\$ 1,775,620	-\$ 334,490
1860	Meters	\$ 3,414,728	\$ 314,062	\$ -	\$ 3,728,790	-\$ 1,751,656	-\$ 252,560	\$ -	-\$ 2,004,216	\$ 1,724,574	\$ 3,571,759	-\$ 1,877,936
1915	Office Furniture & Equipment (10 years)	\$ 77,052	\$ -	\$ -	\$ 77,052	-\$ 77,052	\$ -	\$ -	-\$ 77,052	\$ 0	\$ 77,052	-\$ 77,052
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 236,790	\$ 12,707	\$ -	\$ 249,497	-\$ 190,871	-\$ 19,886	\$ -	-\$ 210,757	\$ 38,740	\$ 243,144	-\$ 200,814
1930	Transportation Equipment	\$ 1,038,880	\$ -	\$ -	\$ 1,038,880	-\$ 1,004,956	-\$ 9,693	\$ -	-\$ 1,014,649	\$ 24,231	\$ 1,038,880	-\$ 1,009,802
1940	Tools, Shop & Garage Equipment	\$ 591,396	\$ 18,831	\$ -	\$ 610,227	-\$ 502,640	-\$ 23,103	\$ -	-\$ 525,743	\$ 84,484	\$ 600,812	-\$ 514,192
1945	Measurement & Testing Equipment	\$ 15,572	\$ -	\$ -	\$ 15,572	-\$ 15,572	\$ -	\$ -	-\$ 15,572	\$ -	\$ 15,572	-\$ 15,572
1960	Miscellaneous Equipment	\$ 355,364	\$ 3,509	\$ -	\$ 358,873	-\$ 284,830	-\$ 32,492	\$ -	-\$ 317,322	\$ 41,551	\$ 357,119	-\$ 301,076
1980	System Supervisor Equipment	\$ 911,989	\$ 567	\$ -	\$ 912,556	-\$ 187,693	-\$ 45,985	\$ -	-\$ 233,678	\$ 678,878	\$ 912,273	-\$ 210,685
2440	Deferred Revenue	-\$ 5,706,805	-\$ 2,240,200	\$ -	-\$ 7,947,005	\$ 1,049,913	\$ 172,388	\$ -	\$ 1,222,301	-\$ 6,724,704	-\$ 6,826,905	\$ 1,136,107
	TOTAL PP&E FOR RATEMAKING	\$ 35,683,226	\$ 2,222,203	\$ -	\$ 37,905,429	-\$ 10,018,786	\$ 1,166,094	\$ -	\$ 11,184,880	\$ 26,720,549	\$ 36,794,327	-\$ 10,601,833
2055	WIP	\$ 1,257,370	-\$ 342,048	\$ -	\$ 915,322	\$ -	\$ -	\$ -	\$ -	\$ 915,322	\$ 1,086,346	\$ -
	Deferred Revenue (Fully Allocated)					\$ 162,694						
	TOTAL PP&E	\$ 36,940,596	\$ 1,880,155	\$ -	\$ 38,820,751	-\$ 10,018,786	\$ 1,328,788	\$ -	\$ 11,184,880	\$ 27,635,871	\$ 37,880,673	-\$ 10,601,833

Table 7 – 2025 Continuity schedule

FIXED ASSET CONTINUITY SCHEDULE (RRR 2.1.5.8)						ACCUMULATED DEPRECIATION					AVG NET FIXED	
Acct #	Description	Opening Balance for 2025	Additions for 2025	Disposals for 2025	Closing Balance for 2025	Opening Balance for 2025	Additions / Depr.Exp.	Disposals for 2025	Closing Balance for 2025	Net Book Value for 2025	AVG Gross Bal	AVG AccDep
1611	Computer Software (Formally known as Account 1925)	\$ 462,924	\$ 20,270	\$ -	\$ 483,194	\$ 315,737	\$ 34,735	\$ -	\$ 350,472	\$ 132,722	\$ 473,059	\$ 333,105
1805	Land	\$ 219,284	\$ -	\$ -	\$ 219,284	\$ -	\$ -	\$ -	\$ -	\$ 219,284	\$ 219,284	\$ -
1808	Buildings	\$ 1,133,687	\$ 7,286	\$ -	\$ 1,140,973	\$ 349,562	\$ 33,191	\$ -	\$ 382,753	\$ 758,220	\$ 1,137,330	\$ 366,157
1815	Transformer Station Equipment >50 kV	\$ 2,239,342	\$ -	\$ -	\$ 2,239,342	\$ -	\$ -	\$ -	\$ -	\$ 2,239,342	\$ 2,239,342	\$ -
1820	Distribution Station Equipment <50 kV	\$ 3,691,880	\$ 2,712	\$ -	\$ 3,694,592	\$ 1,062,512	\$ 148,919	\$ -	\$ 1,211,431	\$ 2,483,161	\$ 3,693,236	\$ 1,136,971
1830	Poles, Towers & Fixtures	\$ 6,604,116	\$ 1,065,128	\$ -	\$ 7,669,244	\$ 1,048,634	\$ 171,102	\$ -	\$ 1,219,736	\$ 6,449,509	\$ 7,136,680	\$ 1,134,185
1835	Overhead Conductors & Devices	\$ 9,534,153	\$ 693,058	\$ -	\$ 10,227,211	\$ 1,524,114	\$ 205,349	\$ -	\$ 1,729,463	\$ 8,497,749	\$ 9,880,682	\$ 1,626,788
1840	Underground Conduit	\$ 3,366,592	\$ 115,005	\$ -	\$ 3,481,597	\$ 430,969	\$ 80,339	\$ -	\$ 511,308	\$ 2,970,290	\$ 3,424,095	\$ 471,138
1845	Underground Conductors & Devices	\$ 4,457,128	\$ 127,436	\$ -	\$ 4,584,564	\$ 1,102,786	\$ 135,796	\$ -	\$ 1,238,582	\$ 3,345,981	\$ 4,520,846	\$ 1,170,684
1850	Line Transformers	\$ 5,311,337	\$ 247,820	\$ -	\$ 5,559,157	\$ 1,817,244	\$ 175,207	\$ -	\$ 1,992,452	\$ 3,566,705	\$ 5,435,247	\$ 1,904,848
1855	Services (Overhead & Underground)	\$ 1,840,542	\$ 383,381	\$ -	\$ 2,223,923	\$ 356,634	\$ 50,139	\$ -	\$ 406,773	\$ 1,817,150	\$ 2,032,233	\$ 381,704
1860	Meters	\$ 3,728,790	\$ 209,553	\$ -	\$ 3,938,343	\$ 2,004,216	\$ 270,014	\$ -	\$ 2,274,230	\$ 1,664,113	\$ 3,833,567	\$ 2,139,223
1915	Office Furniture & Equipment (10 years)	\$ 77,052	\$ -	\$ -	\$ 77,052	\$ 77,052	\$ -	\$ -	\$ 77,052	\$ 0	\$ 77,052	\$ 77,052
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 249,497	\$ 26,971	\$ -	\$ 276,468	\$ 210,757	\$ 17,020	\$ -	\$ 227,777	\$ 48,691	\$ 262,983	\$ 219,267
1930	Transportation Equipment	\$ 1,038,880	\$ 484,028	\$ -	\$ 1,522,908	\$ 1,014,649	\$ 58,096	\$ -	\$ 1,072,745	\$ 450,163	\$ 1,280,894	\$ 1,043,697
1940	Tools, Shop & Garage Equipment	\$ 610,227	\$ 31,681	\$ -	\$ 641,908	\$ 525,743	\$ 16,019	\$ -	\$ 541,762	\$ 100,146	\$ 626,068	\$ 533,753
1945	Measurement & Testing Equipment	\$ 15,572	\$ -	\$ -	\$ 15,572	\$ 15,572	\$ -	\$ -	\$ 15,572	\$ -	\$ 15,572	\$ 15,572
1960	Miscellaneous Equipment	\$ 358,873	\$ -	\$ -	\$ 358,873	\$ 317,322	\$ 25,174	\$ -	\$ 342,496	\$ 16,377	\$ 358,873	\$ 329,909
1980	System Supervisor Equipment	\$ 912,556	\$ -	\$ -	\$ 912,556	\$ 233,678	\$ 46,000	\$ -	\$ 279,678	\$ 632,878	\$ 912,556	\$ 256,678
2440	Deferred Revenue5	\$ 7,947,005	\$ 649,760	\$ -	\$ 8,596,765	\$ 1,222,301	\$ 208,513	\$ -	\$ 1,430,814	\$ 7,165,951	\$ 8,271,885	\$ 1,326,558
	TOTAL PP&E FOR RATEMAKING	\$ 37,905,429	\$ 2,764,569	\$ -	\$ 40,669,998	\$ 11,184,880	\$ 1,258,587	\$ -	\$ 12,443,467	\$ 28,226,531	\$ 39,287,713	\$ 11,814,174
2055	WIP	\$ 915,322	\$ 501,722	\$ -	\$ 1,417,044	\$ -	\$ -	\$ -	\$ -	\$ 1,417,044	\$ 1,166,183	\$ -
	Deferred Revenue (Fully Allocated)						\$ 150,417					
	TOTAL PP&E	\$ 38,820,751	\$ 3,266,291	\$ -	\$ 42,087,042	\$ 11,184,880	\$ 1,409,004	\$ -	\$ 12,443,467	\$ 29,643,574	\$ 40,453,896	\$ 11,814,174

Table 8 – 2026 Continuity schedule

FIXED ASSET CONTINUITY SCHEDULE (RRR 2.1.5.8)						ACCUMULATED DEPRECIATION					AVG NET FIXED	
Acct #	Description	Opening Balance for 2026	Additions for 2026	Disposals for 2026	Closing Balance for 2026	Opening Balance for 2026	Additions / Depr.Exp.	Disposals for 2026	Closing Balance for 2026	Net Book Value for 2026	AVG Gross Bal	AVG AccDep
1611	Computer Software (Formally known as Account 1925)	\$ 483,194	\$ 92,063	\$ -	\$ 575,257	\$ 350,472	\$ 45,968	\$ -	\$ 396,440	\$ 178,817	\$ 529,226	\$ 373,456
1805	Land	\$ 219,284	\$ -	\$ -	\$ 219,284	\$ -	\$ -	\$ -	\$ -	\$ 219,284	\$ 219,284	\$ -
1808	Buildings	\$ 1,140,973	\$ 10,000	\$ -	\$ 1,150,973	\$ 382,753	\$ 33,364	\$ -	\$ 416,117	\$ 734,856	\$ 1,145,973	\$ 399,435
1815	Transformer Station Equipment >50 kV	\$ 2,239,342	\$ -	\$ -	\$ 2,239,342	\$ -	\$ -	\$ -	\$ -	\$ 2,239,342	\$ 2,239,342	\$ -
1820	Distribution Station Equipment <50 kV	\$ 3,694,592	\$ -	\$ -	\$ 3,694,592	\$ 1,211,431	\$ 148,949	\$ -	\$ 1,360,380	\$ 2,334,212	\$ 3,694,592	\$ 1,285,905
1830	Poles, Towers & Fixtures	\$ 7,669,244	\$ 841,260	\$ -	\$ 8,510,504	\$ 1,219,736	\$ 192,284	\$ -	\$ 1,412,020	\$ 7,098,485	\$ 8,089,874	\$ 1,315,878
1835	Overhead Conductors & Devices	\$ 10,227,211	\$ 775,879	\$ -	\$ 11,003,091	\$ 1,729,463	\$ 218,703	\$ -	\$ 1,948,166	\$ 9,054,925	\$ 10,615,151	\$ 1,838,814
1840	Underground Conduit	\$ 3,481,597	\$ 409,574	\$ -	\$ 3,891,171	\$ 511,308	\$ 85,585	\$ -	\$ 596,893	\$ 3,294,279	\$ 3,686,384	\$ 554,100
1845	Underground Conductors & Devices	\$ 4,584,564	\$ 239,375	\$ -	\$ 4,823,939	\$ 1,238,582	\$ 141,036	\$ -	\$ 1,379,618	\$ 3,444,320	\$ 4,704,251	\$ 1,309,100
1850	Line Transformers	\$ 5,559,157	\$ 538,842	\$ -	\$ 6,097,999	\$ 1,992,452	\$ 186,445	\$ -	\$ 2,178,897	\$ 3,919,102	\$ 5,828,578	\$ 2,085,674
1855	Services (Overhead & Underground)	\$ 2,223,923	\$ 169,956	\$ -	\$ 2,393,879	\$ 406,773	\$ 55,169	\$ -	\$ 461,943	\$ 1,931,937	\$ 2,308,901	\$ 434,358
1860	Meters	\$ 3,938,343	\$ 170,000	\$ -	\$ 4,108,343	\$ 2,274,230	\$ 282,666	\$ -	\$ 2,556,896	\$ 1,551,447	\$ 4,023,343	\$ 2,415,563
1915	Office Furniture & Equipment (10 years)	\$ 77,052	\$ -	\$ -	\$ 77,052	\$ 77,052	\$ -	\$ -	\$ 77,052	\$ 0	\$ 77,052	\$ 77,052
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 276,468	\$ 41,600	\$ -	\$ 318,068	\$ 227,777	\$ 23,877	\$ -	\$ 251,655	\$ 66,413	\$ 297,268	\$ 239,716
1930	Transportation Equipment	\$ 1,522,908	\$ 70,000	\$ -	\$ 1,592,908	\$ 1,072,745	\$ 92,723	\$ -	\$ 1,165,467	\$ 427,441	\$ 1,557,908	\$ 1,119,106
1940	Tools, Shop & Garage Equipment	\$ 641,908	\$ 59,000	\$ -	\$ 700,908	\$ 541,762	\$ 20,553	\$ -	\$ 562,315	\$ 138,593	\$ 671,408	\$ 552,039
1945	Measurement & Testing Equipment	\$ 15,572	\$ -	\$ -	\$ 15,572	\$ 15,572	\$ -	\$ -	\$ 15,572	\$ -	\$ 15,572	\$ 15,572
1960	Miscellaneous Equipment	\$ 358,873	\$ -	\$ -	\$ 358,873	\$ 342,496	\$ 24,826	\$ -	\$ 317,670	\$ 41,203	\$ 358,873	\$ 330,083
1980	System Supervisor Equipment	\$ 912,556	\$ -	\$ -	\$ 912,556	\$ 279,678	\$ 46,000	\$ -	\$ 325,678	\$ 586,878	\$ 912,556	\$ 302,678
2440	Deferred Revenue5	\$ 8,596,765	\$ 790,000	\$ -	\$ 9,386,765	\$ 1,430,814	\$ 237,308	\$ -	\$ 1,668,122	\$ 7,718,643	\$ 8,991,765	\$ 1,549,468
	TOTAL PP&E FOR RATEMAKING	\$ 40,669,998	\$ 2,627,549	\$ -	\$ 43,297,547	\$ 12,443,467	\$ 1,311,188	\$ -	\$ 13,754,655	\$ 29,542,892	\$ 41,983,772	\$ 13,099,061
2055	WIP	\$ 1,417,044	\$ 788,386	\$ -	\$ 628,658	\$ -	\$ -	\$ -	\$ -	\$ 628,658	\$ 1,022,851	\$ -
	Deferred Revenue (Fully Allocated)					\$ 144,585						
	TOTAL PP&E	\$ 42,087,042	\$ 1,839,163	\$ -	\$ 43,926,205	\$ 12,443,467	\$ 1,455,773	\$ -	\$ 13,754,655	\$ 30,171,549	\$ 43,006,623	\$ 13,099,061

