Lakefront Utilities Inc.

207 Division Street, Cobourg, ON K9A 4L3 • www.lusi.on.ca • Tel: (905) 372-2193 • Fax: (905) 372-2581

December 07, 2010

Ontario Energy Board
Ms. Kristen Walli – Board Secretary
P.O. Box 2319, 2300 Yonge St.
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

RE: Lakefront Utilities Inc – EB-2010-0095 – 2011 Incentive Regulation Mechanism Rate Application

Please find attached Lakefront Utilities Inc. responses to the Ontario Energy Board Staff's Interrogatories dated November 23, 2010. As a result, four supplemental documents were updated:

1. 2011 IRM3 Shared Tax Savings Workform
2. 2011 IRM3 Smart Meter Rate Calculation Model
3. 2011 IRM3 Deferral and Variance Account Adjustment Workform
4. 2011 IRM3 Rate Generator

We have enclosed a paper copy along with a CD in the mail as well. Should you have any questions regarding the above, please call me at (905) 372-2193, ext 5226.

Yours truly,

Original signed

Dereck C. Paul – Vice President
Lakefront Utilities Inc.

Cc: Bruce Craig; President - LUI

Lakefront Utilities Inc. (LUI) Response
2011 Incentive Regulation Mechanism Rate Application

Board File: EB-2010-0095

LUI's Response to Board Staff Interrogatories

IN THE MATTER OF the Ontario Energy Board Act, 1998, being Schedule B to the Energy Competition Act, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Lakefront Utilities Inc. ("LUI"), Licence # ED-2002-0545, EB-2008-0193 pursuant to section 78 of the *Ontario Energy Board Act* for an Order or Orders approving just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2011.

Board Staff Interrogatories and LUI's reply submission:

1. Ref: Burman Energy Consultants Group Inc.'s Third Party Report, Page 2

In the introduction to the Burman report it states that results from OEB-approved CDM Programs (i.e. Third Tranche), OPA CDM Programs and Lakefront Utilities funded programs were included in the calculation of both LRAM and SSM. The contribution to both LRAM and SSM from Lakefront funded programs, that being the Street Lighting program, totals $44,158.63; $14,451.26 for LRAM and $29,707.38 for SSM.

a) Please provide the rationale for why Lakefront thinks it is appropriate to receive both LRAM and SSM for its Street Lighting program when it did not receive approval from the Board to initiate this program.

b) Please provide further evidence of how Lakefront funded its Street Lighting program.

LUI's response:

a) Lakefront became aware of an opportunity that would benefit the Municipality if they implemented Induction Lighting. Induction Lighting provided the Town of Cobourg an energy efficiency opportunity to reduce their load by more than 50%. Lakefront provided consultation, guidance and knowledge to the Municipality in order to implement this project.

With respect to conservation, this is a great step forward and Lakefront believes it should be encouraged in all Municipalities. Previously in this Province, a major change in Street Lighting occurred with the introduction of High Pressure sodium lighting that replace the Mercury Vapour system.

Lakefront worked with the Municipality to implement this "program" of being the first Municipality in North America to convert to Induction Lighting and this initiative was recognized by the Federation of Canadian of Municipalities when Cobourg won the 2010 Energy Award.

The Province of Ontario believes strongly enough in this initiative to grant the Municipality $500,000 funding to support the implementation of this program.

The installation of Induction Street Lighting in Cobourg directly affected the Street Light class revenue and the impact is one of the only conservation methods that can be exactly measured. The Street Lighting profile, as approved by the OEB, is part of our regular metering process with the IESO.

Lakefront believes, as does the Province of Ontario and the Federation of Municipalities, that the implementation of Induction Lighting as a conservation initiative, provides a great benefit to the people of Ontario and Canada.

The decision to proceed with this project was always the responsibility of the Municipality and is the reason why Lakefront did not seek approval from the Board. Therefore Lakefront believes we should not be penalized for such a great project and it should be included in our LRAM and SSM calculations.

b) Lakefront's involvement with this initiative was fundamentally providing resource knowledge expertise to develop the project and then provide guidance during its implementation.

