

LakelandPower

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December 18, 2008

VIA MAIL and E-MAIL

**Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto, ON
M4P 1E4**

Dear Ms. Walli:

**RE: Lakeland Power Distribution Ltd.
EB-2008-0234
2009 Electricity Distribution Rate Application
Responses to Energy Probe Interrogatories**

Please find enclosed the response to the interrogatories of Energy Probe in the above-noted proceeding.

Respectfully submitted,



**Margaret Maw
CFO
Lakeland Holding Ltd.**

**LAKELAND POWER DISTRIBUTION LIMITED
2009 RATES REBASING CASE
EB-2008-0234**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

**Responses to Energy Probe Interrogatories
By Lakeland Power Distribution Ltd.
December 18, 2008**

Interrogatory # 1

**Ref: Exhibit 1, Tab 1, Schedule 5
Exhibit 1, Tab 2, Schedule 1**

- a) Please reconcile the revenue deficiency of \$991,889 as stated in Exhibit 1, Tab 1, Schedule 5, page 1 with the deficiency in distribution revenue of \$989,094 in Exhibit 1, Tab 2, Schedule 1, page 4.

The second reference is a typographical error. All rates and variance analysis is based on \$5,365,301 and \$991,889. (see Exhibit 1/Tab 2/Schedule 4)

- b) Please confirm that the difference between the revenue requirement of \$5,365,301 in Exhibit 1, Tab 1, Schedule 1, page 1, and the base revenue requirement of \$4,957,965 in Exhibit 1, Tab 2, Schedule 1, page 4 is based on the other operating revenue.

The difference is \$407,336 which is the Other Operating Revenue as outlined in Exhibit 3, Tab 1, Schedule 2, page 1

Interrogatory # 2

Ref: Exhibit 1, Tab 2, Schedule 1, Table 2

Please provide a revised Table 2 showing the impacts (percentage and dollars) of change in the distribution rates only.

As there is a requested change in Total loss factor, the total change to the bill would not be correct as it would be missing information that impacts the bill.

Interrogatory # 3

Ref: Exhibit 2, Tab 1, Schedule 1

Please reconcile the rate base figure for the 2009 test year of \$15,499,710 shown at line 13 of page 1 with the figure of \$15,521,320 shown in Table 1.

A number of the tables in Exhibit 2 did not update with the corrected information when they were printed however the commentary is utilizing the correct data. Please see below for the corrected tables. \$15,499,710 is the correct value.

Exhibit 2/1/1 page 1

Table 1
Summary of Rate Base

Description	2006 OEB Approved	2006 Actual	2007 Actual Year	2008 Bridge Year	2009 Test Year
Gross Fixed Assets	16,296,006	17,934,442	18,778,725	19,753,513	21,438,673
Accumulated Depreciation	(3,313,079)	(5,449,494)	(6,453,045)	(7,498,107)	(8,608,320)
Net Book Value	12,982,926	12,484,947	12,325,680	12,255,406	12,830,353
Average Net Book Value	12,982,926	12,536,442	12,405,314	12,290,543	12,542,880
Working Capital	17,594,466	18,046,552	18,528,905	19,138,925	19,712,202
Working Capital Allowance	2,639,170	2,706,983	2,779,336	2,870,839	2,956,830
Rate Base	15,622,096	15,243,425	15,184,649	15,161,382	15,499,710

Exhibit 2-1-2 page 1

**Table 1
Rate Base Variances**

Rate Base:

Description	2006 OEB Approved*	2006 Actual	Variance from 2006 OEB Approved	2007 Actual Year	Variance from 2006 Actual	2008 Bridge Year	Variance from 2007 Actual Year	2009 Test Year	Variance from 2008 Bridge Year
Gross Fixed Assets	16,296,006	17,934,442	1,638,436	18,778,725	844,284	19,753,513	974,788	21,438,673	1,685,160
Accumulated Depreciation	(3,313,079)	(5,449,494)	(2,136,415)	(6,453,045)	(1,003,551)	(7,498,107)	(1,045,062)	(8,608,320)	(1,110,213)
Net Book Value	12,982,926	12,484,947	(497,979)	12,325,680	(159,268)	12,255,406	(70,274)	12,830,353	574,947
Average Net Book Value	12,982,926	12,536,442	(446,484)	12,405,314	(131,128)	12,290,543	(114,771)	\$ 12,542,880	252,337
Working Capital	17,594,466	18,046,552	452,086	18,528,905	482,353	19,138,925	610,020	19,712,202	573,277
Working Capital Allowance	2,639,170	2,706,983	67,813	2,779,336	72,353	2,870,839	91,503	\$ 2,956,830	85,992
Rate Base	15,622,096	15,243,425	(378,671)	15,184,649	(58,776)	15,161,382	(23,267)	\$ 15,499,710	338,328

Exhibit 2/1/2 page 2

**Table 2
Rate Base Materiality**

Description	2006 OEB Approved	2006 Actual	2007 Actual Year	2008 Bridge Year	2009 Test Year
Gross Fixed Assets	\$16,296,006	17,934,441.85	\$18,778,725	\$19,753,513	\$21,438,673
Accumulated Depreciation	-\$3,313,079	- 5,449,494.36	-\$6,453,045	-\$7,498,107	-\$8,608,320
Net Book Value	\$12,982,926	12,484,947.49	\$12,325,680	\$12,255,406	\$12,830,353
Variance calc 1% NBV		\$124,849	\$123,257	\$122,554	\$128,304

Interrogatory # 4

Ref: Exhibit 2, Tab 1, Schedule 2

- a) Please reconcile the variance between 2009 and 2008 which is shown as #349,133 in Table 1 but is shown as \$338,328 on line 11 of page 2. Please also reconcile the figures provided for average net fixed assets.

See Interrogatory 3

- b) Please reconcile the 2008 rate base and variance figures provided on page 3 with the figures shown in Table 1.

See Interrogatory 3

Interrogatory # 5

Ref: Exhibit 2, Tab 1, Schedule 1 & Exhibit 2, Tab 2, Schedule 1 & Exhibit 2, tab 2, Schedule 4

Please explain why the year-end accumulated depreciation figures shown in Table 1 for 2008 and 2009 do not match the corresponding year-end figures provided in Exhibit 2, Tab 2, Schedule 1, or the figures provided in Exhibit 2, Tab 2, Schedule 4. Please explain the differences or indicate which figures are the correct figures and provide any required revised schedules/tables that include the correct figures.