Table 9 – 2027 Continuity schedule

FIXED ASSET CONTINUITY SCHEDULE (RRR 2.1.5.8)						ACCUMULATED DEPRECIATION					AVG NET FIXED	
Acct #	Description	Opening Balance for 2027	Additions for 2027	Disposals for 2027	Closing Balance for 2027	Opening Balance for 2027	Additions / Depr.Exp.	Disposals for 2027	Closing Balance for 2027	Net Book Value for 2027	AVG Gross Bal	AVG AccDep
1611	Computer Software (Formally known as Account 1925)	\$ 575,257	\$ 351,600	\$ -	\$ 926,857	\$ 396,440	\$ 90,335	\$ -	\$ 486,775	\$ 440,082	\$ 751,057	\$ 441,608
1805	Land	\$ 219,284	\$ -	\$ -	\$ 219,284	\$ -	\$ -	\$ -	\$ -	\$ 219,284	\$ 219,284	\$ -
1808	Buildings	\$ 1,150,973	\$ 61,800	\$ -	\$ 1,212,773	\$ 416,117	\$ 34,082	\$ -	\$ 450,199	\$ 762,574	\$ 1,181,873	\$ 433,158
1815	Transformer Station Equipment >50 kV	\$ 2,239,342	\$ -	\$ -	\$ 2,239,342	\$ -	\$ -	\$ -	\$ -	\$ 2,239,342	\$ 2,239,342	\$ -
1820	Distribution Station Equipment <50 kV	\$ 3,694,592	\$ -	\$ -	\$ 3,694,592	\$ 1,360,380	\$ 148,949	\$ -	\$ 1,509,329	\$ 2,185,263	\$ 3,694,592	\$ 1,434,855
1830	Poles, Towers & Fixtures	\$ 8,510,504	\$ 644,846	\$ -	\$ 9,155,350	\$ 1,412,020	\$ 208,796	\$ -	\$ 1,620,816	\$ 7,534,534	\$ 8,832,927	\$ 1,516,418
1835	Overhead Conductors & Devices	\$ 11,003,091	\$ 780,022	\$ -	\$ 11,783,113	\$ 1,948,166	\$ 232,848	\$ -	\$ 2,181,013	\$ 9,602,100	\$ 11,393,102	\$ 2,064,589
1840	Underground Conduit	\$ 3,891,171	\$ 415,120	\$ -	\$ 4,306,292	\$ 596,893	\$ 93,832	\$ -	\$ 690,724	\$ 3,615,567	\$ 4,098,731	\$ 643,808
1845	Underground Conductors & Devices	\$ 4,823,939	\$ 265,335	\$ -	\$ 5,089,274	\$ 1,379,618	\$ 148,246	\$ -	\$ 1,527,865	\$ 3,561,409	\$ 4,956,606	\$ 1,453,742
1850	Line Transformers	\$ 6,097,999	\$ 240,756	\$ -	\$ 6,338,754	\$ 2,178,897	\$ 197,582	\$ -	\$ 2,376,479	\$ 3,962,276	\$ 6,218,377	\$ 2,277,688
1855	Services (Overhead & Underground)	\$ 2,393,879	\$ 188,387	\$ -	\$ 2,582,267	\$ 461,943	\$ 58,427	\$ -	\$ 520,370	\$ 2,061,897	\$ 2,488,073	\$ 491,156
1860	Meters	\$ 4,108,343	\$ 263,721	\$ -	\$ 4,372,064	\$ 2,556,896	\$ 297,123	\$ -	\$ 2,854,019	\$ 1,518,045	\$ 4,240,204	\$ 2,705,457
1915	Office Furniture & Equipment (10 years)	\$ 77,052	\$ -	\$ -	\$ 77,052	\$ 77,052	\$ -	\$ -	\$ 77,052	\$ 0	\$ 77,052	\$ 77,052
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 318,068	\$ 20,600	\$ -	\$ 338,668	\$ 251,655	\$ 30,097	\$ -	\$ 281,752	\$ 56,916	\$ 328,368	\$ 266,703
1930	Transportation Equipment	\$ 1,592,908	\$ -	\$ -	\$ 1,592,908	\$ 1,165,467	\$ 97,098	\$ -	\$ 1,262,565	\$ 330,343	\$ 1,592,908	\$ 1,214,016
1940	Tools, Shop & Garage Equipment	\$ 700,908	\$ 25,750	\$ -	\$ 726,658	\$ 562,315	\$ 24,791	\$ -	\$ 587,106	\$ 139,552	\$ 713,783	\$ 574,711
1945	Measurement & Testing Equipment	\$ 15,572	\$ -	\$ -	\$ 15,572	\$ 15,572	\$ -	\$ -	\$ 15,572	\$ -	\$ 15,572	\$ 15,572
1960	Miscellaneous Equipment	\$ 358,873	\$ -	\$ -	\$ 358,873	\$ 317,670	\$ 5,174	\$ -	\$ 322,844	\$ 36,029	\$ 358,873	\$ 320,257
1980	System Supervisor Equipment	\$ 912,556	\$ -	\$ -	\$ 912,556	\$ 325,678	\$ 46,000	\$ -	\$ 371,678	\$ 540,878	\$ 912,556	\$ 348,678
2440	Deferred Revenue	\$ 9,386,765	\$ 984,808	\$ -	\$ 10,371,573	\$ 1,668,122	\$ 272,804	\$ -	\$ 1,940,926	\$ 8,430,647	\$ 9,879,169	\$ 1,804,524
	TOTAL PP&E FOR RATEMAKING	\$ 43,297,547	\$ 2,273,129	\$ -	\$ 45,570,676	\$ 13,754,655	\$ 1,440,576	\$ -	\$ 15,195,231	\$ 30,375,445	\$ 44,434,112	\$ 14,474,943
2055	WIP	\$ 628,658	\$ -	\$ -	\$ 628,658	\$ -	\$ -	\$ -	\$ -	\$ 628,658	\$ 628,658	\$ -
	Deferred Revenue (Fully Allocated)					\$ 175,707						
	TOTAL PP&E	\$ 43,926,205	\$ 2,273,129	\$ -	\$ 46,199,334	\$ 13,754,655	\$ 1,616,283	\$ -	\$ 15,195,231	\$ 31,004,103	\$ 45,062,769	\$ 14,474,943

2.2.3 Major Capital Drivers

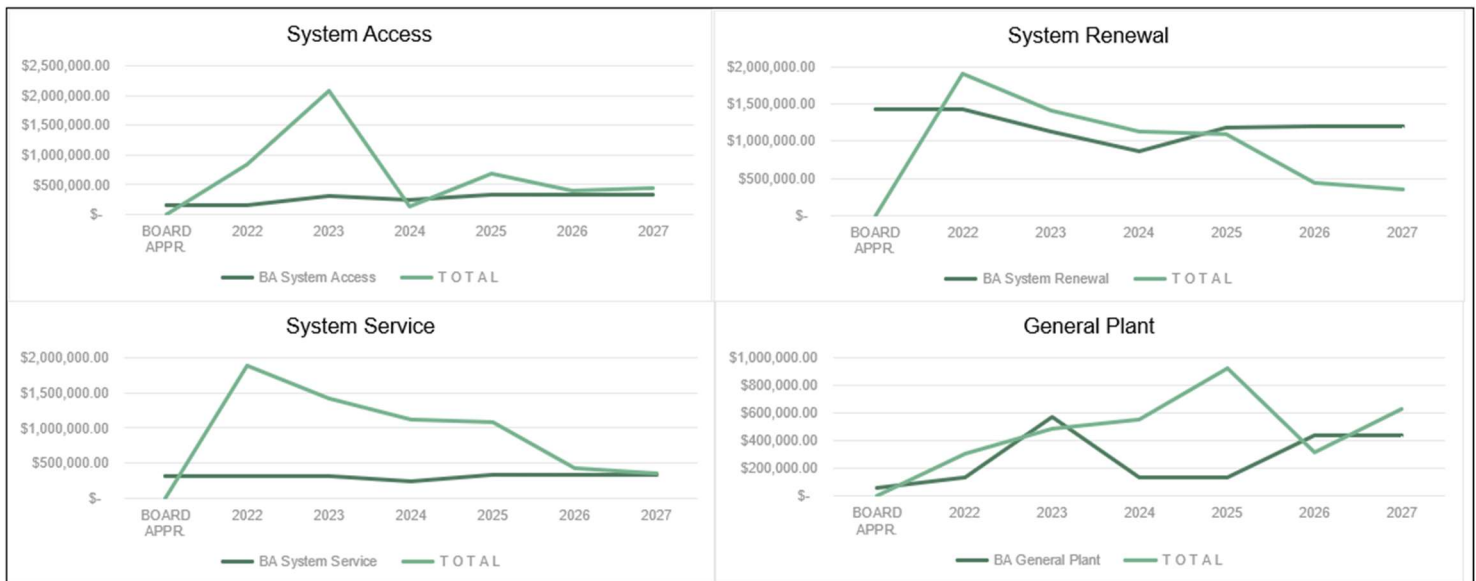
The capital program over the 2022–2027 period is primarily driven by customer-driven growth, distribution system renewal, system modernization, and operational support investments. While annual capital expenditures vary based on project timing and customer requirements, a number of significant projects account for the majority of capital additions over the planning period.

Table 10 – Table of Major Cost Drivers

DSP Category	Major Project	Year	Capital Additions
System Access	MS28-3 Victoria Distribution Station	2023	\$2.5M
System Access	Rondeau Subdivision	2025	\$1.1M
System Access	Economic Evaluation	2026-2027	\$1.0M
System Renewal	Elgin Street Program	2022-2024	\$795k
System Access	Densmore Meadows	2025	\$629k
System Renewal	Kerr Street / ROW Renewal	2022-2024	\$623k
System Renewal	Victoria Street to Ontario Street	2022	\$405k
System Service	OMS	2023	\$510k
System Service	Brook N to D'Arcy	2025	\$559k
System Service	Distribution Automation	2027	\$607k
System Service	AMI 2.0	2027	\$264k
System Service	Covert Conversion	2026	\$295k
General Plant	Fleet Replacement	2025	\$573k
General Plant	ERP Upgrade	2027	\$209k

These projects collectively explain the majority of growth in gross plant and rate base over the application period. Detailed project descriptions, needs assessments, alternatives evaluations, and prioritization methodologies are provided in the Distribution System Plan.

2.2.4 Variance Analysis (2022 DSP vs 2022-2026)



DSP SUMMARY								
	BOARD APPR.	2022	2023	2024	2025	2026	2027	GROWTH
BA System Access	\$ 145,000.00	\$ 145,000.00	\$ 318,000.00	\$ 244,000.00	\$ 330,000.00	\$ 336,000.00	\$ 336,000.00	\$ 191,000.00
BA System Renewal	\$ 1,435,000.00	\$ 1,435,000.00	\$ 1,131,000.00	\$ 869,000.00	\$ 1,173,000.00	\$ 1,195,000.00	\$ 1,195,000.00	\$- 240,000.00
BA System Service	\$ 320,000.00	\$ 320,000.00	\$ 315,000.00	\$ 242,000.00	\$ 327,000.00	\$ 333,000.00	\$ 333,000.00	\$ 13,000.00
BA General Plant	\$ 60,000.00	\$ 131,000.00	\$ 574,000.00	\$ 135,000.00	\$ 138,000.00	\$ 440,000.00	\$ 440,000.00	\$ 380,000.00
Board Approved Total	\$ 1,960,000.00	\$ 2,031,000.00	\$ 2,338,000.00	\$ 1,490,000.00	\$ 1,968,000.00	\$ 2,304,000.00	\$ 2,304,000.00	\$ 344,000.00
Actual CapEx	\$ 1,960,000.00	\$ 3,052,218.00	\$ 4,491,444.00	\$ 1,880,157.00	\$ 3,266,291.00	\$ 1,839,163.00	\$ 2,273,129.00	\$ 313,129.00
Variance	\$ -	\$ 1,021,218.00	\$ 2,153,444.00	\$ 390,157.00	\$ 1,298,291.00	\$ 464,837.00	\$ 30,871.00	\$ 30,871.00

ACTUAL TOTAL	BOARD APPR.	2022	2023	2024	2025	2026	2027	GROWTH
BA System Access	\$ 145,000.00	\$ 338,506.00	\$ 3,481,207.00	\$ 2,705,172.00	\$ 843,116.00	\$ 1,185,000.00	\$ 1,221,621.00	\$ 1,076,621.00
BA System Renewal	\$ 1,435,000.00	\$ 1,897,305.00	\$ 1,416,911.00	\$ 1,132,642.00	\$ 1,086,246.00	\$ 435,000.00	\$ 347,110.00	\$- 1,087,890.00
BA System Service	\$ 320,000.00	\$ -	\$ 509,510.00	\$ 72,474.00	\$ 558,943.00	\$ 696,500.00	\$ 1,056,736.00	\$ 736,736.00
BA General Plant	\$ 60,000.00	\$ 303,804.00	\$ 486,812.00	\$ 552,118.00	\$ 926,025.00	\$ 312,663.00	\$ 632,470.00	\$ 572,470.00
Total	\$ 1,960,000.00	\$ 2,539,615.00	\$ 5,894,440.00	\$ 4,462,406.00	\$ 3,414,330.00	\$ 2,629,163.00	\$ 3,257,937.00	\$ 1,297,937.00
Contributed Capital	\$ 1,960,000.00	\$ (419,929.00)	\$ (764,807.00)	\$ (2,227,701.00)	\$ (649,760.00)	\$ (790,000.00)	\$ (984,808.00)	\$- 2,944,808.00
CWIP		\$ 932,532.00	\$ (638,189.00)	\$ (354,548.00)	\$ 501,721.00	\$ -	\$ -	\$ 501,721.00
	\$ 1,960,000.00	\$ 3,052,218.00	\$ 4,491,444.00	\$ 1,880,155.00	\$ 3,266,291.00	\$ 1,839,163.00	\$ 2,273,129.00	\$ 313,129.00
Integrity Check (Continuity Schedule)		\$ 3,052,218.93	\$ 4,491,445.33	\$ 1,880,155.00	\$ 3,266,291.00	\$ 1,839,163.00	\$ 2,273,129.48	

LUI has compared actual capital expenditures for the 2022–2026 period and forecast expenditures for the 2027 Test Year to the capital plan approved in its 2022 Cost of Service application, as summarized in the table above. The analysis considers both historical actual expenditures and the Board-approved capital plan to assess changes in capital investment over the period.

While the Board-approved capital plan provides a useful benchmark, actual capital expenditures vary from year to year based on project timing, customer-driven requirements, asset condition assessments, and evolving operational priorities. As a result, variances between Board-approved and actual expenditures are expected and reflect the dynamic nature of utility capital planning.

Key Factors Contributing to Capital Expenditures Variances, Planned vs. Actual, (2022-2026)

The variance between the capital expenditures forecast in the 2022 DSP and actual expenditures incurred during the 2022-2026 period was attributable to a combination of factors, including significant inflationary pressures affecting utility construction and equipment costs, increases in contractor and engineering labour rates, supply chain disruptions and vendor price escalation, customer-driven growth requirements, and additional asset renewal needs identified through detailed engineering and field execution. During the rebasing period, LUI also advanced investments intended to improve system reliability, operational flexibility, contingency capability, and long-term asset health, including major station, subdivision, and system modernization projects. Collectively, these factors resulted in capital expenditures exceeding original DSP forecasts; however, the investments were undertaken to address identified system needs that support the safe, reliable, and efficient operation of the distribution system.

- The timing of major capital projects, including the construction and completion of the MS28-3 Victoria Distribution Station project in 2023, which represented a significant one-time investment during the historical period that was not included in the planned DSP spending.
- Customer-driven connection activity, including subdivision developments, service upgrades, distributed energy resource connections, and other growth-related projects undertaken in response to customer requirements.
- Variations in the timing and scope of asset renewal projects, including feeder rebuilds, line replacements, pole replacements, and other condition-based investments identified through ongoing asset management activities.
- The progression of system modernization initiatives, including distribution automation, GIS improvements, AMI-related investments, advanced protection schemes, and ongoing 28 kV conversion projects intended to improve system reliability and operational efficiency.
- Fleet, facilities, and information technology investments, which are undertaken on an as-needed basis and may result in fluctuations in General Plant expenditures between years.
- Project scheduling considerations, permitting requirements, contractor availability, material procurement lead times, and coordination with municipalities, developers, and other third parties.

The most significant variance occurred in 2023, when total capital expenditures increased substantially above historical levels. This increase was primarily attributable to the MS28-3 Victoria Distribution Station project, together with a number of customer-driven connection projects completed during the year. Following completion of the station project, annual capital expenditures returned to levels more consistent with LUI's ongoing capital program. The topic is discussed at Section 2.2.6.

Overall, the capital expenditures incurred throughout the period reflect LUI's continued commitment to maintaining a safe and reliable distribution system, replacing aging

infrastructure, supporting customer requirements, and implementing prudent investments consistent with the utility's Asset Management Plan and long-term system needs.

