

**CITY OF LETHBRIDGE  
ELECTRIC UTILITY**

**City of Lethbridge Electric Utility  
Transmission Facility Owner  
Annual Financial and Operating Report  
to  
The Alberta Energy and Utilities Board  
Under EUB Directive 014 (January 19, 2005)  
Requirements for Annual Financial and Operating Reporting by Electric Utilities**

**LEU TFO FINANCIAL & OPERATING REPORT**

<b>Regulated Utility:</b>	City of Lethbridge Electric Utility Transmission Facility Owner (LEU TFO)	
<b>Reporting Period:</b>	2008 (Fiscal Period Ending December 31, 2008)	
<b>Reporting Date:</b>	April 30, 2009	
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**City of Lethbridge Electric Utility - Transmission**  
**SUMMARY OF REVENUE REQUIREMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
 (\$000s)

Line No.	Description	Cross-Reference	2008 Actual	2008 Forecast	2007 Actual	Var. Actual to Forecast	Var. %		Var. Actual to Prior Year	Var. %	Working Paper Reference
1	Return on Rate Base	Sch 2	896	1,167	850	(271)	-23.3%	*	46	5.4%	VS61
2	Fuel		0	0	0	0	0.0%		0	0.0%	
3	Operating and Maintenance	Sch 3	2,261	2,235	2,218	26	1.2%		43	2.0%	VS07
4	Depreciation and Amortization	Sch 4	927	1,137	934	(210)	-18.4%	*	(7)	-0.7%	VS12
5	Deferral Account Amortization		0	0	0	0	0.0%		0	0.0%	
6	Utility Income Tax	Sch 5	0	0	0	0	0.0%	*	0	0.0%	
7	<b>Subtotal</b>		<u>4,084</u>	<u>4,540</u>	<u>4,002</u>	<u>(455)</u>	<u>-10.0%</u>		<u>82</u>	<u>2.1%</u>	
8	Revenue Offsets		0	0	0	0	0.0%		0	0.0%	
9	<b>Total Revenue Requirement</b>		<u>4,084</u>	<u>4,540</u>	<u>4,002</u>	<u>(455)</u>	<u>-10.0%</u>		<u>82</u>	<u>2.1%</u>	
<u>Detailed Revenue Requirement</u>											
10	Distribution Tariff Revenue		0	0	0	0	0.0%		0	0.0%	
11	Transmission Tariff Revenue	Sch 6	4,549	4,549	4,392	0	0.0%		157	3.6%	VS14
12	Retail Tariff Revenue		0	0	0	0	0.0%		0	0.0%	
13	Other Revenue		0	0	0	0	0.0%		0	0.0%	
14	<b>Total Revenue Requirement</b>		<u>4,549</u>	<u>4,549</u>	<u>4,392</u>	<u>0</u>	<u>0.0%</u>		<u>157</u>	<u>3.6%</u>	

Guidelines:

- (1) Total Revenue Requirement must be reconciled on Schedule 10 to the Audited Financial Statements.
- (2) Provide a detailed breakdown of items included in Revenue Offsets and Other Revenue in a supporting sub-schedule.
- \* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**SUMMARY OF RETURN ON RATE BASE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(\$000s)**

**2008 Actual**

Line No.	Description	Cross-Reference	Mid-Year Capital	Ratio	Prorated Rate Base	Cost Rate %	Return \$	Var. Actual to Forecast	Var. %	Working Paper Reference
1	Long-Term Debt	Sch 2.2	9,144.0	65.00%		5.09%	465.2 *	(135.0)	-22.5%	VS60
2	Preferred Shares	Sch 2.2	0.0	0.00%		0.00%	0.0			
3	Common Equity	Sch 2.2	4,923.7	35.00%		8.75%	430.8 *	(136.5)	-24.1%	VS50
4	<b>Mid-Year Invested Capital</b>	Sch 2.1	<u>14,067.7</u>	<u>100.00%</u>	<u>0.0</u>	<u>6.37%</u>				
5	<b>Return on Mid-Year Rate Capital</b>	Sch 1					<u>896.0</u>	<u>(271.5)</u>	<u>-23.26%</u>	

**2008 Forecast**

Line No.	Description	Cross Reference	Mid Year Capital	Deemed Structure	Prorated Rate Base	Cost Rate %	Return \$			
1	Long-Term Debt	Sch 2.2	9,807.8	65.00%		5.09%	600.2			VS60
2	Preferred Shares	Sch 2.2	0.0	0.00%		0.00%	0.0			
3	Common Equity	Sch 2.2	5,281.1	35.00%		8.93%	567.3			VS50
4	<b>Mid-Year Invested Capital</b>	Sch 2.1	<u>15,088.9</u>	<u>100.00%</u>	<u>0.0</u>	<u>7.74%</u>				
5	<b>Return on Mid-Year Rate Capital</b>	Sch 1					<u>1,167.5</u>			

Guidelines:

(1) If an approved EUB forecast for the year is not available, compare this year's actual results with those for the prior year.

\* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**SUMMARY OF MID-YEAR RATE BASE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
 (\$000s)

Line No.	Description	Cross-Reference	2008 Actual	2008 Forecast	2007 Actual	Var. Actual to Forecast	Var. %	Var. Actual to Prior Year	Var. %	Working Paper Reference
<u>Gross Utility Plant in Service</u>										
1	Opening Balance		23,628.6	25,235.2	23,410.7	(1,606.6)	-6.4%	218.0	0.9%	VS16
2	Closing Balance	Sch 11	25,788.1	26,029.0	23,764.8	(240.9)	-0.9%	2,023.3	8.5%	VS19
3	<b>Mid-Year Gross Utility Plant in Service</b>		<u>24,708.4</u>	<u>25,632.1</u>	<u>23,587.7</u>	<u>(923.8)</u>	<u>-3.6% *</u>	<u>1,120.6</u>	<u>4.8%</u>	VS20
<u>Accumulated Depreciation - Utility</u>										
4	Opening Balance		10,930.5	10,412.2	10,170.6	518.3	5.0%	759.9	7.5%	VS22
5	Closing Balance	Sch 11	11,160.3	11,289.2	11,032.8	(128.8)	-1.1%	127.5	1.2%	VS25
6	<b>Mid-Year Accumulated Depreciation - Utility</b>		<u>11,045.4</u>	<u>10,850.7</u>	<u>10,601.7</u>	<u>194.7</u>	<u>1.8% *</u>	<u>443.7</u>	<u>4.2%</u>	
<u>Contributions in Aid of Construction</u>										
7	Opening Balance		18.1	0.0	0.0	18.1		18.1		TP190
8	Closing Balance	Sch 11	19.9	0.0	18.1	19.9		1.9		TP193
9	<b>Mid-Year Utility Contributions in Aid of Construction</b>		<u>0.9</u>	<u>0.0</u>	<u>9.0</u>	<u>19.0</u>		<u>10.0</u>		
<u>Amortization of Contributions</u>										
10	Opening Balance		0.5	0.0	0.0	0.5		0.5		TP195
11	Closing Balance	Sch 11	1.4	0.0	0.5	1.4		1.0		TP199
12	<b>Mid-Year Utility Amortization of Contributions</b>		<u>0.5</u>	<u>0.0</u>	<u>0.2</u>	<u>0.9</u>		<u>0.7</u>		
13	<b>Mid-Year Net Utility Plant in Service</b>		<u>13,662.5</u>	<u>14,781.4</u>	<u>12,977.2</u>	<u>(1,136.5)</u>	<u>-7.7%</u>	<u>667.7</u>	<u>5.1%</u>	
14	Necessary Working Capital		422.4	307.5	421.7	114.9	37.4% *	0.7	0.2%	VS38
15	Other No Cost Capital									
15	<b>Mid-Year Net Rate Base (Capital Invested)</b>	Sch 2	<u>14,084.9</u>	<u>15,088.9</u>	<u>13,398.9</u>	<u>(1,021.6)</u>	<u>-6.8%</u>	<u>668.4</u>	<u>5.0%</u>	

Guidelines:

(1) Closing balances for each category must be reconciled on Schedule 11 to the audited Balance Sheet.

\* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**SUMMARY OF MID-YEAR CAPITAL STRUCTURE**  
 FOR THE YEAR ENDED DECEMBER 31, 2008  
 (\$000s)

Line No.	Description	Cross-Reference	Actual Mid-Year Capital	Forecast Mid-Year Capital	Var. Actual to Forecast	Var. %	Working Paper Reference
1	Long-Term Debt	Sch 2.3	9,144	9,808	(664)	-6.8% *	VS54
2	Preferred Shares	Sch 2.4	0	0	0	*	
3	Common Equity		4,924	5,281	(357)	-6.8% *	VS46
4	<b>Total Mid-Year Invested Capital</b>		14,068	15,089	(1,021)	-6.8%	

## Guidelines:

- (1) If an approved EUB forecast for the year is not available, compare this year's actual results with those for the prior year.
- (2) Capital Structure pertains only to the regulated portion of the business.
- (3) Year-end balances for each category must be reconciled on Schedule 11 to the audited Balance Sheet.

\* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**SCHEDULE OF DEBT CAPITAL EMPLOYED**  
 FOR THE YEAR ENDED DECEMBER 31, 2008  
 (\$000s)

**2008 Actual**

Line No.	Cross-Reference	Description	Principal Amount	Total Amount	Effective Cost Rate %	Carrying Cost	Variance Actual to Forecast *	Var. %	Working Paper Reference
1		Capital Debt Financed (Mid-Year)	9,144.0	9,144.0	5.18%	465.2	-135.0	-22.5%	VS51
2									
3									
4									
5									
6									
7									
8	Sch 2.2	<b>Mid-Year Balance</b>	<u>9,144.0</u>	<u>9,144.0</u>		<u>0</u> <u>465.2</u> <u>0.00%</u>	<u>-135.0</u>	<u>-22.5%</u>	

**2008 Forecast**

Line No.	Cross-Reference	Description	Principal Amount	Total Amount	Effective Cost Rate %	Carrying Cost			
1		Capital Debt Financed (Mid-Year)	9,807.8	9,807.8	5.18%	600.2			VS51
2									
3									
4									
5									
6									
7									
8	Sch 2.2	<b>Mid-Year Balance</b>	<u>9,808</u>	<u>9,808</u>		<u>600.2</u>			

Guidelines:

- (1) In any year where there is a new issue, provide a supporting schedule.
- (2) Any differences between Forecast and Actual are to be explained in a supporting working paper.
- (3) Include short-term debt if it is considered by the utility to be a component of Capital Structure, and provide explanation.
- (4) Variance analysis is on Carrying Cost.

\* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**SCHEDULE OF PREFERRED SHARE CAPITAL EMPLOYED**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
 (\$000s)

**2008 Actual**

Line No.	Cross-Reference	Series	Issue Date	Dividend Rate	Stated Value of Issue	Underwriting Discount & Expense	Net Proceeds Outstanding	Carrying Cost of Issue	Average Embedded Cost Rate	Variance Actual to Forecast *	Var. %	Working Paper Reference
1		A		0.00%	0	0	0	0		0	0%	
2		B		0.00%	0	0	0	0		0	0%	
3		C		0.00%	0	0	0	0		0	0%	
4		D		0.00%	0	0	0	0		0	0%	
5	Sch 2.2	Current Year-End Balance			<u>0</u>	<u>0</u>	0	0	0.00%	0	0%	
6	Sch 2.2	Prior Year-End Balance					0	0	0.00%	0	0%	
7	Sch 2.2	<b>Mid-Year Balance</b>					<u>0</u>	<u>0</u>	0.00% *	<u>0</u>	<u>0%</u>	

**2008 Forecast**

Line No.	Cross-Reference	Series	Issue Date	Dividend Rate	Stated Value of Issue	Underwriting Discount & Expense	Net Proceeds Outstanding	Carrying Cost of Issue	Average Embedded Cost Rate
1		A		0.00%	0	0	0	0	
2		B		0.00%	0	0	0	0	
3		C		0.00%	0	0	0	0	
4		D		0.00%	0	0	0	0	
5	Sch 2.2	Current Year-End Balance			<u>0</u>	<u>0</u>	0	0	0.00%
6	Sch 2.2	Prior Year-End Balance					0	0	0.00%
7	Sch 2.2	<b>Mid-Year Balance</b>					<u>0</u>	<u>0</u>	0.00%

Guidelines:

- (1) In any year where there is a new issue, provide a supporting schedule.
  - (2) Any differences between Forecast and Actual are to be explained in a supporting working paper.
- \* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**SUMMARY OF OPERATING AND MAINTENANCE EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
(\$000s)

Line No.	Description	Cross-Reference	2008 Actual	2008 Forecast	2007 Actual	Var. Actual to Forecast	Var. %	Var. Actual to Prior Year	Var. %	Working Paper Reference
<b>Operating &amp; Maintenance</b>										
1	Engineering & Supervision		687.2	665.5	497.5	21.7	3%	189.7	38%	VS73
2	Transmission Operating & Maintenance		576.1	815.2	800.7	(239.1)	-29%	(224.6)	-28%	VS75
3	Transmission General O&M		21.8	42.3	8.2	(20.5)	-48%	13.7	167%	VS78
4	Corporate Charges	Sch 7	298.0	219.0	329.9	79.0	36%	(31.9)	-10%	VS90
5										
6	<b>Subtotal</b>		<u>1,583.2</u>	<u>1,742.0</u>	<u>1,636.3</u>	<u>(158.9)</u>	<u>-9%</u>	<u>(53.1)</u>	<u>-3%</u>	
<b>Administrative &amp; General</b>										
7	General & Administration		245.2	95.7	172.4	149.4	156%	72.7	42%	VS70
8	Insurance	Sch 9	16.4	16.7	16.8	(0.3)	-2%	(0.4)	0%	VS105
9	Hearing Costs	Sch 9	4.5	4.5	16.5	-	0%	(12.0)	0%	VS127
10	Linear Property Tax		411.9	376.4	375.7	35.5	9%	36.2	10%	VS136
11										
12	<b>Subtotal</b>		<u>678.0</u>	<u>493.3</u>	<u>581.4</u>	<u>184.7</u>	<u>37%</u>	<u>96.5</u>	<u>17%</u>	
13	<b>Total Operating and Maintenance</b>		<u>2,261.2</u>	<u>2,235.4</u>	<u>2,217.7</u>	<u>25.8</u>	<u>1%</u>	<u>43.4</u>	<u>2%</u>	
14										
15										
16										
17										
18	<b>Total Operating and Maintenance Costs</b>	Sch 1	<u>2,261.2</u>	<u>2,235.4</u>	<u>2,217.7</u>	<u>25.8</u>	<u>1%</u>	<u>43.4</u>	<u>2%</u>	

## Guidelines:

- (1) Expense categories need to be identified by the individual utilities. However, they should show sufficient breakdown to allow for reasonable understanding of operations
- (2) Total Utility Operating & Maintenance Costs are shown as net of Disallowed Expense as per reconciliation on Schedule 11

\* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**SUMMARY OF DEPRECIATION EXPENSE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(\$000s)**

Line No.	Description	Cross-Reference	2008 Actual	2008 Forecast	2007 Actual	Var. Actual to Forecast	Var. %	Var. Actual to Prior Year	Var. %	Working Paper Reference
1	Substation Equipment		608.5	648.1	583.2	-39.6	-6%	25.3	4%	VS150
2	Buildings & Site		44.5	42.3	42.4	2.2	5%	2.1	5%	VS159
3	Transmission Lines		169.9	148.4	160.0	21.6	15%	9.9	6%	VS168
4	Telecontrol Systems		23.0	23.0	23.0	0.0	0%	0.0	0%	VS177
5	Land		0.0	0.0	0.0	0.0	0%	0.0	0%	
6	<b>Subtotal</b>		<u>845.9</u>	<u>861.7</u>	<u>808.5</u>	<u>-15.8</u>	<u>-2%</u>	<u>37.4</u>	<u>5%</u>	
7	General Plant		81.4	163.5	125.6	-82.1	-50%	-44.1	-35%	VS195
8	Deprec. Subject to Deferral Treatment		0.0	111.8	0.0	-111.8	-100%	0.0	0%	VS197
9										
10										
11	<b>Total Utility Depreciation Expense</b>	Sch 1	<u>927.3</u>	<u>1,137.0</u>	<u>934.1</u>	<u>(209.7)</u>	<u>-18.4%</u>	<u>(6.8)</u>	<u>-0.7%</u>	

Guidelines:

- (1) Asset categories need to be identified by the individual utilities. However, they should show sufficient breakdown to allow for reasonable understanding of operations.
- (2) Provide a detailed breakdown of items included in "Other", in a supporting sub-schedule.

\* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**CAPITAL ASSETS CONTINUITY SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(\$000s)**

**CAPITAL ASSETS**

Line No.	Property Group	Cross-Reference	Balance at 12/31/2007	2008 Additions	2008 Retirements	2008 Transfers	2008 Adjustments	2008 AFUDC	Balance at 12/31/2008	Working Paper Reference
1	Substation Equipment	Sch 4.2	17,315.9	1,408.4	-	-	-	66.2	18,790.5	VS205
2	Buildings & Site		1,510.8	146.8	-	-	-	5.8	1,663.3	VS206
3	Transmission Lines		2,859.4	1,004.5	(686.8)	-	-	5.6	3,182.6	VS207
4	Telecontrol Systems		223.9	-	-	-	-	-	223.9	VS208
5	Land		544.7	-	-	-	-	-	544.7	VS215
6	<b>Subtotal</b>		<u>22,454.6</u>	<u>2,559.6</u>	<u>(686.8)</u>	<u>-</u>	<u>-</u>	<u>77.6</u>	<u>24,405.0</u>	
7	Facilities, Tools & Furnishings (Allocated)		259.9	12.3	(10.6)	-	-	-	261.6	VS210
8	SCADA (Allocated)		166.4	(4.5)	(0.0)	-	-	4.5	166.3	VS211
9	Information Systems (Allocated)		288.7	201.8	(0.1)	-	-	5.7	496.0	VS212
10	Communications Systems/Fibre (Allocated)		459.1	(0.0)	-	-	-	0.0	459.1	VS213
11	<b>Subtotal</b>		<u>1,174.0</u>	<u>209.6</u>	<u>(10.7)</u>	<u>-</u>	<u>-</u>	<u>10.1</u>	<u>1,383.0</u>	
12	<b>Subtotal</b>		<u>23,628.6</u>	<u>2,769.2</u>	<u>(697.5)</u>	<u>-</u>	<u>-</u>	<u>87.7</u>	<u>25,788.1</u>	
13	Capital Work in Progress (CWIP)	Sch 4.2	1,595.2						1,469.1	
14	<b>Total Utility</b>	Sch 2.1	<u>47,678.5</u>	<u>5,328.8</u>	<u>(1,384.3)</u>	<u>-</u>	<u>-</u>	<u>165.3</u>	<u>51,662.3</u>	

**ACCUMULATED DEPRECIATION**

Line No.	Property Group	Cross-Reference	Balance at 12/31/2007	Depreciation Provision	2008 Retirements	2008 Transfers	2008 Adjustments	Balance at 12/31/2008	Working Paper Reference
1	Substation Equipment		7,265.3	608.5	-	-	-	7,873.8	VS257
2	Buildings & Site		779.8	44.5	-	-	-	824.3	VS257
3	Transmission Lines		2,079.8	169.9	(686.8)	-	-	1,563.0	VS257
4	Telecontrol Systems		106.1	23.0	-	-	-	129.1	VS257
5	Land		-	-	-	-	-	-	VS257
6	<b>Subtotal</b>		<u>10,231.1</u>	<u>845.9</u>	<u>(686.8)</u>	<u>-</u>	<u>-</u>	<u>10,390.2</u>	
7	General Plant		699.4	81.4	(10.7)	-	-	770.1	VS257
8	<b>Subtotal</b>		<u>10,930.5</u>	<u>927.3</u>	<u>(697.5)</u>	<u>-</u>	<u>-</u>	<u>11,160.3</u>	
9	Capital Work in Progress (CWIP)	Sch 4.2	1,595.2	-	-	-	-	1,595.2	
10	<b>Total Utility</b>	Sch 2.1	<u>12,525.7</u>	<u>927.3</u>	<u>(697.5)</u>	<u>-</u>	<u>-</u>	<u>12,755.6</u>	