See Interrogatory 3 and below

Lakeland Power Distribution Ltd.
EB-2008-0234
Responses to Energy Probe Interrogatories

Table 1
Accumulated Depreciation

Description	2006 Board Approved (\$)	2006 Actual (\$)	Variance from 2006 Board Approved	2007 Actual (\$)	Variance from 2006 Actual	2008 Bridge (\$)	Variance from 2007 Bridge	2009 Test (\$)	Variance from 2008 Bridge
Land and Buildings									
1806-Land Rights	15,147	15,147		15,147		15,147		15,147	
1808-Buildings and Fixtures	21,305	62,238	40,934	80,881	18,643	99,923	19,042	119,331	19,408
Sub-Total-Land and Buildings	36,451	77,385	40,934	96,028	18,643	115,069	19,042	134,478	19,408
DS									
1820-Distribution Station Equipment - Normally Primary below 50 kV	212,337	364,105	151,768	438,525	74,420	512,986	74,461	597,448	84,461
Sub-Total-DS	212,337	364,105	151,768	438,525	74,420	512,986	74,461	597,448	84,461
Poles and Wires									
1830-Poles, Towers and Fixtures	952,460	1,529,836	577,376	1,779,288	249,452	2,036,496	257,208	2,304,912	268,416
1835-Overhead Conductors and Devices	215,867	447,973	232,106	551,726	103,754	661,254	109,528	777,014	115,760
1840-Underground Conduit	505,822	822,047	316,225	950,970	128,923	1,082,103	131,133	1,216,938	134,835
1845-Underground Conductors and Devices	107,095	221,881	114,787	273,037	51,156	328,571	55,534	387,654	59,082
Sub-Total-Poles and Wires	1,781,244	3,021,737	1,240,493	3,555,022	533,285	4,108,424	553,403	4,686,518	578,094
Line Transformers									
1850-Line Transformers	570,785	1,028,023	457,237	1,237,392	209,369	1,464,729	227,338	1,698,021	233,292
Sub-Total-Line Transformers	570,785	1,028,023	457,237	1,237,392	209,369	1,464,729	227,338	1,698,021	233,292
Services and Meters									
1855-Services	19,551	42,074	22,523	53,920	11,846	67,414	13,494	82,113	14,699
1860-Meters	194,757	310,361	115,604	359,751	49,391	411,494	51,743	464,037	52,543
Sub-Total-Services and Meters	214,308	352,435	138,126	413,671	61,237	478,908	65,237	546,150	67,241
General Plant									
1908-Buildings and Fixtures	14,847	22,509	7,662	27,273	4,764	32,833	5,560	38,393	5,560
Sub-Total-General Plant	14,847	22,509	7,662	27,273	4,764	32,833	5,560	38,393	5,560
IT Assets									
1920-Computer Equipment - Hardware	121,942	196,941	75,000	229,823	32,881	263,499	33,676	304,237	40,738
1925-Computer Software	18,137	60,851	42,714	83,981	23,130	107,267	23,286	134,289	27,021
Sub-Total-IT Assets	140,078	257,792	117,714	313,804	56,012	370,766	56,962	438,525	67,759
Equipment									
1915-Office Furniture and Equipment	45,382	69,509	24,127	78,150	8,641	88,704	10,554	100,559	11,854
1930-Transportation Equipment	201,533	385,536	184,003	515,524	129,989	651,079	135,555	793,732	142,653
1935-Stores Equipment	2,697	4,477	1,780	5,297	820	6,467	1,170	7,986	1,520
1940-Tools, Shop and Garage Equipment	80,720	106,031	25,310	115,222	9,191	126,413	11,191	140,193	13,780
1955-Communication Equipment	26,109	50,482	24,374	63,594	13,112	79,644	16,050	95,694	16,050
1960-Miscellaneous Equipment									
Sub-Total-Equipment	356,442	616,035	259,593	777,787	161,752	952,306	174,520	1,138,163	185,857
Other Distribution Assets									
1995-Contributions and Grants - Credit	(13,414)	(290,525)	(277,112)	(406,455)	(115,930)	(537,915)	(131,460)	(669,376)	(131,460)
Sub-Total-Other Distribution Assets	(13,414)	(290,525)	(277,112)	(406,455)	(115,930)	(537,915)	(131,460)	(669,376)	(131,460)
ACCUMULATED DEPRECIATION TOTAL	3,313,079	5,449,494	2,136,415	6,453,045	1,003,551	7,498,107	1,045,062	8,608,320	1,110,213

Interrogatory # 6

Ref: Exhibit 2, Tab 2, Schedule1

- a) Please explain the reduction in the depreciation expense shown at the bottom of the 4 pages under the heading “Less: Fully Allocated Depreciation”.

Depreciation expense for vehicles and for the communication equipment in the trucks are attached to the projects that the trucks are used in, not the depreciation expense Account 5705.

- b) In 2006 the fully allocated depreciation for communication is equal to the amount shown for account 1955. However, in 2007, 2008 and 2009 the amount shown as fully allocated is less than the amount of depreciation shown in account 1955. Please explain why these amounts do not change from the 2006 level.

Prior to 2007, the communication capital was specifically for the communication equipment in the trucks. In 2007 fibre optics communication between the operations and administration offices was added which is not linked to truck usage.

- c) In 2006, 2007 and 2008 the fully allocated depreciation for transportation is equal to the amount shown for account 1930 in each year. Please explain the significant drop in the fully allocated amount in 2009 from the 2008 level. Please also explain why this amount is not equal to the amount shown in account 1930 in 2009, but is equal to the amount shown for account 1940 in 2009.

The allocated number in 2009 picked up account 1940 rather than 1930. This has no impact on the rate application as it was only used to show the reconciliation between Accounts 5705 and 2105 in 2006 and 2007.

Interrogatory # 7

Ref: Exhibit 2, Tab 2, Schedule 1

- a) Please explain the disposal shown for 2006 in account 1930.

Three vehicles were disposed of in 2006.

2 1995 Pickup trucks

1 1993 Bucket truck

- b) Why is there no corresponding adjustment to accumulated depreciation?

The adjustment to accumulated depreciation was netted in additions.

Breakout – additions	\$103,158.69
- disposals	\$(23,922.45)

d) If this adjustment is related to the disposal of a vehicle, did LPDL receive any proceeds for the vehicle and if so, how were the proceeds accounted for?
The proceeds for the vehicles totaled \$33,900 and was booked to Account 4355 and included in Other Revenue.

2 1995 Pickup trucks sold for \$500 combined
1 1993 Bucket truck sold for \$33,400

Interrogatory # 8

Ref: Exhibit 2, Tab 2, Schedule 1, Table 4

The depreciation expense shown in the Accumulated Depreciation “Additions” column appears to be high for at least some of the accounts. For example, a depreciation expense of \$268,415.91 is shown for account 1830. With a closing cost balance of \$5,487,060.75, this represents a depreciation rate of approximately 4.9%. Yet the life of account 1830 assets is shown to be 25 years (Exhibit 2, Tab 2, Schedule 5, Table 1).

a) Please provide the depreciation rate used for each class of assets found in Table 4.

Account	Years
1808	30
1820	25
1830	25
1835	25
1840	25
1845	25
1850	25
1855	25
1860	25
1908	30
1915	10
1920	5
1925	5
1930	5-8
1935	10
1940	10
1955	10
1995	25

- b) Please explain the rationale for any depreciation rates that are different from those found in the 2006 EDR Handbook.

No differences exist

- c) Please provide all the calculations used to calculate the depreciation expense for each asset class found in Table 4. Please show and explain any adjustments made to the figures to which the depreciation rates apply if they are different from the opening cost balances and cost additions shown in Table 4.