2.2.5 Yearly Variance Analysis (material only)

Table 11 – Material Variance Analysis

Year	Type	System Access	System Renewal	System Service	General Plant	Total
2022 BA	In-Service Additions	\$145,000	\$1,435,000	\$320,000	\$60,000	\$1,960,000
2022	In-Service Additions	\$338,506	\$1,897,305	\$0	\$303,804	\$2,539,615
	YoY Variance	+\$193,506	+\$462,305	(\$320,000)	+\$243,804	+\$579,615
2023	In-Service Additions	\$3,481,207	\$1,416,911	\$509,510	\$486,812	\$5,894,440
	YoY Variance	+\$3,142,701	(\$480,394)	+\$509,510	+\$183,008	+\$3,354,825
2024	In-Service Additions	\$2,705,172	\$1,132,642	\$72,474	\$552,118	\$4,462,406
	YoY Variance	(\$776,035)	(\$284,269)	(\$437,036)	+\$65,306	(\$1,432,034)
2025	In-Service Additions	\$843,116	\$1,086,246	\$558,943	\$926,025	\$3,414,330
	YoY Variance	(\$1,862,056)	(\$46,396)	+\$486,469	+\$373,907	(\$1,048,076)
2026	In-Service Additions	\$1,185,000	\$435,000	\$696,500	\$312,663	\$2,629,163
	YoY Variance	+\$341,884	(\$651,246)	+\$137,557	(\$613,362)	(\$785,167)
2027	In-Service Additions	\$1,221,621	\$347,110	\$1,056,736	\$632,470	\$3,257,937
	YoY Variance	+\$36,621	(\$87,890)	+\$360,236	+\$319,807	+\$628,774

2022 over 2022BA

Capital additions increased from approximately \$2.0 million included in the 2022 Cost of Service application to approximately \$2.5 million actual, representing an increase of approximately \$0.6 million.

The increase was primarily attributable to System Renewal and General Plant expenditures.

System Renewal expenditures exceeded Board-approved levels by approximately \$462,000. Actual expenditures included continued investment in overhead renewal projects identified in

the 2022 Cost of Service application, including the Elgin Street, Victoria Street, Kerr Right-of-Way, and Brook F5 feeder projects. The variance reflects the timing and actual scope of work completed during the year.

General Plant expenditures exceeded Board-approved levels by approximately \$244,000. Actual expenditures included investments in utility equipment, information technology, tools, and operational support assets required to support ongoing utility operations.

System Access expenditures exceeded Board-approved levels by approximately \$194,000 and reflect customer-driven connection activity, including new services, meter replacement activity, and other customer-related work undertaken during the year.

These increases were partially offset by System Service expenditures, which were approximately \$320,000 lower than Board-approved levels as certain projects forecast in the 2022 Cost of Service application were deferred to subsequent years.

2023 over 2022

Table 12 – 2023 over 2022

Category	2022 Actual	2023 Actual	Variance
System Access	\$338,506	\$3,481,207	+\$3,142,701
System Renewal	\$1,897,305	\$1,416,911	(\$480,394)
System Service	\$0	\$509,510	+\$509,510
General Plant	\$303,804	\$486,812	+\$183,008
Total	\$2,539,615	\$5,894,440	+\$3,354,825

Capital additions increased from approximately \$2.5 million in 2022 to approximately \$5.9 million in 2023. As shown in the table above, the increase was primarily attributable to System Access expenditures, which increased by approximately \$3.1 million year-over-year.

System Access expenditures totalled approximately \$3.5 million in 2023 and were primarily attributable to:

- MS28-3 Victoria Distribution Station (approximately \$2.5 million)
- East Village – BGS Homes (approximately \$220,000)
- Foxtail Ridge (approximately \$161,000)
- Coast Guard Service Upgrade (approximately \$63,000)
- JEBCO Battery Storage Connection (approximately \$55,000)

These expenditures were partially offset by capital contributions of approximately \$765,000.

System Service expenditures increased by approximately \$510,000 and were primarily attributable to implementation of the Outage Management System (OMS) SmartMap project (approximately \$510,000).

General Plant expenditures increased by approximately \$183,000 and reflect continued investment in utility equipment, information technology, software, and operational support assets.

These increases were partially offset by System Renewal expenditures, which decreased by approximately \$480,000 from 2022 levels as several major renewal projects completed in 2022 were not repeated in 2023.

Overall, the increase in capital additions in 2023 reflects construction of the MS28-3 Victoria Distribution Station, continued customer-driven connection activity, and implementation of the OMS project.

2024 over 2023

Table 13 – 2024 over 2023

Category	2023 Actual	2024 Actual	Variance
System Access	\$3,481,207	\$2,705,172	(\$776,035)
System Renewal	\$1,416,911	\$1,132,642	(\$284,269)
System Service	\$509,510	\$72,474	(\$437,036)
General Plant	\$486,812	\$552,118	+\$65,306
Total	\$5,894,440	\$4,462,406	(\$1,432,034)

Capital additions decreased from approximately \$5.9 million in 2023 to approximately \$4.5 million in 2024. As shown in the table above, the decrease was primarily attributable to lower System Access and System Service expenditures, which declined by approximately \$776,000 and \$437,000, respectively.

System Access expenditures decreased from approximately \$3.5 million in 2023 to approximately \$2.7 million in 2024. The decrease is primarily attributable to the completion of the MS28-3 Victoria Distribution Station project and several customer-driven projects undertaken in 2023. System Access expenditures in 2024 were primarily attributable to:

- F1/F7 Feeder Tie-Switch Installation (approximately \$57,000)
- New Services (approximately \$67,000)
- Seal Expiry Meter Replacements (approximately \$379,000)

These expenditures were partially offset by capital contributions of approximately \$2.2 million.

System Service expenditures decreased by approximately \$437,000 as the OMS SmartMap project completed in 2023 was not repeated in 2024. System Service expenditures in 2024 were primarily attributable to the Reliability Improvement Program (approximately \$72,000).

These decreases were partially offset by System Renewal expenditures of approximately \$1.1 million, including:

- Elgin Street – Chipping to Ontario (approximately \$446,000)
- Kerr Street – Burnham Street to POW (approximately \$414,000)
- Buck/George – University to King 28 kV Conversion (approximately \$180,000)

Overall, the decrease in capital additions in 2024 reflects the completion of major projects undertaken in 2023, partially offset by continued investment in distribution system renewal.

2025 over 2024

Table 14 – 2025 over 2024

Category	2024 Actual	2025 Actual	Variance
System Access	\$2,705,172	\$843,116	(\$1,862,056)
System Renewal	\$1,132,642	\$1,086,246	(\$46,396)
System Service	\$72,474	\$558,943	+\$486,469
General Plant	\$552,118	\$926,025	+\$373,907
Total	\$4,462,406	\$3,414,330	(\$1,048,076)

Capital additions decreased from approximately \$4.5 million in 2024 to approximately \$3.4 million in 2025. As shown in the table above, the decrease was primarily attributable to System Access expenditures, which declined by approximately \$1.9 million year-over-year.

System Access expenditures totalled approximately \$843,000 in 2025 and included several significant customer-driven projects, including:

- Rondeau Subdivision – Tribute (approximately \$1.05 million)
- Gates of Camelot Phase 5 (approximately \$374,000)
- Densmore Meadows Subdivision (approximately \$629,000)
- New Amherst Stage 2 Phase 1 (approximately \$343,000)

These expenditures were partially offset by capital contributions associated with growth-related projects.

System Service expenditures increased by approximately \$486,000 and were primarily attributable to the Brook N to D'Arcy project (approximately \$559,000).

General Plant expenditures increased by approximately \$374,000 and were primarily attributable to the acquisition of a pickup truck and bucket truck (approximately \$573,000).

System Renewal expenditures remained relatively consistent with 2024 levels and continued to support ongoing pole replacement and infrastructure renewal activities.

Overall, the decrease in capital additions reflects lower System Access expenditures relative to 2024, partially offset by increased System Service and General Plant investments.

2026 over 2025

Table 15 – 2026 over 2025

Category	2025 Actual	2026 Forecast	Variance
System Access	\$843,116	\$1,185,000	+\$341,884
System Renewal	\$1,086,246	\$435,000	(\$651,246)
System Service	\$558,943	\$696,500	+\$137,557
General Plant	\$926,025	\$312,663	(\$613,362)
Total	\$3,414,330	\$2,629,163	(\$785,167)

Capital additions decreased from approximately \$3.4 million in 2025 to approximately \$2.6 million in 2026. As shown in the table above, the decrease was primarily attributable to lower System Renewal and General Plant expenditures, which declined by approximately \$651,000 and \$613,000, respectively.

System Renewal expenditures decreased from approximately \$1.1 million in 2025 to approximately \$435,000 in 2026. The decrease is primarily attributable to the completion of several major renewal projects undertaken in prior years. Renewal expenditures in 2026 were primarily attributable to:

- Pole Replacements (approximately \$60,000)
- Underground Miscellaneous Renewal (approximately \$55,000)
- Overhead Miscellaneous Renewal (approximately \$75,000)
- Engineering Design and Support (approximately \$55,000)

General Plant expenditures decreased by approximately \$613,000 and were primarily attributable to the completion of the pickup truck and bucket truck acquisition undertaken in 2025.

These decreases were partially offset by System Access expenditures, which increased by approximately \$342,000 and were primarily attributable to:

- Economic Evaluation (approximately \$500,000)
- Commercial Services (approximately \$360,000)
- Victoria Station MS28-1 Refurbishment (approximately \$125,000)
- King Street Sidewalk Widening (approximately \$60,000)

System Service expenditures increased by approximately \$138,000 and were primarily attributable to:

- Spring Street Conversion (approximately \$242,000)
- Covert Conversion (approximately \$295,000)
- Miscellaneous 28 kV Conversions (approximately \$100,000)

Overall, the decrease in capital additions in 2026 reflects the completion of major renewal and fleet replacement projects undertaken in prior years, partially offset by increased investment in customer-driven and system modernization initiatives.

2027 over 2026

Table 16 – 2027 over 2026

Category	2026 Forecast	2027 Forecast	Variance
System Access	\$1,185,000	\$1,221,621	+\$36,621
System Renewal	\$435,000	\$347,110	(\$87,890)
System Service	\$696,500	\$1,056,736	+\$360,236
General Plant	\$312,663	\$632,470	+\$319,807
Total	\$2,629,163	\$3,257,937	+\$628,774

Capital additions increased from approximately \$2.6 million in 2026 to approximately \$3.3 million in 2027. As shown in the table above, the increase is primarily attributable to higher System Service and General Plant expenditures, which increased by approximately \$360,000 and \$320,000, respectively.

System Service expenditures increased from approximately \$697,000 in 2026 to approximately \$1.1 million in 2027 and were primarily attributable to:

- Distribution System Automation (approximately \$607,000)
- AMI 2.0 (approximately \$264,000)
- Advanced Lateral Protection (approximately \$105,000)
- GIS Improvements (approximately \$60,000)

These projects represent the majority of System Service expenditures in 2027 and are the primary driver of the year-over-year increase.

General Plant expenditures increased by approximately \$320,000 and were primarily attributable to:

- ERP Software Upgrades (approximately \$209,000)
- GIS Software Upgrades (approximately \$125,000)
- Facilities Investments (approximately \$62,000)

System Access expenditures remained relatively consistent with 2026 levels and were primarily attributable to Economic Evaluation work (approximately \$515,000) and Commercial Services projects (approximately \$371,000), partially offset by capital contributions associated with customer-driven projects.

System Renewal expenditures decreased modestly by approximately \$88,000 and continued to support ongoing pole replacement, overhead and underground renewal activities, and engineering support work.

Overall, the increase in capital additions in 2027 reflects LUI's continued investment in system modernization, automation, and operational efficiency initiatives.

This table below outlines LUI's capital expenditure plan across all programs for the historical period, bridge year, test year, and planning horizon. Table 19 summarizes total capital expenditures by program, including System Access, System Renewal, System Service, and General Plant.

Detailed project-level continuity tables are provided immediately following, showing capital expenditures by project and by year. The detailed tables reconcile directly to the summary presented in Table 10 and to the capital expenditure schedules included in Appendix 2-AA.

Table 17 – Summary of Projects (App 2-AA)

Category	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
System Access Gross Expenditures	339	3,481	2,705	843	1,185	1,222	1,396	1,427	1,434	1,479
System Access Capital Contributions	(420)	(765)	(2,228)	(650)	(790)	(783)	(806)	(826)	(847)	(868)
Subtotal - System Access	(81)	2,716	477	193	395	439	589	601	587	611
System Renewal Gross Expenditures	1,897	1,417	1,133	1,086	435	347	734	736	866	1,089
System Renewal Capital Contributions	-	-	(13)	-	-	-	-	-	-	-
Subtotal - System Renewal	1,897	1,417	1,120	1,086	435	347	734	736	866	1,089
System Service Gross Expenditures	-	510	72	559	697	1,057	625	548	424	434
System Service Capital Contributions	-	-	-	-	-	(202)	(202)	(202)	-	-
Subtotal - System Service	-	510	72	559	697	855	423	346	424	434
General Plant Gross Expenditures	-	54	-	573	184	395	276	289	204	-
General Plant Capital Contributions	-	-	-	-	-	-	-	-	-	-
Subtotal - General Plant	-	54	-	573	184	395	276	289	204	-
Miscellaneous	304	433	552	353	129	237	133	185	125	129
Total Net Capital Additions	2,120	5,130	2,222	2,765	1,839	2,273	2,155	2,157	2,206	2,263
WIP Adjustment	933	(638)	(342)	502	-	-	-	-	-	-
Adjusted Capital Additions	3,052	4,491	1,880	3,266	1,839	2,273	2,155	2,157	2,206	2,263

2.2.6 Addition of Previously Approved ICM Assets to Rate Base

2.2.6.1 Background and Regulatory History – MS28-3 Substation

The MS28-3 27.6 kV Distribution Station was constructed in 2022 and 2023 and placed in service in December 2023. The project was undertaken to address identified capacity and contingency limitations within the Town of Cobourg distribution system, improve reliability and operational flexibility, support LUI's ongoing voltage conversion program, and accommodate forecast load growth.

The need for additional station capacity was identified through the 2020 Raven Engineering Station Capacity Study, which evaluated a number of alternatives and concluded that construction of a new 27.6 kV distribution station represented the preferred long-term solution. The recommendation reflected a combination of capacity, contingency, reliability, operational and future planning requirements affecting the Cobourg distribution system.

LUI did not seek Incremental Capital Module (ICM) funding during the 2023 or 2024 IRM proceedings. As part of its 2025 IRM application (EB-2024-0038), LUI applied for ICM funding related to the MS28-3 substation based on actual project costs incurred and the asset being in service.

The ICM request was reviewed by OEB Staff, VECC, and CCMBC. While all parties generally accepted that the project addressed a legitimate system need and met the materiality and means tests established under the ICM policy, concerns were raised regarding:

- the timing of the ICM application;
- the evaluation of alternatives to the project;
- the extent to which the project was driven by new development;
- the application of capital contributions in aid of construction (CIAC); and
- the absence of economic evaluations supporting developer contributions.

In its March 27, 2025, Decision and Order, the OEB determined that the project satisfied the materiality, need, and means tests applicable to the ICM policy. However, the OEB concluded that LUI had not fully demonstrated prudence with respect to the evaluation of alternatives and the treatment of capital contributions associated with growth-related capacity requirements. As a result, the OEB approved recovery of 50% of the requested incremental capital and directed that the remaining portion be recorded in a deferral account pending further review. The project continued to be reflected in utility plant following its in-service date and is included in the Fixed Asset Continuity Schedule for the Test Year.

The OEB further directed LUI to provide additional evidence in its next rebasing application, including:

- a comprehensive analysis of project alternatives;
- reliability and system planning considerations supporting the project;
- capital contributions and cost responsibility associated with developments benefiting from the station; and
- any additional information necessary to support a prudence review of the deferred ICM funding request.

Accordingly, this section responds to the issues identified by the OEB in EB-2024-0038 and provides additional evidence regarding project alternatives, capacity requirements, reliability considerations, development-related load growth, and capital contributions associated with the MS28-3 Distribution Station. The evidence demonstrates that the project represented a prudent long-term investment undertaken to address identified distribution system needs and provide benefits to customers across LUI's service territory.

2.2.6.2 Project Cost and Current Rate Base Treatment

The MS28-3 Distribution Station was placed in service in December 2023. Total project costs were \$2,597,083, consisting of \$2,535,311 placed in service in 2023 and subsequent additions of \$61,772 in 2024.

The project has remained in utility plant since its in-service date and is reflected in LUI's Fixed Asset Continuity Schedule for the Test Year. Accordingly, the associated gross plant, accumulated depreciation and net book value form part of rate base for ratemaking purposes.