## Guidelines:

- (1) Asset categories need to be identified by the individual utilities. However, they should show sufficient breakdown to allow for reasonable understanding of operations.
- (2) Provide a detailed breakdown of items included in "Other", in a supporting sub-schedule.
- (3) Year-end balances for each category must be reconciled on Schedule 11 to the audited Balance Sheet.



**City of Lethbridge Electric Utility - Transmission**  
**SUMMARY OF CAPITAL ADDITIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**(\$000s)**

- (1) Materiality Criteria: List all projects over \$500,000. Also report all multi-year projects that exceed this limit in total, but do not exceed materiality in any one particular year.  
(2) Variance analysis is on Capital Additions.  
\* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**SUMMARY OF UTILITY INCOME TAX**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
 (\$000s)

Line No.	Description	Cross-Reference	2008 Actual	2008 Forecast	2007 Actual	Var. Actual to Forecast *	Var. %	Var. Actual to Prior Year	Var. %	Working Paper Reference
1	<u>Current Tax</u>									
2	Federal Income Tax									
3	Federal Taxable Income		-	-	-					
4	Income Tax Rate		0.0%	0.0%	0.0%					
5	<b>Total Federal Income Tax</b>		-	-	-					
6	Provincial Income Tax									
7	Federal Taxable Income		-	-	-					
8	Add: CCA Federal Flowthrough		-	-	-					
9	Less: CCA Provincial Flowthrough		-	-	-					
10	Provincial Taxable Income		0.0	0.0	0.0					
11	Income Tax Rate		0.0%	0.0%	0.0%					
12	<b>Total Provincial Income Tax</b>		-	-	-					
13	<b>Total Current Tax</b>		-	-	-					
14	<u>Future Tax</u>									
15	Temporary Differences		-	-	-					
16	Income Tax Rate		0.0%	0.0%	0.0%					
17			-	-	-					
18	Other		-	-	-					
19	<b>Total Future Tax</b>		-	-	-					
20	<u>Other Items</u>									
21	Large Corporations Tax		-	-	-					
22	Preferred Dividend Tax		-	-	-					
23	Other		-	-	-					
24	<b>Total Other Items</b>		-	-	-					
25	<b>Total Utility Income Tax</b>	Sch 1	-	-	-					

\* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**SUMMARY OF CUSTOMERS, ENERGY AND REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

Line No.	Description	Cross-Ref.	2008 Actual	2008 Forecast	2007 Actual	Var. Actual to Forecast	Var. %	Var. Actual to Prior Year	Var. %	Working Paper Reference
<u>Residential</u>										
1	Customers - Average									
2	Energy Sales (MWh)									
3	Revenue (\$000s)									
4	kWh per Customer									
5	Cents/kWh									
<u>Commercial</u>										
6	Customers - Average									
7	Energy Sales (MWh)									
8	Revenue (\$000s)									
9	kWh per Customer									
10	Cents/kWh									
<u>Industrial</u>										
11	Customers - Average									
12	Energy Sales (MWh)									
13	Revenue (\$000s)									
14	Cents/kWh									
<u>R.E.A. Farm</u>										
15	Customers - Average									
16	Energy Sales (MWh)									
17	Revenue (\$000s)									
18	kWh per Customer									
19	Cents/kWh									
<u>Company Rural Farm</u>										
20	Customers - Average									
21	Energy Sales (MWh)									
22	Revenue (\$000s)									
23	kWh per Customer									
24	Cents/kWh									
<u>Street &amp; Space Lights</u>										
25	Energy Sales (MWh)									
26	Revenue (\$000s)									
27	Cents/kWh									
28	Other Revenue (\$000s)		4,549	4,549	4,392	(0)	0%	157	3.5%	VS93
29	<b>Total Utility Revenue (\$000s)</b>	Sch 1	<u>4,549</u>	<u>4,549</u>	<u>4,392</u>	<u>(0)</u>	<u>0%</u>	<u>157</u>	<u>3.5%</u>	

Guidelines:

- (1) Revenue categories need to be identified by the individual utilities. However, they should show sufficient breakdown to allow for reasonable understanding of operations
- (2) Provide a detailed breakdown of items included in "Other", in a supporting sub-schedule.