Lakeland uses a half year rule on new additions (addition divided by 50 in the case of 25 year assets) then a full year (ie. 1/25) until fully depreciated.

Interrogatory # 9

Ref: Exhibit 1, Tab 2, Schedule 1, page 2 & Exhibit 2, Tab 3, Schedule 1, page 1

- a) The evidence states that LPDL has “consistently exceeded the OEB’s Service Quality Indicators” (Exhibit 1, Tab 2, Schedule 1, page 2). In light of this statement, please explain why LPDL requires additional capital expenditures to reflect a new focus to improve quality of service to its customers?

LPDL feels that the OEB SQI levels are a minimum standard and don’t reflect what should be achieved in the communities it participates in. Consistently, LPDL is among the worst when compared to other utilities within an EDA study. In addition, LPDL receives many customer complaints about reliability. Every time there is a storm (rain or snow) the power supply both from H1 as well as downed trees and lines is affected resulting in power outages.

- b) How many complains has LPDL received from its customers in each of the last three years related to its quality of service?

Although Lakeland does not specifically track complaints, it is in the hundreds including newspaper articles, telephone calls, emails and letters. In the past three weeks alone, we have received over 100 complaints over our service. Although a number of these outages are due to Hydro One supply, we still have areas of our own system that are aging and between that and tree trimming issues, our customers are not happy.

Interrogatory # 10

Ref: Exhibit 2, Tab 3, Schedule 1, Table 1

The evidence indicates that LPDL will spend approximately \$1 million in funds received through capital contributions on distribution plant-related projects.

- a) Please show where in Table 1 this \$1 million is included in the 2009 forecast, or whether it has not been included because it would have been netted off on the contributed capital line.

It has not been included as it would have been netted off and the depreciation rates are the same.

- b) If the contributed capital is included in the expenditures shown for 2008 and/or 2009, please explain why there are no reductions in the net expenditures to reflect contributed capital as there is in 2006 and 2007.

See above

- c) Please provide 2008 and 2009 figures in Table 1 on a consistent basis with those for 2006 and 2007, that is, show gross expenditures by line item, as well as contributed capital and the resulting net additions for the year.

Account 1820	\$1,500,000
Account 1995	(1,000,000)

As per discussion on Exhibit 2, Tab 3, Schedule 1 page 4

- c) Is there any impact on the calculation of rate base or on the amount of depreciation expense from the approach taken by LPDL as opposed to including the full amounts in the relevant asset categories and an offsetting amount for contributed capital?

See part (a) above

Interrogatory # 11

Ref: Exhibit 2, Tab 3, Schedule 1, Table 1
Exhibit 2, Tab 1, Schedule 1

The evidence indicates that an actual-to-budget review process is in place at LPDL (Exhibit 2, Tab 1, Schedule 1, page 10). Based on the most recent YTD actuals, please provide the following:

- a) the actual YTD capital expenditures at the same level of detail as found in Exhibit 2, Tab 3, Schedule 1, Table 1;**

Category	2008	2008 A	Variance	2008 F	2009
		Oct/08			Revised
	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>	<u>(\$000)</u>
Distribution Stations(1820)	0	0	0	0	673
Overhead (1830/1835)	282	339	(57)	469	590
Underground (1840/1845)	180	127	53	157	182
Line Transformers(1850)	228	227	1	237	190
New Services(1855)	30	38	(8)	38	30
Metering(1860)	25	9	16	11	15
Contributed Capital(1995)	<u>0</u>	<u>(334)</u>	<u>(334)</u>	<u>(334)</u>	
Total	745	406	339	578	1,680
Building (1808)	22	22	0	22	0
Office Equipment (1915)	18	33	(15)	33	8
Computer Hardware (1920)	59	15	44	30	35
Computer Software (1925)	62	5	57	20	25
Vehicles (1930)	45	72	(27)	237	0
Tools (1940)	27	17	10	22	25
Total All	975	570	405	942	1,773

- b) the YTD variance in capital expenditures from forecast for 2008 for each line in Table 1;**

see above

- c) the current projection for capital expenditures for 2008, along with an explanation for any change from the forecast filed as part of this application for each line of Table 1;

Due to the amount of capital work performed for which there was a capital contribution, the upgrade of Wilson's Falls Road will be deferred to 2009. In addition, due to engine and boom failure on a bucket truck, the expenditure set aside for 2009 has now been completed in 2008. Also due to high maintenance costs, an additional pickup truck was replaced in 2008 and will be taken out of the 2009 budget. A number of smaller software and hardware items are also deferred to 2009.

- d) any changes to the 2009 capital expenditure forecast resulting from changes to the 2008 projection for each line in Table 1.

Due to the purchase of the bucket truck in 2008, it has been removed from 2009. Computer item has not been increased although items have been deferred. The distribution station costs have increased due to the addition of another developer on the same substation.

Interrogatory # 12

Ref: Exhibit 2, Tab 3, Schedule 1, page 4

- a) Is the 10 MVA substation the lowest cost option available to LPDL to service the expansion customer that requires approximately 5 MVA? What other options were considered and what were the associated costs?

At this point it is mute as a new developer has come on near the same site absorbing enough capacity that the station required is a 10 MVA unit. The other options assessed at the time were as follows:

1. Load shifting between feeders. This was the lowest cost option but did not free up enough capacity for the development, therefore was dropped.
2. Another option was to install the 5MVA station and dedicate the capacity to the development. This would be fine but did not allow for other developments in the future.
3. The 10MV option was the most expensive, and offers:
 - a) future capacity for other developments.
 - b) By this unit being 10MVA, during fall and spring when the load is low enough (not heating or cooling season), we will be able to take our other station out of service to perform maintenance. Currently we turn our customers off to perform maintenance on this station. There is also a tap changer that takes approximately 16 hours to service that has not been done in a while. We will be able to complete the maintenance on this component without creating a lengthy outage for our customers once this is in place.

- b) If there were other alternatives at a lower cost, why were they not selected?

See above

Interrogatory # 13

**Ref: Exhibit 2, Tab 3, Schedule 1, Tables 3 & 4
Exhibit 2, Tab 1, Schedule 1**

The evidence indicates that an actual-to-budget review process is in place at LPDL (Exhibit 2, Tab 1, Schedule 1, page 10). Based on the most recent YTD actuals, please provide the following:

- a) the actual YTD capital expenditures at the same level of detail as found in Exhibit 2, Tab 3, Schedule 1, Table 3 and Table 4;
incorporated into Interrogatory # 12
- b) the YTD variance in capital expenditures from forecast for 2008 for each line in Table 3 and Table 4;

incorporated into Interrogatory # 12

- c) the current projection for capital expenditures for 2008, along with an explanation for any change from the forecast filed as part of this application for each line of Table 3 and Table 4;

incorporated into Interrogatory # 12

- e) any changes to the 2009 capital expenditure forecast resulting from changes to the 2008 projection for each line in Table 3 and Table 4.

incorporated into Interrogatory # 12

Interrogatory # 14

**Ref: Exhibit 2, Tab 3, Schedule 1, page 10
Exhibit 2, Tab 3, Schedule 2, page 5**

The evidence indicates that the vehicles being purchased in 2008 and 2009 are replacing existing vehicles.