Table 18 – Actual Costs of Project

Description	Amount
2023 Additions	\$2,535,311
2024 Additions	\$61,772
Total Project Cost	\$2,597,083

Table 19 – Current Rate Base Treatment

Year	Gross Plant	Accumulated Depreciation	Net Book Value
2023	\$2,535,311	\$28,013	\$2,507,298
2024	\$2,597,083	\$84,685	\$2,512,398
2025	\$2,597,083	\$142,002	\$2,455,080
2026	\$2,597,083	\$199,320	\$2,397,763

2.2.6.3 Test Year Treatment and Request for Approval

The MS28-3 Distribution Station amounts are reflected in the Fixed Asset Continuity Schedule and form part of LUI' utility plant for ratemaking purposes. The project costs were recorded across the following Uniform System of Accounts (USoA) categories:

Table 20 – Assets added to Rate Base

USoA Account	Description	2023 Additions	2024 Additions	Total Cost
1820	Distribution Station Equipment <50 kV	\$2,239,342	\$23,351	\$2,262,693
1830	Poles, Towers and Fixtures	\$17,860	\$301	\$18,161
1835	Overhead Conductors and Devices	\$59,905	\$30,060	\$89,965
1840	Underground Conduit	\$169,452	\$1,258	\$170,710
1845	Underground Conductors and Devices	\$41,022	\$689	\$41,712
1850	Line Transformers	\$7,230	\$6,113	\$13,342
1855	Services (Overhead & Underground)	\$499	\$0	\$499
Total		\$2,535,311	\$61,772	\$2,597,083

The project has been included in utility plant since being placed into service and is reflected in rate base through its net book value. After the ICM proceeding, LUI completed a review of developments benefiting from the station and identified development-related capital contributions totaling \$136,562. One development contribution in the amount of \$32,343 has been collected, and the remaining contributions of \$104,219 are expected to be collected as development proceeds. These contribution amounts have been reflected in the calculation of rate base, reducing the effective station cost for revenue requirement purposes from \$2,597,083 to \$2,460,521.

As of December 31, 2026, the project had a gross plant balance of \$2,597,083, accumulated depreciation of \$199,320 and a net book value of \$2,397,763.

2.2.6.4 Relationship to the ICM proceeding

LUI sought Incremental Capital Module (ICM) funding for the MS28-3 Distribution Station as part of its 2025 IRM application (EB-2024-0038).

In its March 27, 2025, Decision and Order, the OEB determined that the project satisfied the materiality, need and means tests applicable to the ICM policy. The OEB approved recovery of 50% of the requested ICM funding and directed LUI to provide additional information regarding project alternatives, reliability considerations and capital contributions in its next rebasing application.

Consistent with the OEB's Decision, LUI established separate sub-accounts of Account 1508 to record project-related capital expenditures, depreciation, accumulated depreciation, rate rider revenues and the deferred funding request. The accounting treatment of these balances and the proposed disposition of the associated Account 1508 balances are discussed in Exhibit 9.

The ICM proceeding addressed interim recovery of project-related revenue requirement and did not determine the value of utility plant to be reflected in rate base upon rebasing. Accordingly, the actual in-service asset balances and associated accumulated depreciation are reflected in the Fixed Asset Continuity Schedule and included in the calculation of Test Year rate base.

2.2.6.5 Issues Identified in EB-2024-0038

In its March 27, 2025, Decision and Order, the OEB approved recovery of 50% of the requested ICM funding and directed LUI to provide additional information regarding project alternatives, reliability considerations and capital contributions associated with the MS28-3 project.

Consistent with the OEB's March 27, 2025 Decision and Order, the following sections address the specific issues identified by the OEB and provide additional evidence supporting the prudence of the project and approval of the deferred ICM funding request:

- Alternatives Analysis
- Capacity and Load Growth
- Reliability Considerations
- Capital Contributions

2.2.6.6 Alternatives

As part of the 2025 ICM proceeding, the OEB expressed concerns regarding the evaluation of alternatives to the MS28-3 Distribution Station project. In particular, the OEB noted that the evidentiary record did not contain sufficient analysis demonstrating why lower-cost alternatives identified through the Raven Engineering Station Capacity Study were not selected.

To address this concern, LUI completed a review of the alternatives identified in Raven Engineering's 2020 Station Capacity Study and the circumstances that existed at the time the project was evaluated.

The purpose of the Station Capacity Study was to assess the adequacy of the Town of Cobourg's existing 27.6 kV supply system and determine the timing and nature of any capacity upgrades required to accommodate forecast system requirements. Raven concluded that the existing facilities were inadequate to supply peak load under contingency conditions and that additional capacity would be required to accommodate forecast load growth, planned developments and the ongoing voltage conversion program.

The study identified several alternatives to increase available capacity, including upgrades to the existing MS28-1 and MS28-2 substations. These alternatives included:

- Upgrading the MS28-2 transformer primary cables and conductors;
- Adding additional feeder positions at MS28-1 and MS28-2;
- Replacing the existing transformer at MS28-1;
- Installing a second transformer and associated switchgear at MS28-1; and
- Constructing a new 44/27.6 kV distribution station.

While several alternatives were identified, Raven ultimately concluded that none represented a long-term solution capable of addressing the combined capacity, contingency, operational and voltage conversion requirements of the system.

One of the principal lower-cost alternatives considered was the upgrade of the MS28-2 transformer primary cables and conductors. Raven estimated that this work would increase the station capacity from approximately 23.3 MVA to 32.0 MVA, providing approximately 8.7 MVA of additional capacity.

Table 21 – Alternative Comparison

Criteria	MS28-2 Upgrade	MS28-3 Distribution Station
Estimated Cost	\$171,000	\$2,597,083
Capacity Relief	8.7 MVA	New 20/32 MVA Station
Addresses Existing Contingency Deficiency	Partial	Yes
Supports Voltage Conversion Program	Limited	Yes
Long-Term Capacity Solution	No	Yes
Operational Flexibility	Limited	Significant Improvement

While the MS28-2 upgrade alternative represented an initial lower-cost option, the improvement to LUI's contingency capability was considerably smaller than the increase in station capacity would suggest. Prior to the upgrade, LUI's N-1 contingency capability was limited to approximately 23.3 MVA. Following the upgrade, the system's N-1 contingency capability would have increased to approximately 26.6 MVA, reflecting the capacity limitation of the existing MS28-1 station.

At the time the project was being evaluated, Raven Engineering had also identified approximately 9.66 MVA of additional future load requirements associated with forecast development growth and LUI's ongoing voltage conversion program. While actual growth subsequently proceeded more slowly than forecast, this information formed part of the planning record available to LUI when the project decision was made.

LUI concluded that the upgrade alternative represented only a short-term mitigation measure and did not provide a prudent long-term solution to the identified capacity, contingency, and operational requirements. While the alternative could provide temporary relief, it would not eliminate the underlying contingency concerns identified in the Station Capacity Study nor provide the operational flexibility required to support long-term system planning objectives.

Raven ultimately recommended three approaches consisting of:

- Upgrading the MS28-2 transformer primary cables to provide short-term relief; and
- Constructing a new 20/32 MVA 44/27.6 kV distribution station by 2023.
- Delay 4kV conversion until after station build is complete.

LUI accepted the recommendation to construct the station. While the first step lower cost upgrade provided temporary relief, construction of a new station was identified by Raven as the short-term solution required to address system capacity limitations, improve contingency capability, support the planned voltage conversion program and provide operational flexibility within the Town of Cobourg distribution system. By deferring the upgrading of MS28-2 first step, LUI spent less than the amount Raven was proposing and reflects the lowest cost to our customers over the 5-year planning horizon.

LUI also considered the implications of delaying construction. Based on the information available at the time, deferral would have prolonged the identified system constraints while exposing customers to future construction cost escalation and the continued risk associated with operating under increasingly constrained contingency conditions.

Transformer Station Cost Escalation Analysis

LUI updated the original \$2.597 million transformer station estimate using a weighted Statistics Canada escalation methodology intended to reflect the project's underlying cost structure. The labour / construction component, representing 42% of total project cost, was escalated using Statistics Canada Table 18-10-0289. The equipment component, representing 58% of total project cost, was escalated using Statistics Canada Table 18-10-0284. The analysis was performed over the period Q1 2022 to Q4 2025 to provide a consistent comparison based on published index values.

For the labour / construction portion, the applicable index increased from 94.7 in Q1 2022 to 109.5 in Q4 2025, resulting in an escalation factor of 1.1563. For the equipment portion, the applicable index increased from 111.5 in Q1 2022 to 141.5 in Q4 2025, resulting in an escalation factor of 1.2691. Applying these factors to the respective project cost shares produces a weighted composite escalation factor of 1.2206.

Escalated Cost: $[\$2,597,083 \times 42\% \times (109.5 / 94.7)] + \$2,597,083 \times 58\% \times (141.5 / 111.5) = \$3,172,776$

On that basis, the original project estimate of \$2,597,083 escalates to approximately \$3,172,776 in Q4 2025 dollars, representing an overall increase of approximately 22.1% over the period.

Component	Cost Share	Index Source	Q1 2022 Index	Q4 2025 Index	Escalation Factor	Original Cost	Escalated Cost
Labour / Construction	42%	StatCan Table 18-10-0289	94.7	109.5	1.1563	\$1,092,034	\$1,262,719
Equipment	58%	StatCan Table 18-10-0284	111.5	141.5	1.2691	\$1,505,049	\$1,910,057
Total	100%	Weighted composite			1.2206	\$2,597,083	\$3,172,776

This approach is reasonable since the transformer station is a blended capital asset comprised of both contractor-driven construction activities and equipment-intensive utility infrastructure. Applying a weighted escalation methodology using Statistics Canada series aligned to those respective cost drivers provides a representative estimate.

Accordingly, LUI submits that an updated transformer station cost of approximately \$3,172,776 in Q4 2025 dollars is a reasonable and evidence-based estimate for capital costs in 2026 – an increase of \$575,693.

Based on the information available at the time the project was evaluated and approved, LUI concluded that construction of the MS28-3 Distribution Station represented the most prudent long-term solution. The project addressed identified capacity limitations, improved contingency capability, enhanced operational flexibility, supported the voltage conversion program, and strengthened the utility's ability to provide reliable service to existing and future customers. Finally, undertaking the project in 2022/23 and foregoing the proposed MS28-2 Upgrade avoided the cost of the upgrade (\$171,000) and the material cost escalation for projects like the MS28-3 Distribution, which LUI estimates would have increased by \$575,693 as a result of even a modest 3 year delay in construction.

2.2.6.7 Capacity and Load Growth

As part of the 2025 ICM proceeding, the OEB requested additional information regarding the capacity requirements supporting construction of the MS28-3 Distribution Station and the extent to which future load growth contributed to the need for the project.

The capacity assessment completed by Raven Engineering concluded that the need for additional station capacity was driven by a combination of existing system loading, contingency requirements, forecast development growth and LUI's ongoing voltage conversion program. The study determined that the existing 27.6 kV system was unable to adequately supply peak load under contingency conditions and that additional capacity would be required to support future system requirements.

A significant factor in the study was the system's ability to operate under contingency conditions. During a contingency event on July 27, 2020, an equipment failure at MS28-1

resulted in all load being transferred to MS28-2. Under these conditions, MS28-2 supplied approximately 25.8 MVA of load. Raven concluded that the existing facilities were inadequate to reliably supply peak load during the loss of one station and that additional capacity would be required to maintain acceptable operating conditions.

In addition to existing system loading and contingency requirements, Raven identified approximately 3.97 MVA of anticipated development-related load and approximately 5.69 MVA of additional load associated with LUI planned voltage conversion program.

Table 22 – Capacity Need

Source	Incremental Load (MVA)
Planned Developments	3.970
Voltage Conversion Program	5.689
Total Identified Additional Load	9.659

The planned developments identified in the study included residential and mixed-use developments expected to proceed over the planning horizon. At the time the study was completed, these developments formed part of the information reasonably available to LUI and were appropriately considered when assessing future system requirements.

The forecast growth identified by Raven Engineering was therefore only one component of the planning assessment. The study also considered existing station loading, contingency requirements, system configuration and the utility's ongoing voltage conversion program. Accordingly, the need for MS28-3 was not based solely on future growth projections but on a combination of planning considerations affecting the distribution system.

The capacity assessment relied on the information available at the time the project was evaluated, including development forecasts, system loading trends and the engineering analysis completed by Raven Engineering. Based on that information, Raven concluded that construction of a new 20/32 MVA distribution station would be required before the 2023 summer peak season.

Since the project was placed into service, the pace of residential development has been affected by broader economic conditions, including higher interest rates, inflationary pressures and a slowdown in the housing market. As a result, actual development activity has proceeded more slowly than anticipated when the station was planned and constructed with only approximately 0.8MVA of the planned 3.97MVA.

While actual development activity subsequently proceeded more slowly than forecast, this does not alter the circumstances that existed when the project decision was made. At the time, multiple developments were expected to proceed, the voltage conversion program remained an active system objective and the available engineering analysis indicated that additional station capacity would be required to address existing contingency limitations and future system needs.

The prudence of the decision to proceed with the project must be assessed based on the information available when the decision was made rather than with the benefit of hindsight. Based on the engineering studies, load forecasts and system conditions that existed at the time, LUI concluded that additional station capacity was required to maintain acceptable operating conditions and support future system requirements.

Furthermore, the benefits of the project extend beyond growth accommodation and include improved reliability, enhanced contingency capability, operational flexibility and support for ongoing system planning initiatives. Subsequent operating experience following energization of MS28-3 has further demonstrated the value of the additional station capacity and contingency capability provided by the project. These reliability benefits are discussed further in Section 2.2.6.8.

Accordingly, LUI continues to believe that the capacity requirements identified through the Raven Engineering Station Capacity Study supported construction of the MS28-3 Distribution Station and that the project represented the most appropriate long-term solution to the needs of the distribution system.

2.2.6.8 Reliability Considerations

Table 23 – Reliability Performance (SAIDI and SAIFI)

Reliability Metric	2022	2023	2024	2025
SAIDI (Excluding Loss of Supply and Major Event Days)	0.63	2.80	3.22	3.05
SAIFI (Excluding Loss of Supply and Major Event Days)	0.36	2.02	1.33	1.37
SAIDI (Including Major Event Days, Excluding Loss of Supply)	31.67	2.80	3.22	3.05
SAIFI (Including Major Event Days, Excluding Loss of Supply)	1.47	2.02	1.33	1.37
SAIDI (Including Loss of Supply, Excluding Major Event Days)	1.05	3.55	6.40	4.27
SAIFI (Including Loss of Supply, Excluding Major Event Days)	0.58	3.02	3.15	1.79
SAIDI (Including Loss of Supply and Major Event Days)	32.09	3.55	6.40	4.27
SAIFI (Including Loss of Supply and Major Event Days)	1.69	3.02	3.15	1.79

Table 24 – Trend Summary

Measure	2024	2025	Change
SAIDI (Including Loss of Supply and Major Event Days)	6.40	4.27	Improved 33%
SAIFI (Including Loss of Supply and Major Event Days)	3.15	1.79	Improved 43%
SAIDI (Excluding Loss of Supply and Major Event Days)	3.22	3.05	Improved 5%
SAIFI (Excluding Loss of Supply and Major Event Days)	1.33	1.37	Stable

Tables 6 and 7 demonstrate that reliability performance remained stable or improved following energization of MS28-3 Distribution Station. While reliability outcomes are influenced by a variety of factors, the additional capacity, load transfer capability and operational flexibility provided by the station have strengthened LUI's ability to respond to contingency events and maintain reliable service.

Beyond supporting long-term system planning objectives and accommodating forecast growth, a key purpose of the MS28-3 Distribution Station project was to improve system resilience under contingency conditions, reliability and increased operational flexibility.

As discussed previously, the Raven Engineering Station Capacity Study identified contingency limitations within the existing distribution system and evaluated alternatives capable of improving system performance under N-1 operating conditions. While load growth was one consideration supporting the project, reliability and contingency capability were also important drivers in the decision to proceed with construction of a new distribution station.

The MS28-3 Distribution Station increased LUI's ability to transfer load between stations, improved system flexibility and strengthened the utility's ability to maintain service during equipment failures and other contingency events. The station also supports ongoing voltage conversion initiatives and provides additional operational options during planned maintenance activities.

Voltage Conversion Program Context

LUI's voltage conversion program is a long-standing distribution system modernization initiative that has been underway since 2005. The program involves the progressive conversion of the Cobourg distribution system from legacy 4.16 kV infrastructure to LUI's standard 27.6 kV operating voltage. Most of the system has now been converted; however, the remaining 4.16 kV infrastructure is aging, non-standard, and inconsistent with LUI's long-term system configuration. Continuing to reinvest in this infrastructure on a like-for-like basis would extend the life of a legacy configuration that LUI has been working to retire.