2. Ref: Tax Sharing Model – B1.1 Re-Based Bill Determinants & Rates

Rate Class and Re-Based Billing Determinants & Rates

Last COS Re-based Year	2008
Last COS OEB Application Number	EB-2008-0193

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	8,012	77,241,202		10.26	0.0146	
GSLT50	General Service Less Than 50 kW	Customer	kWh	1,075	36,960,206		25.82	0.0103	
GSGT50	General Service 50 to 2,999 kW	Customer	kW	127	117,291,948	270,520	201.54		4.2114
GSGT50	General Service 3,000 to 4,999 kW	Customer	kW	2	55,719,421	123,329	1,763.11		1.5745
USL	Unmetered Scattered Load	Connection	kWh	79	620,588		11.19	0.0306	
Sen	Sentinel Lighting	Connection	kW	58	49,428	98	3.51		9.0386
SL	Street Lighting	Connection	kW	2,739	2,065,217	5,335	1.10		7.3229

a) Please explain why rates in columns D, E and F are not identical with rates from Sheet "E1.1 Rate Reb Base Dist Rts Gen" of the 2011 IRM3 Rate Generator.

b) If the data provided is correct, please provide evidence supporting the data entered for a). If the data is incorrect, please re-file B1.1 with the correct data and staff will make the necessary changes to the model.

LUI's response:

a) There seems to be some confusion with the interpretation of the Tax Sharing Model description. It was LUI's understanding that Sheet "B1.1 Re-Based Bill Determinants & **Rates**" of the 2011 IRM3 Shared Tax Savings Workform is asking for LUI's **2008 rebased** figures (Service Charges and Volumetric **Rates**) in columns D, E and F, especially given the **"name"** of the sheet.
Of course, 2008 rates are different from **LUI's current** Service Charges and Volumetric Rates in Sheet "E1.1 Rate Reb Base Dist Rts Gen" of the 2011 IRM3 Rate Generator. Also, Sheet "E1.1 Rate Reb Base Dist Rts Gen" of the 2011 IRM3 Rate Generator is not an "input" sheet that LUI can populate, rather, it has a preset formula that pulls the information from Sheet "C7.1 Base Dist Rates Gen" that has LUI's current rates.

b) As the intention was to have the current rates in Sheet "B1.1 Re-Based Bill Determinants & **Rates**" of the 2011 IRM3 Shared Tax Savings Workform, LUI has corrected the data (see below) and will be re-filing this workform. The output Tax Change Rate Riders are also updated in Sheet "J2.7 Tax Change Rate Rider" of the 2011 IRM3 Rate Generator that is also being re-filed.

Last COS Re-based Year	2008
Last COS OEB Application Number	EB-2008-0193

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Rate ReBal Base Service Charge D	Rate ReBal Base Distribution Volumetric Rate kWh E	Rate ReBal Base Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	8,012	77,241,202		9.25	0.0133	
GSLT50	General Service Less Than 50 kW	Customer	kWh	1,075	36,960,206		23.14	0.0085	
GSGT50	General Service 50 to 2,999 kW	Customer	kW	127	117,291,948	270,520	188.37		3.5044
GSGT50	General Service 3,000 to 4,999 kW	Customer	kW	2	55,719,421	123,329	1,760.21		1.0229
USL	Unmetered Scattered Load	Connection	kWh	79	620,588		11.18	0.0292	
Sen	Sentinel Lighting	Connection	kW	58	49,428	98	4.64		11.4303
SL	Street Lighting	Connection	kW	2,739	2,065,217	5,335	2.91		18.4232