**City of Lethbridge Electric Utility - Transmission**  
**EXPLANATION OF TRANSACTIONS WITH AFFILIATED COMPANIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(\$000s)**

**2008 Actual**

Line No.	Affiliate	Nature of Service	Cross-Ref.	Amount	Transactions LEU TFO Revenues	Transactions LEU TFO Expenditures	Var. Actual to Forecast	Var. %	Working Paper Reference
1	City of Lethbridge	Facilities		217.2		40.7	17.3	74%	VWP110
2		Human Resources		105.9		19.9	3.5	22%	VWP112
3		Insurance		45.4		45.4	32.1	242%	VWP140
4		Business Services		304.8		58.1	22.3	62%	VWP132
5		Corporate Management		534.9		101.9	41.2	0%	VWP122
6		Corporate Operations		507.1		96.6	27.1	0%	VWP124
7									
8	<b>TOTAL</b>		Sch 3	<u>1,715.3</u>	<u></u>	<u>362.6</u>	<u>143.6</u>	<u>66%</u>	*

**2008 Forecast**

Line No.	Affiliate	Nature of Service	Cross-Ref.	Amount	Transactions LEU TFO Revenues	Transactions LEU TFO Expenditures			Working Paper Reference
9	City of Lethbridge	Facilities		124.9		23.4			VWP109
10		Human Resources		87.0		16.3			VWP112
11		Insurance		65.0		13.3			VWP115
12		Business Services		175.4		35.8			VWP116
13		Corporate Management		302.8		60.7			VWP119
14		Corporate Operations		346.3		69.5			
15									
16	<b>TOTAL</b>			<u>1,101.4</u>	<u></u>	<u>219.0</u>			

## Guidelines:

- (1) The services provided or received need to be identified by the individual utilities. However, they should show sufficient breakdown to allow for reasonable understanding of operations.
- (2) Identify in columns titled "Transactions In" and "Transactions Out" the type of account used to record the entry.
- (3) Provide a cross-reference for each item to the relevant schedules where the amounts have been included in this reporting package.
- (4) Amounts in this schedule must be reconciled on Schedule 10 to the Audited Financial Statements.

\* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**SUMMARY OF PAYROLL AND MANPOWER STATISTICS**  
 FOR THE YEAR ENDED DECEMBER 31, 2008  
 (\$000s)

**SALARIES, WAGES AND EMPLOYEE BENEFITS**

Line No.	Description	Cross-Reference	2008 Actual	2008 Forecast	2007 Actual	Var. Actual to Forecast	Var. %	Var. Actual to Prior Year	Var. %	Working Paper Reference
<u>Gross Salaries and Wages</u>										
1	Transmission Operations		671.0	718.8	645.8	(47.8)	-7%	25.3	4%	VWP225
2	Transmission Capital		59.0	75.0	146.3	(15.9)	-27%	(87.3)	-148%	VWP227
3	<b>Salaries and Wages Charged to Utility Operations</b>		<u>730.1</u>	<u>794</u>	<u>792</u>	<u>(63.7)</u>	<u>-9%*</u>	<u>(62.1)</u>	<u>-8%</u>	
<u>Gross Employee Benefits</u>										
5	Transmission Operations		144.3	154.5	138.8	(10.2)	-7%	5.4	4%	VWP226
6	Transmission Capital		9.2	11.7	22.9	(2.5)	-27%	(13.7)	-148%	VWP228
7	<b>Benefits Charged to Utility Operations</b>		<u>153.5</u>	<u>166.2</u>	<u>161.7</u>	<u>(12.7)</u>	<u>-8%</u>	<u>(8.2)</u>	<u>-5%</u>	

**EMPLOYEE ALLOCATION**

Line No.	Description	Cross-Reference	2008 Actual	2008 Forecast	2007 Actual	Var. Actual to Forecast	Var. %	Var. Actual to Prior Year	Var. %	Working Paper Reference
<u>Manpower Statistics</u>										
1	Total Regular Employees (FTEs)		71.5	63.0	72.0	8.5	12%	(0.5)	-1%	WP12
2	Total Temporary Employees (FTEs)		-	-	-					
3	Total Contract Staff (FTEs)		-	-	-					
4	<b>Total Manpower</b>		<u>71.5</u>	<u>63.0</u>	<u>72.0</u>	<u>8.5</u>	<u>12%</u>	<u>(0.5)</u>	<u>-1%</u>	
5	Less:									
6	Allocated to Non-regulated (Distribution)		60.2	51.2	60.2	9.0	15%	0.0	0%	WP13
7	<b>Total Manpower - Utility Transmission Operations</b>		<u>11.3</u>	<u>11.8</u>	<u>11.8</u>	<u>(0.5)</u>	<u>-4%</u>	<u>(0.5)</u>	<u>-4%</u>	
8	(Average numbers for the year)	Wages	64.54	67.20	67.06					
		Benefits	13.57	14.07	13.69					

Guidelines:

- (1) "Operations" refers to all costs recorded as operating costs.
- (2) "Capital" refers to all costs that have been capitalized.
- (3) FTE information is requested; if unavailable, provide gross information.

\* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**SUMMARY OF RESERVE/DEFERRAL ACCOUNTS**  
 FOR THE YEAR ENDED DECEMBER 31, 2008  
 (\$000s)

Line No.	Description	Cross-Ref.	2008 Actual				2008 Forecast *				Var. Actual to Forecast	Var. %	Working Paper Reference		
			Opening Balance	Adds	Amort.	Recoveries	Ending Balance	Opening Balance	Adds	Amort.				Recoveries	Ending Balance
<u>List of Deferral Accounts</u>															
1	Self Insurance Reserve		33.6	16.4			50.0	31.9	16.7			48.6	1.4	0%	VS94
2	Hearing Cost Reserve		130.0	4.5			134.5	(0.4)	4.5	4.5		(0.4) *	134.9	-35967%	VS106
3	Direct Assignments		0.0	0.0			0.0	293.7	308.8	602.5		0.0 *	0.0	0%	VS390
4	Return on Equity		0.0	0.0			0.0	0.0	0.0	0.0		0.0	0	0%	
5															
6															
7															
8															
9															
10	<b>Total Deferred Assets</b>	Sch 11	<u>163.6</u>	<u>20.9</u>	<u>0.0</u>	<u>0.0</u>	<u>184.5</u>	<u>325.2</u>	<u>330.0</u>	<u>607.0</u>	<u>0.0</u>	<u>48.2</u>	<u>136.3</u>	<u>282%</u>	
11															
12															
13															
14															
15	<b>Total Deferred Liabilities</b>	Sch 11	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0%</u>	

Guidelines:

- (1) The accounts to be disclosed need to be identified by the individual utilities. However, they should show sufficient breakdown to allow for reasonable understanding of operations.
  - (2) Provide a detailed breakdown of items included in "Other", in a supporting sub-schedule.
  - (3) Ending balances for each category must be reconciled on Schedule 11 to the audited Balance Sheet.
  - (4) Variance analysis is on Ending Balance.
- \* Refer to note in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**RECONCILIATION OF FINANCIAL REPORTING SCHEDULES TO AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**INCOME STATEMENT ITEMS**  
**(\$000s)**

Line No.	Description	Cross-Reference	Audited Financial Statements			2008 Financial Results			Utility Total
			Financial Statements	Adjustments	Utility Total	Distribution	Transmission	Retail	
1	<b>Revenues</b>		0.0						
2	Adjustment 1			0.0					
3	Adjustment 2			0.0					
4	Adjustment 3			0.0					
5	Adjustment 4			0.0					
6	Reclassification 1			0.0					
7	Reclassification 2			0.0					
8	Reclassification 3			0.0					
9		Sch 1	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
10	<b>Operating and Maintenance</b>		0.0						
11	Adjustment 1			0.0					
12	Adjustment 2			0.0					
13	Reclassification 1			0.0					
14	Disallowed Expenses			0.0					
15		Sch 1	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
16	<b>Depreciation and Amortization</b>		0.0						
17	Adjustment 1			0.0					
18		Sch 1	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
19	<b>Income Tax</b>		0.0						
20	Adjustment 1			0.0					
21		Sch 1	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
22	<b>Revenue Offsets</b>		0.0						
23	Reclassification 1			0.0					
24	Reclassification 2			0.0					
		Sch 1	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
25	<b>Return</b>	Sch 1	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

**City of Lethbridge Electric Utility - Transmission**  
**RECONCILIATION OF FINANCIAL REPORTING SCHEDULES TO AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**BALANCE SHEET ITEMS**  
**(\$000s)**

Line No.	Description	Cross-Reference	Audited Financial Statements			2008 Financial Results			
			Statements	Adjustments	Total	Distribution	Transmission	Retail	Total
1	<b>Assets</b>		0.0						
2	Item 1			0.0					
3	Item 2			0.0					
4	Item 3			0.0					
5	Item 4			0.0					
6	Item 5			0.0					
7	Item 6			0.0					
8	Item 7			0.0					
9			<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
10	<b>Liabilities</b>		0.0						
11	Item 1			0.0					
12	Item 2			0.0					
13	Item 3			0.0					
14	Item 4			0.0					
15			<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
16	<b>Equity</b>		0.0						
17	Item 1			0.0					
18			<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

\* Refer to note Sch 11 in Schedule 12

**City of Lethbridge Electric Utility - Transmission**  
**NOTES TO SCHEDULES 1 THROUGH 11**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**BALANCE SHEET ITEMS**  
**(\$000s)**