The voltage conversion program was originally introduced to address several related system objectives, including reducing distribution system losses, improving voltage profile and service quality, modernizing aging infrastructure, improving operational efficiency, reducing reliance on legacy 4.16 kV station assets, and aligning the distribution system with contemporary planning and operating standards.

The program has been implemented as a staged transition rather than a single capital project. As part of this approach, LUI has incorporated voltage conversion considerations into its ongoing asset replacement and renewal activities. For example, as transformers located in areas planned for future conversion reached end of life, LUI installed dual-voltage transformers capable of operating at either 4.16 kV or 27.6 kV. This approach avoided investing in

replacement assets that could become obsolete following conversion and reduced the risk of stranded investment. Similarly, when poles were replaced in areas expected to be converted, LUI installed 27.6 kV-rated insulators to ensure compatibility with the future system configuration.

The technical and economic basis for the program is well understood and documented in a 2005 engineering assessment prepared by EnerSpectrum Group in support of LUI's line loss reduction and Conservation and Demand Management initiatives previously filed with the OEB. The study evaluated conversion of Feeder F9 from 4.16 kV to 27.6 kV using measured field data and a validated feeder model. The results demonstrated material reductions in electrical losses, with annual energy savings estimated at approximately 547,000 kWh, representing approximately \$25,700 annually based on then-current energy prices. For the same delivered load, a higher operating voltage requires less current, resulting in lower line losses, reduced voltage drop, improved feeder performance, and increased delivery efficiency. While the EnerSpectrum study evaluated a specific feeder and should not be interpreted as a direct estimate of system-wide savings, it provides utility-specific evidence of the type and scale of benefits that can be achieved through voltage conversion.

The benefits of the program extend well beyond line loss reduction. Conversion to 27.6 kV improves voltage performance, increases feeder capacity, simplifies system operations, enhances equipment standardization, reduces dependence on aging 4.16 kV station assets, and supports the orderly retirement of legacy infrastructure. The program also avoids future capital investment in infrastructure that would otherwise be maintained solely to serve a diminishing amount of remaining 4.16 kV load.

Accordingly, the voltage conversion initiative has been pursued not solely as a loss-reduction program, but as a broader system modernization and asset renewal strategy supporting reliability, operational flexibility, system capacity, and long-term cost effectiveness.

The continued importance of the program was confirmed in the 2020 Raven Engineering Station Capacity Study. Raven identified LUI's ongoing 4.16 kV to 27.6 kV conversion program as one of the principal planning factors affecting future station capacity requirements in Cobourg. As legacy 4.16 kV load is transferred onto the 27.6 kV system, additional station capacity and contingency capability are required to maintain reliable service under both normal and contingency operating conditions.

The MS28-3 Distribution Station should therefore be viewed within the context of LUI's broader voltage conversion and system modernization strategy. As additional 4.16 kV load is transferred to the 27.6 kV system, the receiving station must have sufficient capacity, feeder positions, and operational flexibility to accommodate that load reliably and safely. MS28-3 provides the capacity and contingency support necessary to continue the voltage conversion program, complete the retirement of remaining legacy infrastructure, and support the long-term evolution of the Cobourg distribution system.

While historical feeder-specific studies cannot be directly extrapolated across the entire distribution system without detailed engineering analysis, they provide useful evidence that voltage conversion produces measurable customer benefits. LUI has not relied on line-loss savings to justify the MS28-3 project; however, the previously filed engineering studies demonstrate that voltage conversion contributes to reduced losses, improved voltage performance, enhanced reliability, and long-term system optimization. These benefits remain consistent with LUI's ongoing asset management and distribution system planning objectives.

Loss of MS28-1 Distribution Station Supply

The practical benefits of the MS28-3 Distribution Station project were demonstrated on October 26, 2025, when the MS28-1 Distribution Station experienced a significant equipment failure that resulted in an outage affecting approximately 4,784 customers within the Town of Cobourg. Following the failure, the station was removed from service and remains unavailable pending completion of repair and restoration activities.

At the time of this event, approximately 7.6 MVA of load normally supplied from the MS28-1 was transferred to the MS28-3 Distribution Station. The availability of MS28-3 provided the capacity, operational flexibility, and contingency support necessary to restore service and maintain reliable operation of the distribution system following the failure. While the event occurred outside of peak loading conditions, the absence of MS28-3 would have significantly increased operational risk and likely accelerated the need for emergency repair and restoration activities associated with MS28-1.

This event provides direct evidence of the contingency and reliability benefits contemplated in the Raven Engineering Station Capacity Study. The study identified concerns regarding the ability of the existing system configuration to adequately serve load under N-1 contingency conditions and concluded that additional station capacity would be required to improve system resilience and operational flexibility. The October 2025 station failure demonstrated that these concerns were not theoretical but represented real operating risks facing the utility.

Table 16 demonstrates that reliability performance has remained stable or improved following energization of the station. While reliability outcomes are influenced by many factors, the additional capacity, contingency capability, and operational flexibility provided by MS28-3 have strengthened LUI's ability to respond to contingency events and maintain reliable service.

Accordingly, LUI submits that the benefits of the project extend beyond growth accommodation and include significant reliability, operational and contingency benefits that continue to provide value to customers throughout LUI's service territory.

2.2.6.9 Development Related Capital Contributions

As part of the March 27, 2025, Decision and Order, the OEB expressed concerns regarding the extent to which growth-related developments contributed toward the capacity requirements

addressed by the MS28-3 Distribution Station and whether capital contributions associated with those developments had been appropriately considered.

The OEB also noted that the original ICM application did not include a quantified assessment of capital contributions associated with developments benefiting from the station and relied primarily on qualitative discussion of the relationship between growth and the project.

In response to the OEB's findings, LUI completed a review of the developments identified during the station planning process, the capital contributions associated with those developments and the available economic evaluation documentation.

Table 17 summarizes the forecast development-related capital contributions during planning process.

Table 17 – Forecast Development Related Capital Contributions

Developments	Scheduled Year	Status (C-complete, A-active, F-future)	Approx Transformer Loading (kW)	CIAC Status	Capital Contribution
Gates of Camelot Stage 5, Phase 2	2022	A	616	Collected	\$32,343.00
Denmore Meadows	2022	A	492	To be Collected	\$32,344.00
Tribute Phase 1 - Cobourg Trails	2022	A	728	To be Collected	\$71,875.00
Nickerson Woods	2022	F	96	N/A	\$10,781.00
265-327 Elgin St E (40 Units) Ph 1	2023	F	160	N/A	\$14,375.00
440-448 Elgin Street (24 units)	2023	F	96	N/A	\$8,625.00
COBOURG TRAILS PH 2 (114 units)	2024	F	456	N/A	\$40,969.00
New Amherst Stage 2 Phase 3 (160 units)	2024	F	640	N/A	\$145,906.00
Castlegrove Homes (CTC LANDS) (72 units)	2024	F	288	N/A	\$25,875.00
Gates of Camelot PH 5 STG 3 (E Village 71 units)	2024	F	284	N/A	\$25,516.00
Gates of Camelot PH 5 Stg 4 (E Village 102 units)	2025	F	408	N/A	\$36,656.00
867-869 William Street (/// units)	2025	F	4	N/A	\$359.00
Industrial - 987-989 Division Street	2025	F	4	N/A	\$359.00
540 Elgin St E (89 units)	2026	F	356	N/A	\$31,985.00
BLOCK 95 EAST VILLAGE (32 units)	2026	F	128	N/A	\$11,500.00
TOTALS			4,756 kW 4.756 MVA		\$489,468.00

LUI notes that the developments identified above in Table 17 represent the projected forecast growth of approx. 4.75 MVA load during the planning process for MS28-3 Distribution Station, with approximately 1.8 MVA materializing to date.

Table 18 summarizes the development-related capital contributions identified that materialized through this review.

Table 18 – Actual Development Related Capital Contributions

Development	Status	Capital Contribution
Gates of Camelot Stage 5, Phase 2	Collected	\$32,343
Densmore Meadows	To be Collected	\$32,344
Tribute Phase 1 – Cobourg Trails	To be Collected	\$71,875
Total		\$136,562

LUI notes that only a portion of the forecast development activity considered during the station planning process ultimately proceeded during the period reviewed. Subsequent to the ICM proceeding LUI has calculated CIACs for the three developments that connected to the new capacity, has collected one of the three CIACs, and has included both the collected and as yet uncollected CIAC's amounts, such that the effective net rate base for revenue requirement purposes is actually \$2.46M, not \$2.597M.

However, as noted above, the MS28-3 Distribution Station was not undertaken solely to accommodate future development. As discussed in Sections 2.2.6.6 through 2.2.6.8, the project was undertaken to address a combination of system planning needs, including increasing station loading, reliability improvements, contingency capability, operational flexibility, voltage conversion requirements and future growth accommodation.

Accordingly, while certain developments benefited from the additional capacity provided by the station and were subject to capital contribution requirements under the utility's normal connection policies, the station itself was planned and constructed as a distribution system asset providing benefits to the broader customer base.

While actual development activity proceeded more slowly than anticipated during the period immediately following construction of the station, LUI's review indicates that a significant portion of the forecast load growth considered during the planning process remains active within the Town of Cobourg and is expected to materialize over the longer-term planning horizon applicable to distribution infrastructure investments.

The original station planning analysis was based on a combination of known developments, anticipated residential and commercial growth, and load transfers associated with LUI's voltage conversion program. Although the timing of certain developments was affected by broader economic conditions, housing market pressures, financing constraints, and development-related

delays, many of the underlying growth drivers continue to exist. Accordingly, the slower pace of development observed since 2024 should not be interpreted as a permanent reduction in future system requirements.

LUI notes that electricity distribution infrastructure is planned and constructed over long asset lives and must be sized to accommodate anticipated future requirements over an extended planning horizon. Consistent with the Ontario Energy Board's distribution system expansion framework, growth-related investments may appropriately consider customer connections and load additions expected to occur beyond the immediate five-year period where sufficient evidence exists that such growth remains reasonably foreseeable.

As a result, the prudence of the MS28-3 Distribution Station should not be assessed solely based on the number of developments connected immediately following construction. Rather, the project should be evaluated in the context of the broader capacity, contingency, reliability, voltage conversion, and long-term growth requirements identified through the Raven Engineering Station Capacity Study. LUI continues to expect additional load growth within the station service area over the coming years, and the station provides the capacity and operational flexibility necessary to accommodate that growth as it materializes.

Based on the evidence presented, LUI submits that the MS28-3 Distribution Station is appropriately characterized as a distribution system asset providing broad benefits to customers throughout the service territory, including enhanced reliability, improved contingency capability, increased operational flexibility, support for the voltage conversion program, and accommodation of future system growth requirements.

Accordingly, LUI submits that the MS28-3 Distribution Station represented the most prudent long-term solution available to address the capacity, contingency, reliability, and operational requirements identified through the Raven Engineering Station Capacity Study. The project has since demonstrated tangible reliability and contingency benefits through actual operating experience and continues to provide value to customers across LUI's service territory. LUI therefore requests approval of the deferred ICM funding request balance of \$121,462 plus carrying charges recorded in Account 1508 pursuant to the OEB's March 27, 2025, Decision and Order.

2.2.6.10 Conclusion

Based on the review completed, LUI submits that the MS28-3 Distribution Station is appropriately characterized as a system asset providing broad benefits to customers throughout the service territory, including improved reliability, contingency capability, operational flexibility and future growth accommodation.

The review identified approximately \$136,562 in development-related capital contributions associated with developments benefiting from the station of which, \$32,343 was only partially collected to date.

Subsequent operating experience has further validated the need for the project. The October 2025 failure of the MS28-1 Distribution Station demonstrated the practical value of the additional capacity, operational flexibility, and contingency capability provided by MS28-3. The ability to transfer approximately 7.6 MVA of load and restore service following an outage affecting approximately 4,784 customers provided tangible evidence of the reliability benefits identified during the planning process and supports LUI's position that the project represented a prudent long-term investment in the distribution system.

Accordingly, LUI submits that the MS28-3 Distribution Station represented the most prudent long-term solution available to address the capacity, contingency, reliability, and operational requirements identified through the Raven Engineering Station Capacity Study. LUI therefore requests approval of the deferred ICM funding request balance of \$121,462, which was recorded in Account 1508 pursuant to the OEB's March 27, 2025, Decision and Order.

Table 20 – Gross Fixed Asset Additions – System Access (App 2-AA)

Project	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Tesla Supercharger - CT Parking	65	-	-	-	-	-	-	-	-	-
New Services	57	67	67	94	70	72	74	76	78	80
Tribute Homes - New Pole Line	87	-	-	-	-	-	-	-	-	-
Seal Expiry Meter Replace	129	379	93	122	70	-	-	-	-	-
East Village - BGS Homes	-	220	-	-	-	-	-	-	-	-
Foxtail Ridge	-	161	-	-	-	-	-	-	-	-
Coast Guard Service Upgrade	-	63	-	-	-	-	-	-	-	-
Battery Storage - JEBCO	-	55	-	-	-	-	-	-	-	-
Victoria Station MS28-3	-	2,535	-	-	-	-	-	-	-	-
F1/F7 Tie Switch	-	-	57	-	-	-	-	-	-	-
Rondeau Subdivision	-	-	1,055	-	-	-	-	-	-	-
Gates of Camelot	-	-	374	-	-	-	-	-	-	-
Densmore Meadows	-	-	629	-	-	-	-	-	-	-
New Amherst Stage 2	-	-	343	-	-	-	-	-	-	-
Dodge Street Pole Line	-	-	88	-	-	-	-	-	-	-
755 Division Street Net Meter	-	-	-	58	-	-	-	-	-	-
Pole Replacements	-	-	-	129	-	-	-	-	-	-
Durham Street Pole Line	-	-	-	342	-	-	-	-	-	-
Brook Road North	-	-	-	98	-	-	-	-	-	-
Economic Evaluation	-	-	-	-	500	515	530	544	557	571
Commercial Services	-	-	-	-	360	371	382	391	401	411
King Street Sidewalk	-	-	-	-	60	-	-	-	-	-
Victoria Station Refurbishment	-	-	-	-	125	-	-	-	-	-
AMI 2.0	-	-	-	-	-	264	409	416	397	417
Gross Expenditures	339	3,481	2,705	843	1,185	1,222	1,396	1,427	1,434	1,479
Capital Contributions	(420)	(765)	(2,228)	(650)	(790)	(783)	(806)	(826)	(847)	(868)
Subtotal - System Access	(81)	2,716	477	193	395	439	589	601	587	611

Table 21 – Gross Fixed Asset Additions – System Renewal (App 2-AA)

Project	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Elgin St - Birchwood to Chipping	349	-	-	-	-	-	-	-	-	-
ROW 44/28kV - P73 to Burnham	293	-	-	-	-	-	-	-	-	-
Pole Replacements	75	231	-	-	60	62	74	98	156	160
Victoria Station to Ontario St	405	-	-	-	-	-	-	-	-	-
Kerr ROW - Victoria Station to Division	209	-	-	-	-	-	-	-	-	-
Brook F5 New Feeder	347	-	-	-	-	-	-	-	-	-
Underground Miscellaneous	64	98	-	116	55	59	60	62	64	65
Overhead Miscellaneous	91	61	92	226	75	77	80	82	84	86
Delta to Wye Conversions	64	-	-	-	-	-	-	-	-	-
Durham St Station to King	-	478	-	-	-	-	-	-	-	-
King St Pole Line - JEBCO	-	239	-	-	-	-	-	-	-	-
Victoria St Station to King	-	188	-	-	-	-	-	-	-	-
Lakefront December Storm	-	122	-	-	-	-	-	-	-	-
Elgin St - Chipping to Ontario	-	-	446	-	-	-	-	-	-	-
Kerr St - Burnham to POW	-	-	414	-	-	-	-	-	-	-
Buck/George - University to King	-	-	180	-	-	-	-	-	-	-
Brook N to D'Arcy	-	-	-	150	-	-	-	-	-	-
Elgin - Ontario to William	-	-	-	505	-	-	-	-	-	-
Engineering Design & Support	-	-	-	90	55	77	80	82	84	86
Parliament 25-89 OH Rebuild	-	-	-	-	190	-	-	-	-	-
Delta-Wye Conversions	-	-	-	-	-	-	53	54	111	114
3-Phase Pad Transformer Replacements	-	-	-	-	-	72	74	76	78	80
Boundary - Elgin to Kerr	-	-	-	-	-	-	249	-	-	-
1-Phase Pad Transformer Replacements	-	-	-	-	-	-	64	65	67	91
Elgin - William to Strathy	-	-	-	-	-	-	-	217	-	-
Elgin - Strathy to New Amherst	-	-	-	-	-	-	-	-	111	304
Industrial Rd Rebuild	-	-	-	-	-	-	-	-	111	103
Gross Expenditures	1,897	1,417	1,133	1,086	435	347	734	736	866	1,089
Capital Contributions	-	-	(13)	-	-	-	-	-	-	-
Subtotal - System Renewal	1,897	1,417	1,120	1,086	435	347	734	736	866	1,089