- a) Will LPDL dispose of the vehicles that are being replaced? If not, what will these vehicles be used for? If the vehicles are to be disposed of, what is the expected revenue associated with the dispositions?

2008

2000 Pickup – fully depreciated – sold for proceeds of \$3,011.20

2000 Pickup – fully depreciated – sold for proceeds of \$1,226.00
2001 Pickup – fully depreciated – sold for proceeds of \$3,000.00
2002 Bucket truck – NBV \$17,000 – sold for \$15,000 – net loss of \$2000
2008 Summary – net gain of \$5,237

2009

Revised to zero as replacements occurred in 2008

- b) The continuity statements for 2008 and 2009 shown in Exhibit 2, Tab 2, Schedule 1 do not reflect the disposal of any assets in account 1930, unlike the disposal shown in 2007. Please explain why the vehicles being replaced in 2008 and 2009 are not shown as disposals in these schedules.

The details were not known at the time of the completion of the schedule

- c) What is the impact on the depreciation expense if these replaced vehicles are removed from the fixed asset base?

Depreciation Expense impact

2008									
Description	Cost			Closing Balance	Accumulated Depreciation			Closing Balance	NBV
	Opening Balance	Additions	Disposals		Opening Balance	Additions	Disposals		
1930-Transportation									
as per filing	975,671.92	45,000.00		1,020,671.92	515,524.34	135,554.83		651,079.17	369,592.75
Proposed addition		- 45,000.00	-	45,000.00		- 4,500.00	-	4,500.00	- 40,500.00
Actual additions		237,487.00		237,487.00		17,562.00		17,562.00	219,925.00
Disposals			177,150.00	- 177,150.00			160,030.00	- 160,030.00	- 17,120.00
2008 Balance	975,671.92	237,487.00	177,150.00	1,036,008.92	515,524.34	148,616.83	160,030.00	504,111.17	531,897.75
2009									
Description	Cost			Closing Balance	Accumulated Depreciation			Closing Balance	NBV
	Opening Balance	Additions	Disposals		Opening Balance	Additions	Disposals		
1930-Transportation									
as per filing	1,020,671.92	205,000.00		1,225,671.92	651,079.17	142,652.95		793,732.12	431,939.80
2008 changes	15,337.00	- 205,000.00	-	189,663.00	- 146,968.00	- 23,812.50	-	170,780.50	- 18,882.50
Adj for bucket truck disp				-		- 17,120.00	-	17,120.00	17,120.00
Full year on 2008 adds				-		35,123.00		35,123.00	- 35,123.00
2009 Balance	1,036,008.92	-	-	1,036,008.92	504,111.17	136,843.45	-	640,954.62	395,054.30

Depreciation increases in 2008 by \$13 K and decreases in 2009 by \$6 K.

d) What is the impact on the calculation of rate base if these replaced vehicles are removed from the fixed asset base?

Revised Rate Base					
Description	2006 OEB Approved	2006 Actual	2007 Actual Year	2008 Bridge Year	2009 Test Year
Gross Fixed Assets	16,296,006	17,934,442	18,778,725	19,768,851	21,249,011
Accumulated Depreciation	(3,313,079)	(5,449,494)	(6,453,045)	(7,351,140)	(8,455,543)
Net Book Value	12,982,926	12,484,947	12,325,680	12,417,712	12,793,468
Average Net Book Value	12,982,926	12,536,442	12,405,314	12,371,696	12,605,590
Working Capital	17,594,466	18,046,552	18,528,905	19,138,925	19,712,202
Working Capital Allowance	2,639,170	2,706,983	2,779,336	2,870,839	2,956,830
Rate Base	15,622,096	15,243,425	15,184,649	15,242,535	15,562,420

Rate base increases by \$63 K.

e) How does LPDL account for any income received on the disposition or sale of the vehicles being replaced? Please indicate where in the evidence this income is reflected.

Gain on the sale of a vehicle is booked to Account 4355 and a loss to 4360. The income from this source in 2008 and 2009 was not reflected in the evidence as only the loss was known at the time of filing.

Interrogatory # 15

Ref: Exhibit 2, Tab 3, Schedule 2

- a) Could any of the six aging asset projects proposed for 2008 be deferred to 2009?

Of the six projects identified, four are complete, one will be complete by the end of next week, and the final one has been started and will be completed early in 2009.

- b) Will each of the six aging asset projects have an in-service date by the end of 2008? If not, please identify which projects will have an in-service date in 2009.

The upgrade to Wilson Falls Road will be completed in early 2009.

- c) Please confirm that the 30 transformers that were planned to be changed out in 2008 have been or will be by the end of 2008.

The 30 transformers were changed out in September.

- d) In light of the statement on page 3 that the remaining transformers (70) will be done over the next two years (2009 and 2010), please explain why the Regulatory capital expenditures fall from \$227,714 in 2008 to \$70,000 as shown in Table 2 of Exhibit 2, Tab 3, Schedule 1.

The purchase of the actual units have to be made early as the lead time is so long and the installation will be done in the first quarter of 2009.

Interrogatory # 16

**Ref: Exhibit 2, Tab 3, Schedule 4, page 5 & 6
Exhibit 2, Tab 2, Schedule 1, Table 1**

- a) Please explain the relationship between the four vehicles that were replaced in 2006 and the disposal figure of \$23,922.45 shown in the continuity schedule for account 1930.

Disposal	Cost	Accum Dep	Proceeds
1993 Freightliner	6,146.62	6,146.62	32,400.00
1995 Pickup Truck	7,102.15	7,102.15	500.00
1995 Pickup Truck	10,673.68	10,673.68	1,000.00
Total	23,922.45	23,922.45	33,900.00

- b) Is the disposal of these vehicles related to the gain on disposal of capital assets of \$33,900 shown in the 2006 audited financial statements (Exhibit 1, Tab 3, Schedule 1, Appendix A)? If not, is there any item in the 2006 financial statements that is related to the disposition of any or all of these replaced vehicles?

See Interrogatory #14

Interrogatory # 17

Ref: Exhibit 3, Tab 1, Schedule 3, page 3

The evidence states that the total operating revenue is expected to be more than \$1 million higher in the test year than in the bridge year and is a result of the forecasted normalized growth in customers and consumption.

a) Please confirm that the test year revenues shown are based on the proposed rates, not on existing rates.

Confirmed

b) Please provide the 2009 revenue forecast based on rates currently in place.