Calculate Tax Change Rate Rider Volumetric

Rate Class	Total Revenue $ by Rate Class A	Total Revenue % by Rate Class B = A / $H	Total Z-Factor Tax Change$ by Rate Class C = $I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	$1,916,639.9866	46.08%	-$17,136	77,241,202	0	-$0.0002	
General Service Less Than 50 kW	$612,668	14.73%	-$5,477	36,960,206	0	-$0.0001	
General Service 50 to 2,999 kW	$1,235,086	29.69%	-$11,042	117,291,948	270,520		-$0.0408
General Service 3,000 to 4,999 kW	$168,398	4.05%	-$1,506	55,719,421	123,329		-$0.0122
Unmetered Scattered Load	$28,720	0.69%	-$257	620,588	0	-$0.0004	
Sentinel Lighting	$4,350	0.10%	-$39	49,428	98		-$0.3968
Street Lighting	$193,934	4.66%	-$1,734	2,065,217	5,335		-$0.3250
	$4,159,795	100.00%	-$37,190				
	H		- I				

Enter the above value onto Sheet "J2.7 Tax Change Rate Rider" of the 2011 IRM3 Rate Generator.

3. Ref: 2011 Retail Transmission Service Rates ("RTSR") Adjustment Workform

Sheet "B1.2 – 2009 Distributor Billing Determinants" Workform is reproduced below.

2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh	Yes
Loss Adjusted Metered kW	No

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)	Loss Adjusted Billed kWh E = A * C
Residential	kWh	73,195,401	0	1.0541		77,155,272
General Service Less Than 50 kW	kWh	34,961,659	0	1.0541		36,853,085
General Service 50 to 2,999 kW	kW	116,293,690	290,143	1.0541	54.94%	122,585,179
General Service 3,000 to 4,999 kW - Intermediate Use	kW	20,730,102	51,168	1.0541	55.53%	21,851,601
Unmetered Scattered Load	kWh	749,638	0	1.0541		790,193
Sentinel Lighting	kW	46,151	98	1.0541	64.55%	48,648
Street Lighting	kW	1,388,839	3,736	1.0541	50.95%	1,463,975
Total		247,365,480	345,145			260,747,952

a) Please explain why the billing determinants for the Metered kWh and Metered kW (Columns A & B) are not identical with the value reported in the 2009 RRR filings.

b) If the data provided is correct, please provide evidence supporting the data. If the data is incorrect, please re-file sheet B1.2 with the correct data and staff will make the necessary changes to the model.

LUI's response:

a) The reason for the difference between the billing determinants for Metered kWh and Metered kW on the worksheet and the data filed on the RRR are as follows;

i) Column A (metered kWh) is different from the RRR filing as the RRR is filed using uplifted data (including losses) whereas the column A in the worksheet is filed using non-uplifted kWh (excluding losses).

ii) Column B (metered kW) is different from the 2009 RRR filing as the RRR filing was prepared and filed with the kW values omitted for Sentinel Lighting. Specifically, the Sentinel Lighting profile is applied to load to determine the actual

kW hours. When the RRR filing was completed, the conversion to kW for RRR was unintentionally missed.

Below is an updated copy of Sheet B1.3 Rate Class and Bill Determinants including the Sentinel Lighting class Metered kW:

				2009 Audited RRR			
Rate Group	Rate Class	Fixed Metric	Vol Metric	Metered kWh	Metered kW	Billed kWh for Non-RPP customers	1595 (2008 COS) Recovery Share Proportion [1]
RES	Residential	Customer	kWh	73,195,401			27.1%
GSLT50	General Service Less Than 50 kW	Customer	kWh	34,961,659			13.1%
GSGT50	General Service 50 to 2,999 kW	Customer	kW	116,293,690	290,143	95,743,808	44.1%
GSGT50	General Service 3,000 to 4,999 kW - Intermediate Use	Customer	kW	20,730,102	51,168	21,819,729	15.0%
USL	Unmetered Scattered Load	Connection	kWh	749,638			0.0%
Sen	Sentinel Lighting	Connection	kW	46,151	96		0.0%
SL	Street Lighting	Connection	kW	1,388,839	3,736	1,463,973	0.7%

b) The data filed on the worksheet is correct. For Column A (metered kWh), the evidence to support the data in column A is to verify column E to our RRR reported data, and note that the figures in column E match the RRR reporting. Column E reports our uplifted (including losses) figures, which is equal to the method we reported our RRR data for 2009. For Column B (metered kW), the back up to support the 96kW for Sentinel Lights, is based on historical data as follows:
From 2006 our records show that we had 96 kW in Sentinel Lighting in operation, in the following categories, with approximately 52 connections (as reported for 2009)