Table 22 – Gross Fixed Asset Additions – System Service (App 2-AA)

Project	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
OMS	-	510	-	-	-	-	-	-	-	-
Reliability Improvement Program	-	-	72	-	-	-	-	-	-	-
Brook N to D'Arcy (Conversion)	-	-	-	559	-	-	-	-	-	-
Spring - Furnace to Orr	-	-	-	-	242	294	-	-	-	-
Covert - Division to George	-	-	-	-	295	-	-	-	-	-
Misc 28kV Conversions	-	-	-	-	100	52	-	-	-	-
GIS Improvements	-	-	-	-	60	-	-	-	-	-
Advanced Lateral Protection	-	-	-	-	-	105	-	-	-	-
Distribution System Automation	-	-	-	-	-	607	625	548	111	-
F7 Expansion / 4.16kV Decommissioning	-	-	-	-	-	-	-	-	312	434
Gross Expenditures	-	510	72	559	697	1,057	625	548	424	434
Capital Contributions	-	-	-	-	-	(202)	(202)	(202)	-	-
Subtotal - System Service	-	510	72	559	697	855	423	346	424	434

Table 25 – Gross Fixed Asset Additions – General Plant (App 2-AA)

Project	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Fleet - Pickup & Bucket Truck	-	54	-	573	70	-	64	90	-	-
Software Upgrades (Misc.)	-	-	-	55	-	-	-	-	-	-
Tools	-	-	-	59	-	-	-	-	-	-
Facilities - Buildings	-	-	-	-	-	62	-	-	-	-
Software Upgrades (ERP)	-	-	-	-	-	209	53	-	-	-
Software Upgrades (GIS)	-	-	-	-	-	125	-	-	-	-
Software Upgrades (CIS)	-	-	-	-	-	-	159	199	204	-
Gross Expenditures	-	54	-	573	184	395	276	289	204	-
Capital Contributions	-	-	-	-	-	-	-	-	-	-
Subtotal - General Plant	-	54	-	573	184	395	276	289	204	-

2.3 DEPRECIATION EXPENSES

In accordance with the July 17, 2012, letter from the Board on Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies and as such, LUI has adopted the Kinetrics proposed useful lives and componentization on January 1, 2015.

LUI confirms that there have been no changes to depreciation methods, asset service lives, or capitalization practices since the last rebasing application. Depreciation continues to be calculated on a straight-line basis in accordance with the OEB-approved useful lives.

Continuity Statements of the historical and forecasted depreciation expenses are presented on the next page and are filed in Excel format along with this application.

LUI confirms that it has applied the half-year rule to compute the net book value of Property, Plant and Equipment, and General Plant in the rate base. Under the half-year rule, acquisitions and investments made during the year are amortized, assuming they entered service at the year's mid-point.

LUI's Depreciation rates and Capitalization Policy are presented below.

Accumulated Depreciation

LUI has adopted depreciation rates based on the Kinetrics Asset Depreciation Study, which can be found at the following secure link:

https://www.oeb.ca/oeb/_Documents/EB-2010-0178/Kinetrics-418033-OEB%20Asset%20Amortization-%20Final%20Rep.pdf

The depreciation rates, LUI's capitalization policy, methodology, and depreciation expenses continuity schedules are presented in section 2.2.3.

Depreciation Policy for Fixed Assets

Purpose

Depreciation is the systematic allocation of the cost of a capital asset over its estimated useful life.

Methodology

LUI depreciates capital assets using the straight-line method over the useful lives approved by the OEB and based on the Kinetrics Asset Depreciation Study.

Commencement of Depreciation

Depreciation begins when an asset is placed in service and available for use.

Componentization

Consistent with MIFRS requirements, significant components of property, plant and equipment are separately identified and depreciated over their respective useful lives where appropriate.

Residual Value

Assets are generally depreciated to a residual value of nil unless a material residual value is expected.

Review of Useful Lives

Useful lives are reviewed periodically and remain unchanged from the Applicant's 2022 Cost of Service application.

The proposed useful lives are unchanged from the Applicant's 2022 Cost of Service application and remain within OEB-prescribed ranges. The Applicant has reviewed the service lives and determined that no updates are required, as they continue to reflect asset performance.

Table 26 - Summary of Proposed Asset Service Lives (Summary of 2-BB)

USoA Account	Asset Category	Kinectrics Recommended TUL (Years)	Current TUL	Proposed TUL	Within Recommended Range
1808	Buildings	50–75	50	50	Yes
1820	Distribution Station Equipment	45	45	45	Yes*
1830	Poles, Towers and Fixtures	45	45	45	Yes
1835	Overhead Conductors and Devices	45–60	55	55	Yes
1840	Conduit	50	50	50	Yes
1845	Underground Conductors	35	35	35	Yes
1850	Line and Pad-Mounted Transformers	40	35	35	Yes
1855	Secondary Services	55	55	55	Yes
1860	Meters	25–35 (Residential); 5–15 (Smart)	15	15	See Note
1915	Office Equipment	5–15	10	10	Yes
1920	Computer Hardware	3–5	5	5	Yes
1930	Transportation Equipment	5–15	5	5	Yes
1940	Tools	5–10	10	10	Yes
1960	Measurement & Testing Equipment	5–10	10	10	Yes
1980	SCADA	15–20	20	20	Yes

- Certain station components (e.g., digital relays and station buildings) fall outside the generic Kinectrics typical useful life but continue to use the composite service life approved for the associated USoA account.

Note: Meter assets comprise several technologies with different recommended service lives. LUI continues to apply a composite useful life of 15 years consistent with its approved depreciation practices.

LUI is not proposing any changes to its approved depreciation rates or service lives in this Application. The proposed service lives remain consistent with those previously approved by the OEB and are generally within the ranges recommended in the Kinectrics Asset Service Life Study. Where individual asset components fall outside the recommended range, they form part of a composite USoA account for which the approved composite service life continues to be applied.

Table 27 – Depreciation Expenses 2022 (App 2-C)

		Year		2022									
		Book Values				Service Lives		Depreciation Expense					
Account	Description	Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets	Depreciation Expense on Assets ³	Depreciation Expense per Appendix 2-BA Fixed Assets, Column K	Variance ⁴	Variance %	
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f	i	j = i-h	k = j/i	
1609	Capital Contributions Paid					\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1611	Computer Software (Formally known as Account 1925)	\$452,123.00	\$223,013.00	\$0.00		\$229,110.00	7.50	13.33%	\$30,548.00	\$30,548.00	\$0.00	0%	
1612	Land Rights (Formally known as Account 1906)	\$0.00				\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1805	Land	\$219,283.87	\$0.00	\$0.00		\$219,283.87		0.00%	\$0.00	\$0.00	\$0.00	0%	
1808	Buildings	\$1,110,400.85	\$251,274.85	\$12,110.08		\$865,181.04	26.65	3.75%	\$32,464.58	\$32,468.93	\$4.35	0%	
1810	Leasehold Improvements	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1815	Transformer Station Equipment >50 kV	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1820	Distribution Station Equipment <50 kV	\$3,672,363.65	\$691,574.52	\$0.00		\$2,980,789.13	30.20	3.31%	\$98,691.82	\$98,691.72	-\$0.10	0%	
1825	Storage Battery Equipment	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1830	Poles, Towers & Fixtures	\$4,618,917.19	\$628,332.53	\$931,814.99		\$4,456,492.15	35.51	2.82%	\$125,499.64	\$125,505.56	\$5.92	0%	
1835	Overhead Conductors & Devices	\$6,792,279.30	\$1,001,431.97	\$961,178.33		\$6,271,436.49	39.71	2.52%	\$157,934.89	\$157,933.87	-\$1.02	0%	
1840	Underground Conduit	\$1,994,069.81	\$256,078.37	\$55,877.19		\$1,765,930.03	37.43	2.67%	\$47,174.49	\$47,175.46	\$0.96	0%	
1845	Underground Conductors & Devices	\$3,061,422.48	\$791,154.36	\$55,403.82		\$2,297,970.03	24.51	4.08%	\$93,744.95	\$93,745.07	\$0.11	0%	
1850	Line Transformers	\$4,422,238.56	\$1,351,932.41	\$144,705.41		\$3,142,658.86	21.35	4.68%	\$147,183.35	\$147,186.59	\$3.24	0%	
1855	Services (Overhead & Underground)	\$1,439,419.45	\$231,934.53	\$88,768.62		\$1,251,869.23	32.13	3.11%	\$38,966.27	\$38,968.72	\$2.45	0%	
1860	Meters	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1860	Meters (Smart Meters)	\$2,650,587.52	\$1,333,759.06	\$150,705.88		\$1,392,181.40	7.10	14.09%	\$196,220.07	\$196,226.11	\$6.04	0%	
1905	Land	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1908	Buildings & Fixtures	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1910	Leasehold Improvements	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1915	Office Furniture & Equipment (10 years)	\$77,051.98	\$73,445.55	\$0.00		\$3,606.43	1.24	80.84%	\$2,915.46	\$2,916.46	\$1.00	0%	
1915	Office Furniture & Equipment (5 years)	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1920	Computer Equipment - Hardware	\$195,818.30	\$140,424.97	\$28,886.33		\$69,836.50	2.70	37.11%	\$25,913.36	\$25,908.75	-\$4.60	0%	
1920	Computer Equip. -Hardware(Post Mar. 22/04)	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1920	Computer Equip. -Hardware(Post Mar. 19/07)	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1930	Transportation Equipment	\$1,024,986.22	\$974,963.92	\$48,464.48	\$34,569.98	\$39,684.56	2.40	41.60%	\$16,507.72	\$16,507.83	\$0.11	0%	
1935	Stores Equipment	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1940	Tools, Shop & Garage Equipment	\$551,713.35	\$418,831.51	\$17,307.22		\$141,535.45	3.21	31.19%	\$44,147.05	\$44,143.96	-\$3.09	0%	
1945	Measurement & Testing Equipment	\$15,571.68	\$15,571.68	\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1950	Power Operated Equipment	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1955	Communications Equipment	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1955	Communication Equipment (Smart Meters)	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1960	Miscellaneous Equipment	\$349,735.72	\$214,553.45	\$2,672.44		\$136,518.49	3.90	25.64%	\$35,004.74	\$35,003.28	-\$1.46	0%	
1970	Load Management Controls Customer Premises	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1975	Load Management Controls Utility Premises	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1980	System Supervisor Equipment	\$402,478.87	\$133,962.90	\$0.00		\$268,515.97	13.10	7.63%	\$20,497.40	\$20,496.07	-\$1.33	0%	
1985													
1990	Other Tangible Property	\$0.00		\$0.00		\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
1995	Contributions & Grants	-\$4,563,792.00	-\$789,971.00	-\$378,206.00		-\$3,962,924.00	32.55	3.07%	-\$121,752.56	-\$121,753.00	-\$0.44	0%	
2440	Deferred Revenue					\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
2005	Property Under Finance Lease					\$0.00		0.00%	\$0.00	\$0.00	\$0.00	0%	
	Total	\$28,486,669.80	\$7,942,268.59	\$2,119,688.79	\$ 34,570	\$21,569,675.63	\$321.18		\$991,661.24	\$991,673.38	\$12.14	0%	

Table 28 – Depreciation Expenses 2023 (App 2-C)

		Year		2023									
Account	Description	Book Values				Service Lives		Depreciation Expense		Depreciation Expense per Appendix 2-BA Fixed Assets, Column K	Variance ⁴	Variance %	
		Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets	Depreciation Expense on Assets ³				
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f				
1609	Capital Contributions Paid					\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1611	Computer Software (Formally known as Account 1925)	\$452,123.00	\$253,561.00	\$0.00		\$198,562.00	6.50	15.38%	\$30,548.00	\$30,548.00	\$0.00	0%	
1612	Land Rights (Formally known as Account 1906)	\$0.00	\$0.00			\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1805	Land	\$219,283.87	\$0.00	\$0.00		\$219,283.87	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1808	Buildings	\$1,122,510.93	\$283,742.85	\$11,105.10		\$844,320.63	25.82	3.87%	\$32,702.79	\$32,701.08	-\$1.71	0%	
1810	Leasehold Improvements	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1815	Transformer Station Equipment >50 kV	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1820	Distribution Station Equipment <50 kV	\$3,672,363.65	\$790,266.24	\$2,239,342.25		\$4,001,768.53	32.38	3.09%	\$123,572.40	\$123,573.30	\$0.90	0%	
1825	Storage Battery Equipment	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1830	Poles, Towers & Fixtures	\$5,550,732.18	\$753,838.09	\$511,816.40		\$5,052,802.29	35.70	2.80%	\$141,546.97	\$141,545.90	-\$1.07	0%	
1835	Overhead Conductors & Devices	\$7,753,457.63	\$1,159,365.85	\$836,871.46		\$7,012,527.51	40.24	2.49%	\$174,271.91	\$174,279.78	\$7.87	0%	
1840	Underground Conduit	\$2,049,947.00	\$303,253.83	\$441,770.47		\$1,967,578.41	34.35	2.91%	\$57,273.63	\$57,273.83	\$0.20	0%	
1845	Underground Conductors & Devices	\$3,116,826.30	\$884,899.43	\$258,192.58		\$2,361,023.16	23.76	4.21%	\$99,369.66	\$99,369.81	\$0.14	0%	
1850	Line Transformers	\$4,566,943.97	\$1,499,119.00	\$234,274.94		\$3,184,962.44	20.72	4.83%	\$153,744.08	\$153,745.39	\$1.30	0%	
1855	Services (Overhead & Underground)	\$1,528,188.07	\$270,903.25	\$183,316.35		\$1,348,942.99	32.55	3.07%	\$41,446.00	\$41,442.22	-\$3.78	0%	
1860	Meters	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1860	Meters (Smart Meters)	\$2,801,293.40	\$1,529,985.17	\$630,823.71	\$18,195.30	\$1,568,524.78	7.08	14.13%	\$221,668.29	\$221,670.59	\$2.30	0%	
1905	Land	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1908	Buildings & Fixtures	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1910	Leasehold Improvements	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1915	Office Furniture & Equipment (10 years)	\$77,051.98	\$76,362.01	\$0.00		\$689.97	1.00	100.30%	\$692.05	\$689.94	-\$2.11	0%	
1915	Office Furniture & Equipment (5 years)	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1920	Computer Equipment - Hardware	\$224,704.63	\$166,333.72	\$12,086.24		\$64,414.03	2.63	38.10%	\$24,538.68	\$24,537.74	-\$0.94	0%	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1930	Transportation Equipment	\$1,038,880.72	\$991,471.75	\$0.00		\$47,408.97	3.52	28.44%	\$13,483.78	\$13,483.83	\$0.05	0%	
1935	Stores Equipment	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1940	Tools, Shop & Garage Equipment	\$569,020.57	\$462,975.47	\$22,376.35		\$117,233.27	2.96	33.83%	\$39,659.43	\$39,664.30	\$4.87	0%	
1945	Measurement & Testing Equipment	\$15,571.68	\$15,571.68	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1950	Power Operated Equipment	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1955	Communications Equipment	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1955	Communication Equipment (Smart Meters)	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1960	Miscellaneous Equipment	\$352,408.16	\$249,556.73	\$2,955.51		\$104,329.19	2.96	33.81%	\$35,270.18	\$35,273.37	\$3.20	0%	
1970	Load Management Controls Customer Premises	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1975	Load Management Controls Utility Premises	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1980	System Supervisor Equipment	\$402,478.87	\$154,458.97	\$509,510.13		\$502,774.96	15.13	6.61%	\$33,230.33	\$33,233.82	\$3.49	0%	
1985	Miscellaneous Fixed Assets												
1990	Other Tangible Property	\$0.00	\$0.00	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1995	Contributions & Grants	-\$4,941,998.00	-\$911,724.00	-\$764,807.00		-\$4,412,677.50	31.93	3.13%	-\$138,185.50	-\$138,189.00	-\$3.50	0%	
2440	Deferred Revenue		\$0.00			\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
2005	Property Under Finance Lease		\$0.00			\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
	Total	\$30,571,788.61	\$8,933,941.04	\$5,129,634.49	\$18,195	\$24,184,469.52	\$319.21		\$1,084,832.69	\$1,084,843.91	\$11.22	0%	