Test Year at Existing Rates - 2008 Approved Rates Applied to 2009 Billing Determinants

Based on Existing Rates For 2008	Load Forecast - Billing Determinants For 2009					CORE LDC Rates Approved By OEB Effective May 1, 2008				Total LDC
Class	kWh	kw	Transformer Discount kw	Annualized Customers (Average)	Annualized Connections (Average)	Customer	Connection	kW	kWh	Distribution Revenues Based on 2008
Residential	87,027,546			90,744		\$14.61			\$0.0101	\$2,204,748
GS <50 kW	49,211,450			18,588		\$29.80			\$0.0068	\$888,560
GS ≥50 kW	87,383,887	209,041	95,945	1,164		\$499.25		\$1.4536		\$827,422
Street Light	2,007,912	5,336			24,696		\$0.84	\$2.5793		\$34,508
Sentinel	41,511	115			504		\$1.25	\$4.3327		\$1,128
Unmetered Scattered Load	249,040				540		\$14.89		\$0.0067	\$9,709
Transformer allowance								(\$0.6000)		included in GS ≥50 kW
TOTALS	225,921,346	214,482	95,945	110,496	25,740					\$3,966,076

Interrogatory # 18

Ref: Exhibit 3, Tab 2, Schedule 1, Table 2

For each of the rate classes shown, please provide the number of customers/connections for the most recent month available for 2008 and the corresponding number of customers/connections for the same month in 2007.

Class	Oct-08	Oct-07
Residential	7,577	7,412
GS <50 kW	1,543	1,520
GS>=50 kW	100	96
Street Light	7	7
Sentinel	45	44
Unmetered Scattered Load	47	53
TOTALS	9,319	9,132

Interrogatory # 19

Ref: Exhibit 3, Tab 2, Schedule 1, Table 3

- a) Please confirm that these annual usage per customer/connection are normalized.

Confirmed

- b) Please explain what drove the significant decrease in average use between 2001 and 2002 in the general service >50 to 999 kW rate class? Was the decrease related to the movement of customers to the general service >1000 to 4999 kW class in 2002?

The data for 2001 is not as reliable as the following years. The various class data was not available individually and yes, it is related to the movement of customers to the GS >1000. It also has to do with the purchase of the annexed portion of Bracebridge from Hydro One.

Interrogatory #20

Ref: Exhibit 3, Tab 2, Schedule 2, Tables 10 - 17

- a) Please recalculate the geometric mean of the growth rate in the general service >50 to 999 kW rate class excluding 2001. In other words, please calculate the geometric growth rate for this rate class between 2007 and 2002 rather than between 2007 and 2001.

The geometric mean of the growth rate in the general service >50 to 999 kW has been recalculated assuming a growth for this rate class between 2007 and 2002 rather than between 2007 and 2001.

Table 10

	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	Streetlights	Sentinel Lights	Unmetered Loads
Growth Rate in Usage Per Customer/Connection							
2001							
2002	7.18%	9.75%	-37.14%			28.51%	
2003	2.93%	-5.77%	3.62%	0.61%	5.26%	6.78%	-2.72%
2004	-0.52%	1.04%	3.33%	2.61%	0.55%	6.68%	-0.18%
2005	-0.13%	0.89%	-0.93%	-1.76%	-0.34%	-9.05%	-5.53%
2006	-6.00%	-5.41%	3.56%	1.93%	0.02%	4.63%	0.65%
2007	1.95%	-0.88%	-1.50%	-6.12%	-0.02%	-0.66%	20.10%
Geometric Mean	0.82%	-0.19%	1.59%	-0.60%	1.07%	1.49%	3.91%

- b) Please provide the forecasted 2008 and 2009 forecast annual kWh usage per customer for the general service >50 to 999 kWh rate class using the geometric mean calculated in (a) above.

The forecasted 2008 and 2009 forecast annual kWh usage per customer for the general service >50 to 999 kWh rate class using the geometric mean calculated in (a) is 637,249 kWh/customer in 2008 and 647,371 kWh/customer in 2009.

Table 11

	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	Streetlights	Sentinel Lights	Unmetered Loads
Forecast Annual kWh Usage per Customers/Connection							
2008	11,227	31,304	637,249	6,158,093	283,805	964	5,344
2009	11,320	31,243	647,371	6,121,298	286,845	978	5,553

- c) Please provide revised Tables 12 through 17 to reflect any changes resulting from using the annual kWh forecast usage per customer for the general service >50 to 999 kWh rate class calculated in (b) above.

The revised Tables 12 through 17 to reflect any changes resulting from using the annual kWh forecast usage per customer for the general service >50 to 999 kWh rate class calculated in (b) above are as follows

Table 12								
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	Streetlights	Sentinel Lights	Unmetered Loads	Total
Non-normalized Weather Billed Energy Forecast (GWh)								
2008	84.2	48.1	58.2	36.9	2.0	0.0	0.3	229.8
2009	85.6	48.4	59.4	36.7	2.0	0.0	0.2	232.5

Table 13						
Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	Streetlights	Sentinel Lights	Unmetered Loads
Weather Sensitivity						
100%	100%	55%	0%	0%	0%	0%

Table 14								
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	Streetlights	Sentinel Lights	Unmetered Loads	Total
Non-normalized Weather Billed Energy Forecast (GWh)								
2008	84.2	48.1	58.2	36.9	2.0	0.0	0.3	229.8
2009	85.6	48.4	59.4	36.7	2.0	0.0	0.2	232.5
Adjustment for Weather (GWh)								
2008	-1.9	-1.1	-0.7	0.0	0.0	0.0	0.0	-3.6
2009	-3.4	-1.9	-1.3	0.0	0.0	0.0	0.0	-6.5
Weather Normalized Billed Energy Forecast (GWh)								
2008	82.3	47.1	57.5	36.9	2.0	0.0	0.3	226.2
2009	82.2	46.5	58.2	36.7	2.0	0.0	0.2	225.9

Table 15 Historical Annual kW per Applicable Rate Class				
	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	Streetlights	Sentinel Lights
2001	218,604	0	5,108	93
2002	133,615	82,038	5,146	120
2003	140,738	79,080	5,152	128
2004	142,691	81,702	5,152	123
2005	139,729	79,544	5,152	119
2006	143,054	85,943	5,153	119
2007	152,875	81,423	5,152	116

Table 16 Historical kW/kWh Ratio per Applicable Rate Class				
	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	Streetlights	Sentinel Lights
2008	149,372	78,019	5,280	116
2009	150,962	77,552	5,336	115

Table 17 kW Forecast by Applicable Rate Class				
kW/kWh	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	Streetlights	Sentinel Lights
2001	0.2521%		0.2741%	0.2767%
2002	0.2590%	0.2142%	0.2761%	0.2778%
2003	0.2632%	0.2052%	0.2626%	0.2775%
2004	0.2642%	0.2066%	0.2612%	0.2784%
2005	0.2525%	0.2048%	0.2621%	0.2772%
2006	0.2582%	0.2171%	0.2621%	0.2767%
2007	0.2678%	0.2191%	0.2621%	0.2777%
Average	0.2596%	0.2112%	0.2658%	0.2774%

- d) Please provide a revised revenue forecast, based on the above changes, for the 2009 test year in the same level of detail as found in Exhibit 3, Tab 1, Schedule 2.