- 11 @ 190Watts x bimonthly billing = 12.54 KW
- 14 @ 190 Watts x monthly billing = 31.92 KW
- 11 @ 95 Watts x monthly billing = 12.54 KW
- 8 @ 95 Watts x bimonthly billing = 4.56KW
- 3 @ 475 Watts x monthly billing = 17.10 KW
- 3 @ 255 Watts x monthly billing = 9.18
- 2 @ 355 Watts x monthly billing = 8.52

This totals 52 connections, with approx 96 KW (based on 2006 historical data). We will be doing a count and inventory of our Sentinel lights for 2012 COS rebasing in order to ensure the data remains up to date and accurate.

4. Ref: 2011 Deferral and Variance Account Adjustment Workform

Sheet B1.3 Rate Class and Bill Determinants

Rate Class and Billing Determinants

				2009 Audited RRR			
Rate Group	Rate Class	Fixed Metric	Vol Metric	Metered kWh	Metered kW	Billed kWh for Non-RPP customers	1595 (2008 COS) Recovery Share Proportion [1]
RES	Residential	Customer	kWh	73,195,401			27.1%
GSLT50	General Service Less Than 50 kW	Customer	kWh	34,961,659			13.1%
GSGT50	General Service 50 to 2,999 kW	Customer	kW	116,293,690	290,143	95,743,808	44.1%
GSGT50	General Service 3,000 to 4,999 kW - Intermediate Use	Customer	kW	20,730,102	51,168	21,819,729	15.0%
USL	Unmetered Scattered Load	Connection	kWh	749,638			0.0%
Sen	Sentinel Lighting	Connection	kW	46,151			0.0%
SL	Street Lighting	Connection	kW	1,388,839	3,736	1,463,973	0.7%

a) Please explain why the billing determinants for the Metered kWh and Metered kW (Columns J & K) are not identical with the values reported in the 2009 RRR filings.

b) If the data provided is correct, please provide evidence supporting the data. If the data is incorrect, please re-file sheet B1.3 with the correct data and staff will make the necessary changes to the model.

LUI's response:

a) The reason for the difference between the billing determinants for Metered kWh and Metered kW on the worksheet and the data filed on the RRR are as follows;

I. Column A (metered kWh) is different from the RRR filing as the RRR is filed using uplifted data (including losses) whereas the column A in the worksheet is filed using non-uplifted kWh (excluding losses).

II. Column B (metered kW) is different from the 2009 RRR filing as the RRR filing was prepared and filed with the kW values omitted for Sentinel Lighting. Specifically, the Sentinel Lighting profile is applied to load to determine the actual kW hours. When the RRR filing was completed, the conversion to kW for RRR was unintentionally missed.

III. kW hours. When the RRR filing was completed, the conversion to kW for RRR was unintentionally missed.

Below is an updated copy of Sheet B1.3 Rate Class and Bill Determinants including the Sentinel Lighting class Metered kW:

				2009 Audited RRR			
Rate Group	Rate Class	Fixed Metric	Vol Metric	Metered kWh	Metered kW	Billed kWh for Non-RPP customers	1595 (2008 COS) Recovery Share Proportion [1]
RES	Residential	Customer	kWh	73,195,401			27.1%
GSLT50	General Service Less Than 50 kW	Customer	kWh	34,961,659			13.1%
GSGT50	General Service 50 to 2,999 kW	Customer	kW	116,293,690	290,143	95,743,808	44.1%
GSGT50	General Service 3,000 to 4,999 kW - Intermediate Use	Customer	kW	20,730,102	51,168	21,819,729	15.0%
USL	Unmetered Scattered Load	Connection	kWh	749,638			0.0%
Sen	Sentinel Lighting	Connection	kW	46,151	96		0.0%
SL	Street Lighting	Connection	kW	1,388,839	3,736	1,463,973	0.7%

b) The data filed on the worksheet is correct. For Column A (metered kWh), the evidence to support the data in column A is to verify column E to our RRR reported data, and note that the figures in column E match the RRR reporting. Column E reports our uplifted (including losses) figures, which is equal to the method we reported our RRR data for 2009. For Column B (metered kW), the back up to support the 96kW for Sentinel Lights, is based on historical data as follows:
From 2006 our records show that we had 96 kW in Sentinel Lighting in operation, in the following categories, with approximately 52 connections (as reported for 2009)