Table 29 – Depreciation Expenses 2024 (App 2-C)

		Year		2024									
Account	Description	Book Values				Service Lives		Depreciation Expense		Depreciation Expense on Assets ³	Depreciation Expense per Appendix 2-BA Fixed Assets, Column K	Variance ⁴	Variance %
		Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets	Depreciation Expense on Assets ³				
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f				
1609	Capital Contributions Paid					\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1611	Computer Software (Formally known as Account 1925)	\$452,123.00	\$284,109.00	\$10,801.00		\$173,414.50	5.48	18.24%	\$31,627.67	\$31,628.00	\$0.33	0%	
1612	Land Rights (Formally known as Account 1906)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1805	Land	\$219,283.87	\$0.00	\$0.00		\$219,283.87	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1808	Buildings	\$1,133,616.03	\$316,443.93	\$71.00		\$817,207.60	24.68	4.05%	\$33,118.85	\$33,118.00	-\$0.85	0%	
1810	Leasehold Improvements	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1815	Transformer Station Equipment >50 kV	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1820	Distribution Station Equipment <50 kV	\$5,911,705.90	\$913,839.55	\$19,516.00		\$5,007,624.35	33.68	2.97%	\$148,669.19	\$148,672.00	\$2.81	0%	
1825	Storage Battery Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1830	Poles, Towers & Fixtures	\$6,062,548.58	\$895,383.99	\$541,568.00		\$5,437,948.59	35.48	2.82%	\$153,248.56	\$153,250.00	\$1.44	0%	
1835	Overhead Conductors & Devices	\$8,590,329.09	\$1,333,645.62	\$943,825.00		\$7,728,595.97	40.58	2.46%	\$190,467.41	\$190,468.00	\$0.59	0%	
1840	Underground Conduit	\$2,491,717.47	\$360,527.66	\$874,875.00		\$2,568,627.31	36.47	2.74%	\$70,440.70	\$70,441.00	\$0.30	0%	
1845	Underground Conductors & Devices	\$3,375,018.88	\$984,269.23	\$1,082,109.00		\$2,931,804.15	24.74	4.04%	\$118,518.99	\$118,517.00	-\$1.99	0%	
1850	Line Transformers	\$4,801,218.91	\$1,652,864.39	\$510,118.00		\$3,403,413.52	20.71	4.83%	\$164,376.41	\$164,380.00	\$3.59	0%	
1855	Services (Overhead & Underground)	\$1,711,504.42	\$312,345.47	\$129,844.00		\$1,464,080.95	33.06	3.03%	\$44,289.59	\$44,289.00	-\$0.59	0%	
1860	Meters	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1860	Meters (Smart Meters)	\$3,413,921.81	\$1,751,655.76	\$314,062.00		\$1,819,297.05	7.20	13.88%	\$252,574.91	\$252,561.00	-\$13.91	0%	
1905	Land	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1908	Buildings & Fixtures	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1910	Leasehold Improvements	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1915	Office Furniture & Equipment (10 years)	\$77,051.98	\$77,051.98	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1915	Office Furniture & Equipment (5 years)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1920	Computer Equipment - Hardware	\$236,790.87	\$190,871.46	\$12,707.00		\$52,272.91	2.63	38.04%	\$19,883.19	\$19,885.00	\$1.81	0%	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1930	Transportation Equipment	\$1,038,880.72	\$1,004,955.58	\$0.00		\$33,925.14	3.50	28.57%	\$9,692.90	\$9,693.00	\$0.10	0%	
1935	Stores Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1940	Tools, Shop & Garage Equipment	\$591,396.92	\$502,639.77	\$18,831.00		\$98,172.65	4.25	23.53%	\$23,104.88	\$23,103.00	-\$1.88	0%	
1945	Measurement & Testing Equipment	\$15,571.68	\$15,571.68	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1950	Power Operated Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1955	Communications Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1955	Communication Equipment (Smart Meters)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1960	Miscellaneous Equipment	\$355,363.67	\$284,830.10	\$3,509.00		\$72,288.07	2.23	44.94%	\$32,489.02	\$32,492.00	\$2.98	0%	
1970	Load Management Controls Customer Premises	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1975	Load Management Controls Utility Premises	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1980	System Supervisor Equipment	\$911,989.00	\$187,692.80	\$567.00		\$724,579.70	15.76	6.35%	\$45,981.70	\$45,985.00	\$3.30	0%	
1985	Miscellaneous Fixed Assets												
1990	Other Tangible Property	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1995	Contributions & Grants	-\$5,706,805.00	-\$1,049,913.00	-\$2,240,200.00		-\$5,776,992.00	33.51	2.98%	-\$172,390.92	-\$172,387.00	\$3.92	0%	
2440	Deferred Revenue					\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
2005	Property Under Finance Lease					\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
	Total	\$35,683,227.80	\$10,018,784.97	\$2,222,203.00	\$ -	\$26,775,544.33	\$323.94		\$1,166,093.05	\$1,166,095.00	\$1.95	0%	

Table 30 – Depreciation Expenses 2025 (App 2-C)

		Year		2025									
Account	Description	Book Values				Service Lives		Depreciation Expense		Depreciation Expense per Appendix 2-BA Fixed Assets, Column K	Variance ⁴	Variance %	
		Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets	Depreciation Expense on Assets ³				
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f				
1609	Capital Contributions Paid					\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1611	Computer Software (Formally known as Account 1925)	\$462,924.00	\$315,737.00	\$20,270.00		\$157,322.00	4.53	22.08%	\$34,736.59	\$34,735.00	-\$1.59	0%	
1612	Land Rights (Formally known as Account 1906)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1805	Land	\$219,283.87	\$0.00	\$0.00		\$219,283.87	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1808	Buildings	\$1,133,687.03	\$349,561.93	\$7,286.00		\$787,768.10	23.74	4.21%	\$33,190.15	\$33,190.35	\$0.20	0%	
1810	Leasehold Improvements	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1815	Transformer Station Equipment >50 kV	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1820	Distribution Station Equipment <50 kV	\$5,931,221.90	\$1,062,511.55	\$2,712.00		\$4,870,066.35	32.70	3.06%	\$148,918.03	\$148,919.13	\$1.10	0%	
1825	Storage Battery Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1830	Poles, Towers & Fixtures	\$6,604,116.58	\$1,048,633.99	\$1,065,128.00		\$6,088,046.59	35.58	2.81%	\$171,096.17	\$171,101.76	\$5.59	0%	
1835	Overhead Conductors & Devices	\$9,534,154.09	\$1,524,113.62	\$693,058.00		\$8,356,969.47	40.70	2.46%	\$205,346.34	\$205,349.00	\$2.66	0%	
1840	Underground Conduit	\$3,366,592.47	\$430,968.66	\$115,005.00		\$2,993,126.31	37.26	2.68%	\$80,341.38	\$80,339.05	-\$2.33	0%	
1845	Underground Conductors & Devices	\$4,457,127.88	\$1,102,786.23	\$127,436.00		\$3,418,059.65	25.17	3.97%	\$135,793.56	\$135,796.00	\$2.44	0%	
1850	Line Transformers	\$5,311,336.91	\$1,817,244.39	\$247,820.00		\$3,618,002.52	20.65	4.84%	\$175,207.63	\$175,207.29	-\$0.34	0%	
1855	Services (Overhead & Underground)	\$1,841,348.42	\$356,634.47	\$383,381.00		\$1,676,404.45	33.43	2.99%	\$50,142.21	\$50,139.00	-\$3.21	0%	
1860	Meters	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1860	Meters (Smart Meters)	\$3,727,983.81	\$2,004,216.76	\$209,553.00		\$1,828,543.55	6.77	14.77%	\$270,011.30	\$270,014.00	\$2.70	0%	
1905	Land	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1908	Buildings & Fixtures	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1910	Leasehold Improvements	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1915	Office Furniture & Equipment (10 years)	\$77,051.98	\$77,051.98	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1915	Office Furniture & Equipment (5 years)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1920	Computer Equipment - Hardware	\$249,497.87	\$210,756.46	\$26,971.00		\$52,226.91	3.07	32.58%	\$17,017.57	\$17,020.00	\$2.43	0%	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1930	Transportation Equipment	\$1,038,880.72	\$1,014,648.58	\$484,028.00		\$266,246.14	4.58	21.82%	\$58,094.29	\$58,096.00	\$1.71	0%	
1935	Stores Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1940	Tools, Shop & Garage Equipment	\$610,227.92	\$525,742.77	\$31,681.00		\$100,325.65	6.26	15.97%	\$16,018.78	\$16,019.05	\$0.27	0%	
1945	Measurement & Testing Equipment	\$15,571.68	\$15,571.68	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1950	Power Operated Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1955	Communications Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1955	Communication Equipment (Smart Meters)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1960	Miscellaneous Equipment	\$358,872.67	\$317,322.10	\$0.00		\$41,550.57	1.65	60.58%	\$25,173.01	\$25,174.00	\$0.99	0%	
1970	Load Management Controls Customer Premises	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1975	Load Management Controls Utility Premises	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1980	System Supervisor Equipment	\$912,556.00	\$233,677.80	\$0.00		\$678,878.20	14.76	6.78%	\$46,000.69	\$46,000.00	-\$0.69	0%	
1985	Miscellaneous Fixed Assets												
1990	Other Tangible Property	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
1995	Contributions & Grants	-\$7,947,005.00	-\$1,222,300.00	-\$649,760.00		-\$7,049,585.00	33.81	2.96%	-\$208,512.08	-\$208,513.00	-\$0.92	0%	
2440	Deferred Revenue	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
2005	Property Under Finance Lease	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	0%	
	Total	\$37,905,430.80	\$11,184,879.97	\$2,764,569.00	\$ -	\$28,102,835.33	\$324.66		\$1,258,575.62	\$1,258,586.62	\$11.00	0%	

Table 31 – Depreciation Expenses 2026 (App 2-C)

		Year		2026									
Account	Description	Book Values				Service Lives		Depreciation Expense		Depreciation Expense on Assets ³	Depreciation Expense per Appendix 2-BA Fixed Assets, Column K	Variance ⁴	Variance %
		Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets					
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f				
1609	Capital Contributions Paid					\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1611	Computer Software (Formally known as Account 1925)	\$483,194.00	\$350,472.00	\$92,063.00		\$178,753.50	3.89	25.71%	\$45,962.69	\$45,968.30	\$5.61	0%	
1612	Land Rights (Formally known as Account 1906)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1805	Land	\$219,283.87	\$0.00	\$0.00		\$219,283.87	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1808	Buildings	\$1,140,973.03	\$382,752.79	\$10,000.00		\$763,220.24	22.88	4.37%	\$33,364.82	\$33,363.72	-\$1.10	0%	
1810	Leasehold Improvements	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1815	Transformer Station Equipment >50 kV	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1820	Distribution Station Equipment <50 kV	\$5,933,933.90	\$1,211,430.38	\$0.00		\$4,722,503.52	31.71	3.15%	\$148,946.68	\$148,949.27	\$2.58	0%	
1825	Storage Battery Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1830	Poles, Towers & Fixtures	\$7,669,244.58	\$1,219,735.75	\$841,259.71		\$6,870,138.69	35.73	2.80%	\$192,286.81	\$192,283.84	-\$2.97	0%	
1835	Overhead Conductors & Devices	\$10,227,212.09	\$1,729,462.62	\$775,879.43		\$8,885,689.18	40.63	2.46%	\$218,698.28	\$218,702.98	\$4.70	0%	
1840	Underground Conduit	\$3,481,597.47	\$511,307.66	\$409,573.80		\$3,175,076.71	37.10	2.70%	\$85,583.66	\$85,584.79	\$1.13	0%	
1845	Underground Conductors & Devices	\$4,584,563.88	\$1,238,582.23	\$239,375.25		\$3,465,669.27	24.57	4.07%	\$141,035.66	\$141,036.16	\$0.50	0%	
1850	Line Transformers	\$5,559,156.91	\$1,992,451.39	\$538,841.75		\$3,836,126.40	20.58	4.86%	\$186,438.75	\$186,445.02	\$6.28	0%	
1855	Services (Overhead & Underground)	\$2,224,729.42	\$406,773.47	\$169,956.07		\$1,902,933.99	34.49	2.90%	\$55,167.10	\$55,169.34	\$2.24	0%	
1860	Meters	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1860	Meters (Smart Meters)	\$3,937,536.81	\$2,274,230.76	\$170,000.00		\$1,748,306.05	6.19	16.17%	\$282,668.72	\$282,665.77	-\$2.96	0%	
1905	Land	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1908	Buildings & Fixtures	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1910	Leasehold Improvements	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1915	Office Furniture & Equipment (10 years)	\$77,051.98	\$77,051.98	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1915	Office Furniture & Equipment (5 years)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1920	Computer Equipment - Hardware	\$276,468.87	\$227,776.46	\$41,600.00		\$69,492.41	2.91	34.35%	\$23,872.35	\$23,877.10	\$4.75	0%	
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1930	Transportation Equipment	\$1,522,908.72	\$1,072,744.58	\$70,000.00		\$485,164.14	5.23	19.11%	\$92,730.15	\$92,722.75	-\$7.40	0%	
1935	Stores Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1940	Tools, Shop & Garage Equipment	\$641,908.92	\$541,761.77	\$59,000.00		\$129,647.15	6.31	15.86%	\$20,556.07	\$20,552.05	-\$4.02	0%	
1945	Measurement & Testing Equipment	\$15,571.68	\$15,571.68	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1950	Power Operated Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1955	Communications Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1955	Communication Equipment (Smart Meters)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1960	Miscellaneous Equipment	\$358,872.67	\$342,496.10	\$0.00		\$16,376.57	9.65	10.36%	\$1,696.95	-\$24,826.00	-\$26,522.95	107%	
1970	Load Management Controls Customer Premises	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1975	Load Management Controls Utility Premises	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1980	System Supervisor Equipment	\$912,556.00	\$279,677.80	\$0.00		\$632,878.20	13.76	7.27%	\$46,000.74	\$46,000.00	-\$0.74	0%	
1985	Miscellaneous Fixed Assets												
1990	Other Tangible Property	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1995	Contributions & Grants	-\$8,596,765.00	-\$1,430,813.00	-\$790,000.00		-\$7,560,952.00	31.86	3.14%	-\$237,310.57	-\$237,308.20	\$2.37	0%	
2440	Deferred Revenue					\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
2005	Property Under Finance Lease					\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
	Total	\$40,669,999.80	\$12,443,466.42	\$2,627,549.00	\$ -	\$29,540,307.88	\$327.48		\$1,337,698.87	\$1,311,186.88	-\$26,511.99	-2%	

Table 32 – Depreciation Expenses 2027 (App 2-C)