Lakeland Power Distribution Ltd.
EB-2008-0234
Responses to Energy Probe Interrogatories

Revenue Type	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved	2007 Actual	Variance from 2006 Actual	2008 Bridge	Variance from 2007 Actual	2009 Test	Variance from 2008 Bridge
Distribution Revenue									
Residential	\$2,097,743	\$2,111,263	\$13,520	\$2,110,986	(\$277)	\$2,146,035	\$35,049	\$2,774,726	\$628,691
GS <50 kW	\$852,652	\$868,022	\$15,370	\$857,802	(\$10,221)	\$870,180	\$12,378	\$1,166,638	\$296,459
GS ≥50 kW	\$808,874	\$834,924	\$26,050	\$846,611	\$11,687	\$849,042	\$2,431	\$671,848	(\$177,195)
Street Light	\$33,395	\$40,413	\$7,018	\$39,855	(\$558)	\$34,363	(\$5,491)	\$305,767	\$271,404
Sentinel	\$1,133	\$1,318	\$185	\$1,270	(\$47)	\$1,148	(\$123)	\$6,815	\$5,667
Unmetered Scattered Load	\$15,402	\$9,936	(\$5,466)	\$12,889	\$2,953	\$10,289	(\$2,600)	\$32,171	\$21,882
Total Distribution Revenue	\$3,809,199	\$3,865,876	\$56,677	\$3,869,413	\$3,537	\$3,911,057	\$41,645	\$4,957,965	\$1,046,907
Other Revenue									
Rent From Electric Property	\$57,663	\$135,529	\$77,866	\$108,611	(\$26,918)	\$110,000	\$1,389	\$110,000	
Late Payment Charges	\$91,290	\$92,487	\$1,197	\$118,045	\$25,558	\$120,406	\$2,361	\$122,814	\$2,408
Specific Service Charges	\$80,330	\$76,839	(\$3,491)	\$97,728	\$20,889	\$85,000	(\$12,728)	\$86,522	\$1,522
Other Revenue	\$95,858	\$113,753	\$17,895	\$183,741	\$69,988	\$85,500	(\$98,241)	\$88,000	\$2,500
Total Other Revenue	\$325,141	\$418,608	\$93,467	\$508,125	\$89,517	\$400,906	(\$107,219)	\$407,336	\$6,430
Total Operating Revenue	\$4,134,340	\$4,284,484	\$150,144	\$4,377,538	\$93,054	\$4,311,963	(\$65,574)	\$5,365,301	\$1,053,337

Interrogatory # 21

**Ref: Exhibit 3, Tab 2, Schedule 2, Appendix A
Exhibit 3, Tab 2, Schedule 2**

- a) Please explain why the kWh figures shown in Appendix A of Exhibit 3, Tab 2, Schedule 2, for Billed kWh in 2009 and the 2008 and 2009 kWh figures for the residential, GS <50 and GS>50 to 999 rate classes do not appear to match the figures provided in Table 14 in Exhibit 3, Tab 2, Schedule 2.

Please see response to OEB #22

- b) Please explain why the kW figures shown in Appendix A of Exhibit 3, Tab 2, Schedule 2 for the GS>50 to 999 rate class for 2008 and 2009 do not match the figures provided in table 17 of Exhibit 3, Tab 2, Schedule 2.

Please see response to OEB #22

Interrogatory # 22

Ref: Exhibit 3, Tab 2, Schedule 3

- a) Please indicate why the 2009 billed kWh's shown for the residential and GS<50 classes are lower than the figures shown in either Exhibit 3, Tab 2, Schedule 2, Appendix A or those provided in Table 14 of Exhibit 3, Tab 2, Schedule 2, Table 14.

Please see response to OEB #22

- b) If these figures provided in 2009 Actual – Base Revenue are incorrect, please provide a revised table showing the calculation of distribution revenues using the appropriate figures.

Please see response to OEB #22

Interrogatory # 23

Ref: Exhibit 3, Tab 3, Schedule 1

- a) Please provide the most recent year-to-date revenues for 2008 for each line item shown in the table.

Revenue Description	2007 Oct YTD	2008 Oct YTD
Other Distribution Revenue		
4080-Distribution Services Revenue- SSS only	24,171	23,477
4210-Rent from Electric Property	287	(13,410)
4225-Late Payment Charges	101,791	81,395
4235-Miscellaneous Service Revenues	42,965	45,508
4355-Gain on Disposition of Utility and Other Property	0	7,237
4375-Revenues from Non-Utility Operations	25,451	11,251
4380-Expenses of Non-Utility Operations	0	0
4390-Miscellaneous Non-Operating Income	26,762	74,798
4405-Interest and Dividend Income	25,384	57,254
4405-Interest and Dividend Income-due to Reg Assets	46,037	(6,197)
Total	292,848	281,313

- e) Please provide the corresponding year-to-date revenues for 2007 for each line item shown in the table.

See above

- f) Please explain the increase of more than \$20,000 in 2007 in miscellaneous service revenues from the 2006 level. Please also explain the nearly \$13,000 drop in these revenues forecast for 2008.

Lakeland has hired a part time collections person to reduce the amount of customers that go into arrears and ultimately end up with disconnection/reconnection charges, before they incur collection fees.

Revenue Description	2006	2007	2,008
Other Distribution Revenue (Acct 4235)			
Collection charges	35,412	45,768	40,500
Occupancy change	31,952	40,650	35,000
Disconnect/reconnect charges	2,775	2,405	2,500
NSF cheque charge	5,485	6,475	5,500
Arrears certificate	1,215	1,380	1,500
Power diversion	0	1,050	0
Total	76,839	97,728	85,000

Interrogatory # 24

Ref: Exhibit 3, Tab 3, Schedule 2, page 2

- a) How does the \$33,900 gain on the disposition of a bucket truck in 2006 relate to the disposal cost of \$23,922.45 shown in account 1930 in the 2006 continuity statements in Exhibit 2, Tab 2, Schedule 1?

Disposal	Cost	Accum Dep	Proceeds
1993 Freightliner	6,146.62	6,146.62	32,400.00
1995 Pickup Truck	7,102.15	7,102.15	500.00
1995 Pickup Truck	10,673.68	10,673.68	1,000.00
Total	23,922.45	23,922.45	33,900.00

- g) It is stated that this type of transaction in this magnitude will not be experienced in the next two years. However the evidence indicates at Exhibit 2, Tab 3, Schedule 1 and Schedule 2 that LPDL will be replacing a total of four vehicles in 2008 and 2009. Please explain why no gain on disposition of any of these vehicles has been forecast.

See Interrogatory # 14

Interrogatory # 25

Ref: Exhibit 3, Tab 3, Schedule 2, page 4

- a) Please provide LPDL average cash balance for the most recent year-to-date period available for 2008. Please do not include any balances related to regulatory assets.

YTD average cash balance as at October 2008

\$1,100 K

- b) Please provide the amount of interest received, if any, on this amount in 2008. Please do not include any amounts related to regulatory assets.