- 11 @ 190Watts x bimonthly billing = 12.54 KW
- 14 @ 190 Watts x monthly billing = 31.92 KW
- 11 @ 95 Watts x monthly billing = 12.54 KW
- 8 @ 95 Watts x bimonthly billing = 4.56KW
- 3 @ 475 Watts x monthly billing = 17.10 KW
- 3 @ 255 Watts x monthly billing = 9.18
- 2 @ 355 Watts x monthly billing = 8.52

This totals 52 connections, with approx 96 KW (based on 2006 historical data). We will be doing a count and inventory of our Sentinel lights for 2012 COS rebasing in order to ensure the data remains up to date and accurate.

5. Ref: 2011 Revenue to Cost Ratio Adjustment Workform

Ref: 2011 IRM3 Rate Generator – Revenue Cost Ratio Adjustment
Ref: 2011 IRM3 Revenue Cost Ratio Adjustment Workform

Sheet "D1.2 - Revenue Cost Ratio Adjustment" of the 2011 IRM3 Rate Generator is reproduced below.

Rate Rebalancing Adjustment	Revenue Cost Ratio
Metric Applied To	All Customers
Method of Application	Both Distinct$

Monthly Service Charge

Class	Metric	Base Rate	$ Adjustment	Adj To Base
Residential	Customer - 12 per year	9.250000	0.000000	0.000000
General Service Less Than 50 kW	Customer - 12 per year	23.140000	- 0.830000	- 0.830000
General Service 50 to 2,999 kW	Customer - 12 per year	188.370000	- 6.010000	- 6.010000
General Service 3,000 to 4,999 kW - Intermediate Use	Customer - 12 per year	1760.210000	0.000000	0.000000
Unmetered Scattered Load	Connection -12 per year	11.180000	0.000000	0.000000
Sentinel Lighting	Connection - 12 per year	4.640000	0.000000	0.000000
Street Lighting	Connection - 12 per year	2.910000	0.920000	0.920000

Volumetric Distribution Charge

Class	Metric	Base Rate	$ Adjustment	Adj To Base
Residential	kWh	0.013300	0.000000	0.000000
General Service Less Than 50 kW	kWh	0.008500	- 0.000300	- 0.000300
General Service 50 to 2,999 kW	kW	3.504400	- 0.111700	- 0.111700
General Service 3,000 to 4,999 kW - Intermediate Use	kW	1.022900	0.000000	0.000000
Unmetered Scattered Load	kWh	0.029200	0.000000	0.000000
Sentinel Lighting	kW	11.430300	0.000000	0.000000
Street Lighting	kW	18.423200	5.826100	5.826100

Sheet "C1.9 Adjustment Required to Proposed Rate" of the 2011 IRM3 Revenue Cost Ratio Adjustment Workform is reproduced below.