		Year		2027									
Account	Description	Book Values				Service Lives		Depreciation Expense		Depreciation Expense on Assets ³	Depreciation Expense per Appendix 2-BA Fixed Assets, Column K	Variance ⁴	Variance %
		Opening Book Value of Assets	Less Fully Depreciated ¹	Current Year Additions	Disposals	Net Amount of Assets to be Depreciated	Remaining Life of Assets Existing ²	Depreciation Rate Assets					
		a	b	c	d	e = a-b+0.5*c-d	f	g = 1/f	h = e/f				
1609	Capital Contributions Paid					\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1611	Computer Software (Formally known as Account 1925)	\$575,257.00	\$396,440.30	\$351,600.00		\$354,616.70	3.93	25.47%	\$90,336.70	\$90,334.60	-\$2.10	\$0.00	0%
1612	Land Rights (Formally known as Account 1906)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1805	Land	\$219,283.87	\$0.00	\$0.00		\$219,283.87	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1808	Buildings	\$1,150,973.03	\$416,116.51	\$61,800.00		\$765,756.52	22.47	4.45%	\$34,086.65	\$34,081.72	-\$4.93	\$0.00	0%
1810	Leasehold Improvements	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1815	Transformer Station Equipment >50 kV	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1820	Distribution Station Equipment <50 kV	\$5,933,933.90	\$1,360,379.35	\$0.00		\$4,573,554.55	30.71	3.26%	\$148,951.46	\$148,949.27	-\$2.19	\$0.00	0%
1825	Storage Battery Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1830	Poles, Towers & Fixtures	\$8,510,504.29	\$1,412,019.59	\$644,845.91		\$7,420,907.65	35.54	2.81%	\$208,800.85	\$208,796.13	-\$4.73	\$0.00	0%
1835	Overhead Conductors & Devices	\$11,003,091.52	\$1,948,165.60	\$780,022.05		\$9,444,936.94	40.56	2.47%	\$232,840.95	\$232,847.54	\$6.59	\$0.00	0%
1840	Underground Conduit	\$3,891,171.27	\$596,892.45	\$415,120.28		\$3,501,838.95	37.32	2.68%	\$93,824.98	\$93,831.73	\$6.75	\$0.00	0%
1845	Underground Conductors & Devices	\$4,823,939.13	\$1,379,618.39	\$265,335.03		\$3,576,988.25	24.13	4.14%	\$148,248.05	\$148,246.31	-\$1.74	\$0.00	0%
1850	Line Transformers	\$6,097,998.66	\$2,178,896.41	\$240,755.75		\$4,039,480.12	20.44	4.89%	\$197,579.83	\$197,582.13	\$2.30	\$0.00	0%
1855	Services (Overhead & Underground)	\$2,394,685.49	\$461,942.81	\$188,387.48		\$2,026,936.42	34.69	2.88%	\$58,423.26	\$58,427.01	\$3.75	\$0.00	0%
1860	Meters	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1860	Meters (Smart Meters)	\$4,107,536.81	\$2,556,896.52	\$263,721.00		\$1,682,500.79	5.66	17.66%	\$297,125.13	\$297,123.13	-\$2.00	\$0.00	0%
1905	Land	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1908	Buildings & Fixtures	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1910	Leasehold Improvements	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1915	Office Furniture & Equipment (10 years)	\$77,051.98	\$77,051.98	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1915	Office Furniture & Equipment (5 years)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1920	Computer Equipment - Hardware	\$318,068.87	\$251,653.56	\$20,600.00		\$76,715.31	2.55	39.23%	\$30,097.42	\$30,097.10	-\$0.32	\$0.00	0%
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1930	Transportation Equipment	\$1,592,908.72	\$1,165,467.33	\$0.00		\$427,441.39	4.40	22.72%	\$97,101.63	\$97,097.75	-\$3.88	\$0.00	0%
1935	Stores Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1940	Tools, Shop & Garage Equipment	\$700,908.92	\$562,314.82	\$25,750.00		\$151,469.10	6.11	16.37%	\$24,794.42	\$24,790.55	-\$3.87	\$0.00	0%
1945	Measurement & Testing Equipment	\$15,571.68	\$15,571.68	\$0.00		\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1950	Power Operated Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1955	Communications Equipment	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1955	Communication Equipment (Smart Meters)	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1960	Miscellaneous Equipment	\$358,872.67	\$317,670.10	\$0.00		\$41,202.57	7.96	12.56%	\$5,175.81	\$5,174.00	-\$1.81	\$0.00	0%
1970	Load Management Controls Customer Premises	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1975	Load Management Controls Utility Premises	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1980	System Supervisor Equipment	\$912,556.00	\$325,677.80	\$0.00		\$586,878.20	12.76	7.84%	\$45,997.19	\$46,000.00	\$2.81	\$0.00	0%
1985	Miscellaneous Fixed Assets												
1990	Other Tangible Property	\$0.00				\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
1995	Contributions & Grants	-\$9,386,765.00	-\$1,668,121.20	-\$984,808.00		-\$8,211,047.80	30.10	3.32%	-\$272,801.35	-\$272,804.36	-\$3.01	\$0.00	0%
2440	Deferred Revenue					\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
2005	Property Under Finance Lease					\$0.00	-	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0%
	Total	\$43,297,548.80	\$13,754,654.01	\$2,273,129.48	\$ -	\$30,679,459.53	\$319.33		\$1,440,582.98	\$1,440,574.60	-\$8.38	\$0.00	0%

2.4. DERIVATION OF THE WORKING CAPITAL ALLOWANCE

The Working Capital Allowance (WCA) has been derived in accordance with OEB policy by applying the 7.5 percent allowance to the sum of Power Supply Expenses and eligible OM&A cost categories. No lead/lag study has been undertaken, as none was required or previously ordered.

As shown in Table 31, the Test Year Working Capital Allowance of \$2.643 million represents an increase of \$145,457 compared to the 2022 Board-approved amount. The increase is primarily attributable to growth in eligible OM&A expenses over the period, reflecting higher operating, maintenance, billing, and administrative costs required to support utility operations. While Power Supply Expenses remain a significant component of the calculation, they have remained relatively stable over the planning period and are not the primary driver of the increase in the Working Capital Allowance.

The drivers of the increase in eligible OM&A expenses are discussed in detail in Exhibit 4, while the Power Supply forecast is addressed in the subsequent section of Exhibit 2. No changes have been made to the OEB-approved methodology used to calculate the Working Capital Allowance. The resulting allowance reflects the level of working capital required to support LUI's ongoing operations during the 2027 Test Year.

Table 33 – Trend in Working Capital Allowance

Particulars	BOARD APPR.	2022	2023	2024	2025	2026	2027
3500-Distribution Expenses - Operation	\$707,393	\$402,525	\$510,316	\$434,954	\$674,605	\$991,819	\$1,019,234
3550-Distribution Expenses - Maintenance	\$312,541	\$364,103	\$401,421	\$339,697	\$358,158	\$371,768	\$382,921
3650-Billing and Collecting	\$580,283	\$550,197	\$575,877	\$560,229	\$839,022	\$686,124	\$756,131
3700-Community Relations	\$19,757	\$29,397	\$20,655	\$17,837	\$13,521	\$14,035	\$14,456
3800-Administrative and General Expenses	\$1,202,267	\$1,231,924	\$1,624,584	\$1,888,305	\$1,859,360	\$1,865,023	\$1,973,479
Other Expenses or Adjustments	\$58,058	\$49,584	\$53,901	\$40,124	\$56,272	\$58,411	\$60,165
Total Eligible Distribution Expenses	\$2,880,299	\$2,627,729	\$3,186,756	\$3,281,147	\$3,800,938	\$3,987,180	\$4,206,387
Power Supply Expenses	\$30,424,042	\$28,857,936	\$29,909,027	\$30,121,402	\$31,897,388	\$32,854,310	\$31,037,388
Total Expenses for Working Capital	\$33,304,341	\$31,485,665	\$33,095,783	\$33,402,549	\$35,698,326	\$36,841,490	\$35,243,774
Working Capital factor	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
TOTAL	\$2,497,826	\$2,361,425	\$2,482,184	\$2,505,191	\$2,677,374	\$2,763,112	\$2,643,283

2.3.1 Derivation of the Cost of Power

The 2027 Cost of Power forecast consists of commodity costs, transmission charges, wholesale market charges, Low Voltage charges, and other IESO-administered charges. The forecast has been developed using the OEB Commodity Workform, the RTSR Workform, forecast billing determinants from the Load Forecast, and the most recent OEB-approved pass-through rates.

Table 34 – 2025 Cost of Power

Component	\$	Calculated based on loss-adjusted or non-loss adjusted
4705 -Power Purchased	\$23,106,680	Loss adjusted
4707- Global Adjustment	\$6,518,272	Loss adjusted
4708-Charges-WMS	\$1,158,833	Loss adjusted
4714-Charges-NW	\$2,083,281	Loss adjusted
4716-Charges-CN	\$1,609,049	Loss adjusted
4716-RPPP	\$147,894	Loss adjusted
4750-Charges-LV	\$891,138	Non-loss-adjusted
4751-IESO SME	\$58,447	Customer Count
Misc A/R or A/P	-\$4,536,205	OEB directed
TOTAL	\$31,037,388	

Commodity Costs

Power Purchased and Global Adjustment costs were calculated using the OEB Commodity Workform and forecast customer consumption volumes presented in Exhibit 3. Together, these costs total \$29.6 million and represent approximately 95% of the overall Cost of Power forecast.

Transmission Charges

Transmission Network and Connection charges were calculated using the OEB RTSR Workform and the most current Uniform Transmission Rates available at the time of filing. Detailed calculations supporting the proposed RTSR rates are provided in Exhibit 8.

Low Voltage Charges

Low Voltage charges were forecast using actual billing determinants and the most recent Hydro One Networks Inc. approved Low Voltage rates. Detailed support for the derivation of proposed Low Voltage rates, including historical trends in LV costs and revenues and the allocation methodology, is provided in Exhibit 8.2.1.

Other Pass-Through Charges

Wholesale Market Service charges, Capacity Based Recovery charges, Rural and Remote Rate Protection charges, and Smart Meter Entity charges were calculated using the applicable OEB-approved rates in effect at the time of filing and the forecast billing determinants presented in Exhibit 3.

Commodity and Global Adjustment non-RPP (4705- Power Purchased and 4707 Global Adjustment)

Commodity and Global Adjustment costs represent the largest component of Lakefront Utilities' Cost of Power forecast. For the 2027 Test Year, commodity and Global Adjustment costs total \$29.6 million, representing approximately 95% of the overall Cost of Power requirement.

"The forecast was developed using the OEB Commodity Workform and is based on the forecast billing determinants presented in Exhibit 3. Total forecast consumption for the 2027 Test Year is approximately 246.5 GWh, consisting of 126.9 GWh of RPP consumption and 119.6 GWh of non-RPP consumption. In addition, approximately 40.4 GWh of consumption is forecast to be supplied by Class A customers."

Commodity costs have been calculated using the most recent OEB-approved Regulated Price Plan prices and forecast non-RPP commodity prices available at the time of filing. Global Adjustment costs have been calculated using the methodology prescribed in the OEB Commodity Workform and reflect the forecast mix of RPP, non-RPP, and Class A customers within LUI's service territory.

The forecast Cost of Power has been developed using the most current information available at the time of filing and is consistent with the methodology approved by the OEB in previous Cost of Service proceedings. As commodity costs are flowed through directly to customers, LUI does not earn a profit or incur a loss on these charges. Any differences between forecast and actual costs are recorded in the applicable Retail Settlement Variance Accounts and are subsequently reviewed and disposed of through future OEB proceedings.

Component	Amount (\$)	% of Cost of Power
Power Purchased	23,106,680	74.4%
Global Adjustment	6,518,272	21.0%
Total Commodity and GA	29,624,952	95.4%

2.5. DISTRIBUTION SYSTEM PLAN FOR SMALL UTILITIES

In accordance with section 2.2.2.1 of the Filing Requirements, LUI has filed its 2027–2031 Distribution System Plan as a stand-alone document in Appendix 2B. The asset condition assessment is provided in Appendix 2C.

2.2.5 Capitalization Policy- Updated for 2027 Cost of Service

LUI's capitalization practices are consistent with IFRS, the Accounting Procedures Handbook, and applicable OEB guidance. Capital assets include expenditures that are directly attributable to the acquisition, construction, or betterment of utility assets that are expected to provide economic benefit beyond one year.

Assets with a cost exceeding \$2,000 are generally capitalized. Direct labour, materials, and other costs directly attributable to bringing an asset into service are included in the cost of self-constructed assets. Expenditures that maintain an asset in its existing condition are expensed, while expenditures that extend useful life, increase capacity, improve output, or otherwise enhance service potential are capitalized.

LUI continues to apply component accounting and asset service lives consistent with its previous Cost of Service application. LUI does not capitalize general administrative, finance, regulatory, or governance costs.

LUI confirms that no material changes have been made to its capitalization policy since its last rebasing application except as otherwise described in this application. The complete Capitalization Policy is provided in Appendix 2A.

Table 35 – Comparison of Burden Rates

Year	2022 CoS Evidence	2027 CoS Evidence
2016 Actual	91%	—
2017 Actual	88%	—
2018 Actual	83%	—
2019 Actual	79%	—
2020 Actual	60%	—
2021 Bridge Year	80%	—
2022 Test Year / Actual	80%	80%
2023 Actual	—	84%
2024 Actual	—	89%
2025 Actual	—	82%
2026 Bridge Year	—	81%
2027 Test Year	—	79%

The methodology used to calculate burden rates has remained consistent since LUI's last rebasing application. LUI has, however, continued to refine the underlying data used in the calculations through improved cost tracking and labour allocation processes. These refinements enhance the accuracy of the burden rates but do not represent a change in methodology.

APPENDICES

List of Appendices

Appendix 2A	Capitalization Policy
Appendix 2B	Distribution System Plan

Appendix A – Capitalization Policy

1. Introduction

Lakefront Utilities Inc. (LUI) applies capitalization policies and practices that are consistent with International Financial Reporting Standards (IFRS), the Ontario Energy Board's Accounting Procedures Handbook (APH), and applicable regulatory guidance.

Property, Plant and Equipment (PP&E) include expenditures that are directly attributable to the acquisition, construction, installation, or improvement of utility assets. The cost of self-constructed assets includes the cost of materials, direct labour, and other costs directly attributable to bringing the asset into service and capable of operating as intended.

Assets with a cost in excess of \$2,000 and an expected useful life greater than one year are generally capitalized. Expenditures that create a physical betterment or improvement of an asset are also capitalized.

2. Capital Asset Recognition

Capital assets include property, plant and equipment held for use in the distribution of electricity and other utility operations that provide benefits extending beyond one year. Capital expenditures also include improvements or betterments to existing assets.

Intangible assets are also considered capital assets and are defined as assets that lack physical substance but provide future economic benefits.

3. Betterments

A betterment is a cost that enhances the service potential of a capital asset and/or increases its value and is therefore capitalized.

Betterments include expenditures that:

- Increase the capacity of the asset;
- Reduce associated operating costs;
- Improve the quality of output or service provided by the asset; or
- Extend the useful life of the asset.

Routine maintenance activities undertaken to maintain an asset in its existing condition do not constitute a betterment and are not capitalized.

4. Repairs and Maintenance

Repairs and maintenance expenditures are incurred to maintain the service potential of a capital asset and are expensed in the period incurred.

Expenditures intended to preserve an asset in its original operating condition, without extending useful life or enhancing service potential, are recorded as operating expenses.

5. Capitalization by Component

Where significant components of an asset have different useful lives, they are accounted for separately in accordance with IFRS componentization requirements.

Components are separately identified when they:

- a) are significant in relation to the total cost of the asset; and
- b) have different depreciation methods or useful lives.

Components with similar useful lives and depreciation methods may be grouped together for depreciation purposes. Portions of an asset that are not individually significant may be combined and accounted for as a single component.

6. Asset Service Lives

LUI applies the following useful lives for depreciation purposes:

USoA Account Number	Description	Useful Life (Years)
1611	Computer Software	5
1808	Buildings	50
1820	Distribution Station Equipment < 50 kV	45
1830	Poles, Towers and Fixtures	45
1835	Overhead Conductors and Devices	55
1840	Conduit	50
1845	Underground Conductors and Devices	35
1850	Line Transformers	35
1855	Services (Overhead and Underground)	55
1860	Meters	25
1860	Smart Meters	15
1915	Office Furniture and Equipment	10
1920	Computer Equipment – Hardware	5
1930	Transportation Equipment – Cars	5
1930	Transportation Equipment – Trucks	8
1940	Tools, Shop and Garage Equipment	10
1945	Measurement and Testing Equipment	10
1960	Miscellaneous Equipment	10
1980	System Supervisory Equipment	20
1995	Contributions and Grants	25

7. Customer Contributions

For financial reporting purposes, customer contributions and capital contributions are recorded as deferred revenue liabilities and amortized to revenue over the useful life of the related assets.

For rate-setting purposes, contributed capital is reflected as a reduction to rate base and the associated amortization is reflected as an offset to depreciation expense, in accordance with OEB requirements.

8. Depreciation

Depreciation is calculated using the straight-line method over the estimated useful life of each significant asset component.

Land and land rights are not depreciated.

Construction work in progress is not depreciated until the asset is placed into service and is available for its intended use.

Depreciation commences when an asset is available for use, meaning it is in the location and condition necessary to operate as intended.

For rate-setting purposes, first-year depreciation is calculated using the half-year rule in accordance with OEB filing requirements.

Depreciation ceases when an asset is retired from service, sold, or fully depreciated.

9. Overhead Capitalization

LUI capitalizes only those costs that are directly attributable to the acquisition, construction, installation, or betterment of capital assets.

The cost of self-constructed assets may include direct labour, materials, and other directly attributable costs necessary to place the asset into service.

LUI does not capitalize general administrative, finance, regulatory, governance, or other corporate support costs that cannot be directly attributed to the construction or acquisition of a capital asset.

LUI has reviewed its overhead capitalization practices and applies a direct allocation methodology to ensure that only costs appropriately attributable to capital activities are included in capital project costs.

Appendix B – Distribution System Plan