Interest received as at October 2008

\$57 K

Interrogatory # 26

Ref: Exhibit 6, Tab 1, Schedule 1 & Schedule 2

The capital structure for 2009 in Schedule 2 shows a cost of short term debt of 4.47% and an overall rate of return on rate base of 6.61%. LPDL is requesting Board approval of a capital structure of 56.7% debt and 43.3% equity (Lines 8 -10

of Schedule 1). This includes an equity return of 8.57% and a cost of debt rate of 5.16%. This results in a rate of return on rate base of 6.97%.

- a) Please reconcile the return of rate base of 6.97% with the 6.61% figure shown in Schedule 2.

There is a typographical error where the 2007 rate was used in the verbage rather than the 2009 rate of 6.61%. All calulations are based on 6.61%

- b) Please confirm that LPDL is requesting a capital structure that includes 52.7% long term debt at a rate of 5.16% and a 4.00% short term debt component at a rate of 4.47%, not a debt component of 56.7% at a cost of debt rate of 5.16%.

Confirmed

- c) Please confirm that LPDL understands that the OEB will finalize the short term debt rate for 2009 based on January 2009 market interest rate information and that the revised figure will be used to calculate the cost of short term debt.

Confirmed

Interrogatory # 27

Ref: Exhibit 4, Tab 2, Schedule 9

- a) Please explain why LPDL is proposing to use a five year average for the distribution system loss and a 3 year average for the supply facility loss.
Although the table is labeled 3 year avg, it was actually calculated on 5 years (see Exh4/Tab2/Sch9 Table 2)

- b) Is the supply facility loss actually a five year average, not a three year average as stated in Table 1?

See above

- c) Please calculate the total loss factor by class (Table 3) if a three year average (2005 to 2007) is used for both the distribution system loss adjustment factor and the supply facility loss adjustment factor.

A five year average was used for both

Interrogatory # 28

Ref: Exhibit 4, Tab 3, Schedule 1, Table 1

- a) Please explain the addition to accounting income for depreciation and amortization of \$1,110,213 shown in Table 1 relative to the depreciation and amortization expense of \$1,086,259 deducted in the calculation of utility income before income taxes shown in Exhibit 7, Tab 1, Schedule 1.

\$23,954 is the amount of depreciation on transportation and communication that is reallocated to the capital projects that utilize the trucks.

- b) Please confirm that the provincial tax rate for 2009 is 5.50% on the first \$500,000 of taxable income, 14.00% on all taxable income in excess of \$500,000, along with a clawback rate of 4.25% on all taxable income in excess of \$500,000 and less than \$1,500,000.

A flat 33% was used on the calculation

- d) Please calculate the utility income taxes using the rates and thresholds in (b) above along with the 19.0% federal tax rate. Please show all calculations.

Taxable Income			\$ 1,150,404.29
First \$500,000 of income	OCT + Federal	5.5% + 19%	\$ 122,500
Balance (under \$1.5 M)	OCT + Federal	14% + 4.25% + 19%	\$ 242,276
Total Income tax expense			\$ 364,776
Effective rate			31.7%

- d) Please reconcile the total rate base figure of \$15,499,710 used to calculate the Ontario Capital Tax in Table 1 with the figure shown in Table 1 of Exhibit 2, tab 1, Schedule 1.

Table 1 Exhibit 2, Tab 1, Schedule 1 is incorrect and the correct version is reproduced below. The error occurred upon printing the document only.

Table 1
Summary of Rate Base

Description	2006 OEB Approved	2006 Actual	2007 Actual Year	2008 Bridge Year	2009 Test Year
Gross Fixed Assets	16,296,006	17,934,442	18,778,725	19,753,513	21,438,673
Accumulated Depreciation	(3,313,079)	(5,449,494)	(6,453,045)	(7,498,107)	(8,608,320)
Net Book Value	12,982,926	12,484,947	12,325,680	12,255,406	12,830,353
Average Net Book Value	12,982,926	12,536,442	12,405,314	12,290,543	12,542,880
Working Capital	17,594,466	18,046,552	18,528,905	19,138,925	19,712,202
Working Capital Allowance	2,639,170	2,706,983	2,779,336	2,870,839	2,956,830
Rate Base	15,622,096	15,243,425	15,184,649	15,161,382	15,499,710

- e) Please explain the derivation of the \$10,833,559 exemption used in the calculation of the Ontario Capital Tax.

The OCT exemption is split amongst the other PILS paying LPDL affiliates.

Interrogatory # 29

Ref: Exhibit 4, Tab 3, Schedule 2

- a) Please explain the reference to the 60/40 debt to equity ratio.

It should say 'based on a movement towards a 60/40 debt to equity ratio.'

- b) Please confirm that the deemed interest expense has not been calculated based on a 60/40 debt to equity ratio.

Confirmed

Interrogatory # 30

Ref: Exhibit 4, Tab 3, Schedule 3

- a) Please confirm that all distribution system additions post February 22, 2005 have been posted to CCA class 47 in 2005, 2006 and 2007.

These assets were posted to Class 1

- b) Please confirm that LPDL placed all computer related capital expenditures prior to 2008 in class 45 for acquisitions on or after March 22, 2004 and prior to March 19, 2007.

Confirmed

- c) Please confirm that LPDL placed all computer related capital expenditures prior to 2008 in class 55 for acquisitions after March, 19, 2007.

Confirmed

- e) If the response to any of (a), (b) or (c) above is not confirmed, please provide the UCC at the end of 2008 for all assets that were classified incorrectly for CCA purposes. Please transfer these UCC amounts to the correct class in 2009 and recalculate the total CCA for 2009.

Year	UCC Opening	CCA	UCC Closing
2008	13,261,840	854,407	12,407,433
2009	12,407,433	1,005,932	11,401,501

Interrogatory # 31

Ref: Exhibit 8, Tab 1, Schedule 2

- a) Is LPDL proposing any further increases in the revenue to cost ratios for street light, sentinel or unmetered scattered load in the years 2010 or beyond? If not, why not?

At this point, LPDL would prefer to wait until a new Cost Allocation Filing is completed.

- b) Would LPDL be willing to increase the revenue to cost ratios for the street light and sentinel classes by 50% of the remaining distance between the proposed ratios for 2009 and the bottom of the Board's range (70%) in each of 2010 and 2011? If not, why not?

At this point, LPDL would prefer to wait until a new Cost Allocation Filing is completed.

- c) Would LPDL be willing to increase the revenue to cost ratio for the unmetered scattered load class in two equal steps in 2010 and 2011 to bring this class up to 100%? If not why not?

At this point, LPDL would prefer to wait until a new Cost Allocation Filing is completed.

- d) Assuming that the Board accepted LPDL's proposal for 2009 and the above proposals in (b) and (c) above, would LPDL confirm that the additional revenue would be used to reduce the GS>50 kW class ratio? If not, why not?

Confirmed

- f) Has LPDL attempted to separate the cost ratios for the GS>50 to 999 kW and the GS>1000 to 4999 kW classes? If not, why not? If yes, please provide the proposed ratios for 2009.