Adjustment required to Proposed Rates

Rate Class	Proposed Base Service Charge	Proposed Base Distribution Volumetric Rate kWh	Proposed Base Distribution Volumetric Rate kW	Current Base Service Charge	Current Base Distribution Volumetric Rate kWh	Current Base Distribution Volumetric Rate kW	Adjustment Required Base Service Charge	Adjustment Required Base Distribution Volumetric Rate kWh	Adjustment Required Base Distribution Volumetric Rate kW
	A	B	C	D	E	F	G = A - D	H = B - E	I = C - F
Residential	$ 9.25	$ 0.0133	$ -	$ 9.25	$ 0.0133	$ -	$ -	$ -	$ -
General Service Less Than 50 kW	$ 22.12	$ 0.0081	$ -	$ 23.14	$ 0.0085	$ -	-$ 1.02	-$ 0.0004	$ -
General Service 50 to 2,999 kW	$ 183.15	$ -	$ 3.4072	$ 188.37	$ -	$ 3.5044	-$ 5.22	$ -	-$ 0.0972
General Service 3,000 to 4,999 kW - Inter	$ 1,760.21	$ -	$ 1.0229	$ 1,760.21	$ -	$ 1.0229	$ -	$ -	$ -
Unmetered Scattered Load	$ 11.18	$ 0.0292	$ -	$ 11.18	$ 0.0292	$ -	$ -	$ -	$ -
Sentinel Lighting	$ 4.64	$ -	$ 11.4303	$ 4.64	$ -	$ 11.4303	$ -	$ -	$ -
Street Lighting	$ 3.83	$ -	$ 24.2493	$ 2.91	$ -	$ 18.4232	$ 0.92	$ -	$ 5.8261

a) Please explain the discrepancies between the adjustments recorded on Sheet D1.2 and those shown on Sheet C1.9. If there are errors, please confirm and Board staff will make the relevant corrections.

LUI's response:

a) The correct adjustments are reflected in Sheet "C1.9 Adjustment Required to Proposed Rate" of the 2011 IRM3 Revenue Cost Ratio Adjustment Workform and LUI has made the correction to Sheet "D1.2 – Revenue Cost Ratio Adjustment" of the 2011 IRM3 Rate Generator (see below). An updated copy of the entire Workform is being resubmitted with these interrogatories responses.

Revenue Cost Ratio Adjustment

Rate Rebalancing Adjustment	Revenue Cost Ratio
Metric Applied To	All Customers
Method of Application	Both Distinct$

Monthly Service Charge

Class	Metric	Base Rate	$ Adjustment	Adj To Base
Residential	Customer - 12 per year	9.250000	0.000000	0.000000
General Service Less Than 50 kW	Customer - 12 per year	23.140000	- 1.020000	- 1.020000
General Service 50 to 2,999 kW	Customer - 12 per year	188.370000	- 5.220000	- 5.220000
General Service 3,000 to 4,999 kW - Intermediate Use	Customer - 12 per year	1760.210000	0.000000	0.000000
Unmetered Scattered Load	Connection -12 per year	11.180000	0.000000	0.000000
Sentinel Lighting	Connection - 12 per year	4.640000	0.000000	0.000000
Street Lighting	Connection - 12 per year	2.910000	0.920000	0.920000

Volumetric Distribution Charge

Class	Metric	Base Rate	$ Adjustment	Adj To Base
Residential	kWh	0.013300	0.000000	0.000000
General Service Less Than 50 kW	kWh	0.008500	- 0.000400	- 0.000400
General Service 50 to 2,999 kW	kW	3.504400	- 0.097200	- 0.097200
General Service 3,000 to 4,999 kW - Intermediate Use	kW	1.022900	0.000000	0.000000
Unmetered Scattered Load	kWh	0.029200	0.000000	0.000000
Sentinel Lighting	kW	11.430300	0.000000	0.000000
Street Lighting	kW	18.423200	5.826100	5.826100

6. Ref: 2011 IRM Smart Meter Rate Calculation Workform

Below is Sheet 5 of the Smart Meter Rate Calculation Workform:

Sheet 5. PILs

PILs Calculation

INCOME TAX	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted
Net Income	$ -	$ -	$ -	$ 20,550.63	$ 53,905.73	$ -	$ -
Amortization	$ -	$ -	$ -	$ 44,001.31	$ 106,322.25	$ -	$ -
CCA - Smart Meters	$ -	$ -	$ -	-$ 46,947.33	-$ 102,665.71	-$ 117,939.30	$ -
CCA - Computers	$ -	$ -	$ -	-$ 13,415.97	-$ 43,227.45	-$ 43,226.65	$ -
CCA - Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in taxable income	$ -	$ -	$ -	$ 4,188.64	$ 14,334.82	-$ 161,165.95	$ -
Tax Rate *(3. LDC Assumptions and Data)*	36.12%	36.12%	33.50%	33.00%	32.00%	30.50%	29.00%
Income Taxes Payable	$ -	$ -	$ -	$ 1,382.25	$ 4,587.14	-$ 49,155.62	$ -

a) Please explain why there is no input under "2011 Forecasted" Net Income (Cell H8) and Amortization (Cell H9). If this is an omission, please confirm and Board staff will make the relevant corrections.