Line No.	Note	Cross-Reference	
1	<b>Forecast</b>		2008 Forecast as per AEUB Decision 2005-148
2	<b>Sch 1-1</b>	Sch 4.2	2008 Return on Rate Base is under the 2008 forecast primarily as a result of delays in transmission plant additions and capital maintenance projects originally planned for the years 2006 to 2008.
3	<b>Sch 1-4</b>		2008 depreciation expense is under the 2008 forecast primarily as a result of delays in transmission plant additions and capital maintenance projects originally planned for the years 2006 to 2008.
4	<b>Sch 1-6</b>	Sch 5	The City of Lethbridge as a Transmission Facility Owner is not subject to income tax.
5	<b>Sch 2-1</b>		The Lethbridge Electric Utility TFO capital structure (65% Debt) and debt rate of 5.09% are as per AEUB Decision 2005-148.
6	<b>Sch 2-3</b>		The Lethbridge Electric Utility TFO capital structure and Return on Equity (ROE) amount of 8.75% is as per Board Order U2006-292 (Generic Cost of Capital applicable to all Board-regulated utilities).
7	<b>Sch 2.1-3</b>		2008 gross value of transmission plant is under the forecast primarily as a result of delays in transmission plant additions and capital maintenance projects originally planned for years 2006 to 2008.
8	<b>Sch 2.1-6</b>	Sch 4	2008 opening (mid-year) accumulated depreciation variance results from overestimating actual depreciation expenses for 2005, 2006 and 2007.
9	<b>Sch 2.1-14</b>	Sch 3	2008 Necessary Working Capital is over the 2008 forecast as a result of higher than forecast operating expenditures.
10	<b>Sch 2.2-1</b>	Sch 2.3	The Lethbridge Electric Utility TFO Long Term Debt capital structure (65%) is as per AEUB Decision 2005-148. 2008 Debt is under the forecast primarily as a result of delays in planned transmission plant additions and capital maintenance projects for years 2006 to 2008.
11	<b>Sch 2.2-2</b>	Sch 2.4	The Lethbridge Electric Utility TFO does not employ any Preferred Share Capital.
12	<b>Sch 2.2-3</b>		The Lethbridge Electric Utility TFO Equity capital structure (35%) is as per AEUB Decision 2005-148. 2008 Equity is under the forecast primarily as a result of delays in planned transmission plant additions and capital maintenance projects for years 2006 to 2008.
13	<b>Sch 2.3-1</b>		2008 Carrying costs are under the forecast as a result of lower than forecast debt capital requirements.
14	<b>Sch 2.4-7</b>		The Lethbridge Electric Utility TFO does not employ Preferred Share Capital.

Line No.	Note	Cross-Reference	
15	Sch 3-10		2008 Linear Property Tax is higher than forecast as a result of a higher assessment than anticipated. An assessment of \$14,877,471 at a tax rate of 25.301 was forecast. Although the actual tax rate of 20.936 was less than anticipated, the assessed value of \$19,675,627 resulted in a higher overall cost.
16	Sch 3-13	Sch 4.2-29	2008 Transmission O & M Expenditures are over the forecast primarily as a result of additional A & G expense and an increase in corporate and linear property tax to the electric utility. Although A&G expenditures are higher than forecast, they were partially offset by lower Direct O&M expenditures.
17	Sch 4-11	Sch 4.2	2008 depreciation expense is under the 2008 forecast primarily as a result of delays in transmission plant additions and capital maintenance projects originally planned for the years 2006 to 2008.
18	Sch 4.2-19		Project work planned for 2008 and included in the LEU Transmission Rate Applications has been deferred. Replacement of Transformer #1 at substation 241S has been deferred indefinitely (now planned beyond 2020); Rebuild of Transmission Line 813L has been deferred to 2009. Other capital maintenance work undertaken during 2008 completes project work began in 2006 or as a result of additional requirements unanticipated in the 2006-08 Transmission Application forecast.
19	Sch 4.2-29		New Regulated Additions forecast for 2006/07 did not materialize. The addition of a second transformer at Substation 674S (West Lethbridge) has been delayed as a result of an additional AESO engineering and financial review of possible alternatives. These delays will result in project work not be completed until 2009. The reconstruction of transmission line 734L has been delayed as a result of an AESO review in terms of project integration with its SE Development project. This work is now scheduled for 2009.
20	Sch 4.2-39		Allocated general asset additions and replacements are higher than forecast as a result of the 2006 deferral of SCADA system replacements and the addition of a financial information system not anticipated in the utilities 2006 application filing.
21	Sch 5-25		The City of Lethbridge as a Transmission Facility Owner is not subject to income tax. Under Section 149 of the Income Tax Act (Canada) and section 35 of the Alberta Income Tax Act the City of Lethbridge is not subject to income taxes. The City of Lethbridge is not subject to Payment In Lieu of Taxation under EUA PILOT Regulation 112/2003 (Consolidated up to 172/2006), as it does not operate facilities outside its service area.
22	Sch 8-3	Sch 4.2-29	Salary and Wages costs were lower than forecast primarily as a result of delays in capital project work as outlined in note 4.2.-17.
23	Sch 9-3	Sch 4.2	Deferred Return on Equity, Carrying Costs and Depreciation on new regulated additions forecast for 2008 did not materialize as a result of those additions not being undertaken.
24	Sch 10		The City of Lethbridge LEU has not undertaken to complete Schedule 10. The City of Lethbridge does not perform a specific annual audit on the Electric Utility Department or on the Transmission component of the Utility. The annual City of Lethbridge financial audit and resulting audited financial statements apply to city operations in total.
25	Sch 11		The City of Lethbridge LEU has not undertaken to complete Schedule 11. The City of Lethbridge does not perform a specific annual audit on the Electric Utility Department or on the Transmission component of the Utility. The annual City of Lethbridge financial audit and resulting audited financial statements apply to city operations in total.