LPDL collapsed this separation in 2006 EDR as the number of customers in the GS>1000 class was so small.

Interrogatory # 32

Ref: Exhibit 4, Tab 1, Schedule 1 (Overview of Operating Costs)

- a) Please provide a version of Table 1 that excludes the amortization expenses line, shows the total OM&A expenses (excluding amortization) and shows the percentage change in the total OM&A costs on a year over year basis.

Table 1 - Summary of Operating Costs (Revised)

Description	2006 Board Approved	2006 Actual	% change	2007 Actual	% change	2008 Bridge	% change	2009 Test	% change
OM&A expenses									
Operation	94,205	262,589	178.7%	197,461	-24.8%	223,773	13.3%	223,674	0.0%
Maintenance	621,624	529,040	-14.9%	593,781	12.2%	835,279	40.7%	927,043	11.0%
Billing and Collections	610,994	652,753	6.8%	606,167	-7.1%	647,111	6.8%	655,137	1.2%
Community Relations	15,320	27,365	78.6%	17,610	-35.6%	8,467	-51.9%	11,255	32.9%
Administrative and General Expenses	1,268,289	1,021,904	-19.4%	898,023	-12.1%	988,152	10.0%	1,036,938	4.9%
Property Taxes	9,400	8,656	-7.9%	9,676	11.8%	10,450	8.0%	10,972	5.0%
Total Operating Costs	2,619,832	2,502,306	-4.5%	2,322,717	-7.2%	2,713,232	16.8%	2,865,018	5.6%

b) For the 2008 bridge year, please provide the most recent year-to-date expenses for each of the categories shown in Table 1 (excluding amortization). Please also provide the level of expenses incurred over the same year-to-date period in 2007.

Description	2008 YTD Oct	2007 YTD Oct
OM&A expenses		
Operation	86,399	127,666
Maintenance	633,534	472,544
Billing and Collections	531,192	490,105
Community Relations	8,073	16,149
Administrative and General Expenses	811,561	1,571,229
Property Taxes	10,270	9,676
Total Operating Costs	2,081,029	2,687,369

Interrogatory # 33

Ref: Exhibit 4, Tab 2, Schedule 3, page 6

a) Please explain why LPDL has included one third of the 2009 cost of service application cost in the 2008 bridge year expenses.

Please see response to OEB Interrogatory # 7

- b) Please provide a breakdown of the \$124,000 related to the costs of the 2009 cost of service application. Please also provide a breakdown of the actual costs incurred to date related to the 2009 cost of service application.

Please see response to OEB Interrogatory # 7

- c) Please confirm that approximately \$41,300 of this cost has been included in the 2009 regulatory cost of \$70,000.

Please see response to OEB Interrogatory # 7

- d) In the Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors dated July 14, 2008, the Board indicated that the plan term would be a rebasing year plus three years in length. Given this, why has LPDL not proposed to recover one-quarter of the \$124,000 cost of service application in the 2009 regulatory costs?

Please see response to OEB Interrogatory # 7

Interrogatory # 34

Ref: Exhibit 4, Tab 2, Schedule 2, page 2

- a) Please explain the \$20,000 increase in bad debt expense forecast for 2008 as compared to 2007.

Please see response to OEB Interrogatory # 6 (g)

- b) Please provide the most recent year-to-date bad debt expense for 2008. Please also provide the corresponding figure for 2007 for the same year-to-date period.

Bad Debt expense	Oct 2008	Oct 2007
	\$ 12 K	\$ 0

Writeoffs are assessed through the year and written off at year end

Interrogatory # 35

Ref: Exhibit 4, Tab 2, Schedule 2, page 3

- a) Please explain the increase of nearly \$21,000 in office supplies and expenses forecast for 2009.

This category does not trend to any specific cost drivers except perhaps number regulatory filings. As such, an average of the past three years was used as the predictor for 2009.

- b) Please explain the forecasted increase of \$30,000 in 2008 related to the electrical safety authority fees.

The Electrical Safety Authority fees are based on a calculation related to revenue. It was believed that the revenue figure to be used was Gross in error when it has now been confirmed as Distribution Revenue only.

- c) Please provide the most recent year-to-date electrical safety authority fees for 2008. Please also provide the corresponding figure for 2007 for the same year-to-date period.

The figure as at October 2007 was \$17 K and October 2008 is \$8 K.

Interrogatory # 36

Ref: Exhibit 4, Tab 2, Schedule 1, Table 1

- a) Please confirm that the calculations in the following table are correct. The gross asset values have been taken from Exhibit 2, Tab 2, Schedule 1.

Gross Assets	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Opening Balance	17,113,589	17,934,442	18,778,725	19,753,513
Closing Balance	<u>17,934,442</u>	<u>18,778,725</u>	<u>19,753,513</u>	<u>21,438,673</u>
Average Balance	17,524,016	18,356,584	19,266,119	20,596,093
Depreciation Expense	923,841	1,003,551	1,045,061	1,110,213
Average Depreciation Rate	5.27%	5.47%	5.42%	5.39%

Depreciation line used above as it did not include depreciation on vehicles/communication. The difference was the amount allocated to specific projects. If the change in accumulated amortization is used instead, the table is as reflected above.

- b) Please explain what is driving the increase in the average depreciation rate in 2009 relative to the previous years

Interrogatory # 37

Ref: Exhibit 4, Tab 2, Schedule 5, Table 1

Please provide all the documents and information used to calculate the cost allocation percentages shown in Table 1.

Lakeland Holding Cost Allocator	Power	Energy	Generation
# of employees	20 74%	3 11%	4 15%
assets	12000 60%	800 4%	7200 36%
revenue	4349 65%	1705 26%	596 9%
sq.ft. in Admin/Billing office	2835 81%	385 11%	280 8%

Lakeland Holding employees submit daily timesheets which are consolidated to produce a cost allocation percentage.

Lakeland Holding
2007 Daily Timesheet
Summary

Payroll Hours	CEO	COO	CFO	HR	AP	Admin	Total	Reallocate	Grand Total	%
Holding	681.00	654.00	359.25	396.25	393.50	190.50	2674.50	-2674.50	0.00	0.0%
Power	340.00	532.00	637.50	635.00	635.00	881.00	3660.50	1667.24	5327.74	62.3%
Energy	114.50	84.00	186.25	190.50	180.00	343.50	1098.75	500.44	1599.19	18.7%
Generation	229.50	308.00	182.00	143.25	156.50	93.50	1112.75	506.82	1619.57	19.0%
Total	1365.00	1578.00	1365.00	1365.00	1365.00	1508.50	8546.50	0.00	8546.50	

Interrogatory # 38

Ref: Exhibit 1, Tab 1, Schedule 14

Please indicate for each of the companies shown (Lakeland Holding Ltd., Lakeland Power Distribution Ltd., Lakeland Energy Ltd. and Bracebridge Generation Ltd.) if they are subject to paying corporate taxes or payments in lieu of taxes (PILS), or neither.

All companies are subject to PILS