LUI's response:

a) The 2011 data was not included, specifically cell H8 & cell H9, due to an error in the formula in those cells in the original worksheet downloaded from the OEB website. They were referenced to the wrong column. We have manually updated the cells, to reference the appropriate cells and completed the worksheet.

Please note that this update has also changed the Smart Meter rate adder result from $3.44 to $4.20. However, LUI will not change its request from a $3.44 adder at this time. We will address any "true-up" at the completion of the Smart Meter implementation initiative.

An updated copy of the entire Workform is being resubmitted with these interrogatories responses.

Below is the updated Sheet 5 of the Smart Meter Rate Calculation Workform.

Sheet 5. PILs

PILs Calculation

INCOME TAX	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted
Net Income	$ -	$ -	$ -	$ 20,550.63	$ 53,905.73	$ 62,301.09	$ -
Amortization	$ -	$ -	$ -	$ 44,001.31	$ 106,322.25	$ 133,775.22	$ -
CCA - Smart Meters	$ -	$ -	$ -	-$ 46,947.33	-$ 102,665.71	-$ 117,939.30	$ -
CCA - Computers	$ -	$ -	$ -	-$ 13,415.97	-$ 43,227.45	-$ 43,226.65	$ -
CCA - Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in taxable income	$ -	$ -	$ -	$ 4,188.64	$ 14,334.82	$ 34,910.36	$ -
Tax Rate *(3. LDC Assumptions and Data)*	36.12%	36.12%	33.50%	33.00%	32.00%	30.50%	29.00%
Income Taxes Payable	$ -	$ -	$ -	$ 1,382.25	$ 4,587.14	$ 10,647.66	$ -

7. Ref: 2011 IRM Rate Generator Model, Manager's Summary

Lakefront requests to submit its 2012 Cost of Service rate application and move to a calendar year in 2012 for the distribution rates, so that they mirror the fiscal year of January 1st to December 31st.

a) In light of the fact that the current application is for the setting of 2011 rates, please clarify what specific approvals Lakefront is seeking from the Board.

LUI's response:

a) LUI was considering aligning its "rate year" from May 1st to April 30th to January 1st to December 31st to match its fiscal financial reporting which is also on a calendar year basis. However, in re-evaluating the level of effort to complete rate applications during the same period of year end audits, LUI is respectfully withdrawing this request at this time.

8. Ref: 2011 IRM Rate Generator Model, Sheet C3.3 Global Adjustment Delivery, Manager's Summary

Lakefront states that incorrect calculations were used in 2010's IRM Deferral and Variance Workform. Lakefront is proposing to cancel and re-bill the May and June invoices and request permission from the Board to issue an amended order rescinding the 2010 Global Adjustment Rate Rider and issuing a revised tariff sheet effective November 1, 2010.

a) Please confirm which billing determinants were used incorrectly in the calculation of the 2010 global adjustment sub-account rate rider.

b) Please confirm the total amount Lakefront has collected up to date from non-RPP customers.

c) Please explain the incorrect calculations used in determining the Rate Rider.

d) Please describe what actions, if any, were taken for subsequent months i.e. July 1 to October 31, 2010.

e) Please confirm that Lakefront has used the correct billing determinants in the 2011 Deferral and Variance Account Workform.

f) Please provide the amount that has already been collected, and the total that should have been collected, and the difference between the two.

g) Please recalculate a new rate rider to collect or return to the customers, based on the amount calculated in f) above.

LUI's response:

a) The billing determinants that were incorrectly used are the annual kW for three (3) classes of customers; GS>50kW, GS 3,000 to 4,999kW and Street Lighting.

Instead of the **ANNUAL kW**, LUI incorrectly used the **MONTHLY kW** figures in the initial calculation that produced the incorrect rate riders.

The 2008 ANNUAL kW are:

GS>50kW:	208,112 kW
GS>3,000 to 4,999kW:	80,519 kW
Street Lighting:	5,177 kW

The 2008 average MONTHLY kW incorrectly used:

GS>50kW:	18,413 kW
GS>3,000 to 4,999kW:	6,612 kW
Street Lighting:	431 kW

b) The total collected by Lakefront from non-RPP customers for the Global Adjustment Rate Rider (as of November 26, 2010) is $74,105.94.

c) The total Global Adjustment to be collected from May 1, 2010 to April 30, 2011, approved by the Board, is $144,869. Below are the (incorrect) calculations used in determining the **Rate Rider** as well as what the correct calculations should have been for the **Rate Rider**:

Old incorrect calculation:

Name of LDC: Lakefront Utilities Inc.
File Number: EB-2009-0233
Effective Date: Saturday, May 01, 2010

Calculation of Global Adjustment Rate Rider

Rate Rider Recovery Period - Years One

Rate Rider Effective To Date

Saturday, April 30, 2011

Rate Class	Vol Metric	Non-RPP kWh A	Billed kW B	kWh C	Non-RPP D	1590 E	1595 F	Total G = C + D + E + F	Rate Rider kWh H = G / A (kWh) or H = G / B (kW)
Residential	kWh	0	0	0	0	0	0	0	0.00000
General Service Less Than 50 kW	kWh	0	0	0	0	0	0	0	0.00000
General Service 50 to 2,999 kW	kW	7,749,137	18,413	0	98,060	0	0	98,060	5.32560
General Service 3,000 to 4,999 kW	kW	3,532,226	6,612	0	44,698	0	0	44,698	6.76013
Unmetered Scattered Load	kWh	0	0	0	0	0	0	0	0.00000
Sentinel Lighting	kW	0	0	0	0	0	0	0	0.00000
Street Lighting	kW	166,805	431	0	2,111	0	0	2,111	4.89746
		11,448,168	25,456	0	144,869	0	0	144,869	
				-	-	-	-	-	

Enter the above value onto Sheet "J2.6 Global Adjustment Rate Rider" of the 2010 OEB IRM2 Rate Generator

Correct calculation:

Name of LDC: Lakefront Utilities Inc.
File Number: EB-2009-0233
Effective Date: Saturday, May 01, 2010

Calculation of Global Adjustment Rate Rider

Rate Rider Recovery Period - Years: One

Rate Rider Effective To Date

Saturday, April 30, 2011

Rate Class	Vol Metric	Non-RPP kWh A	Billed kW B	kWh C	Non-RPP D	1590 E	1595 F	Total G = C + D + E + F	Rate Rider kWh H = G / A (kWh) or H = G / B (kW)
Residential	kWh	0	0	0	0	0	0	0	0.00000
General Service Less Than 50 kW	kWh	0	0	0	0	0	0	0	0.00000
General Service 50 to 2,999 kW	kW	87,585,369	208,112	0	95,687	0	0	95,687	0.45978
General Service 3,000 to 4,999 kW	kW	43,016,692	80,519	0	46,996	0	0	46,996	0.58366
Unmetered Scattered Load	kWh	0	0	0	0	0	0	0	0.00000
Sentinel Lighting	kW	0	0	0	0	0	0	0	0.00000
Street Lighting	kW	2,001,656	5,177	0	2,187	0	0	2,187	0.42241
		132,603,717	293,808	0	144,869	0	0	144,869	
				-	-	-	-	-	

Enter the above value onto Sheet "J2.6 Global Adjustment Rate Rider" of the 2010 OEB IRM2 Rate Generator

a) Upon identifying the billing error, LUI immediately contacted Board Staff to advise them of the issue. LUI stopped billing the incorrect rate rider, cancelled the few bills that were affected for the two months as continuing billing the wrong amount had budget and operational impacts to the affected customers, and sent out letters to communicate the error to our customers.

LUI recalculated the **rate rider** to what should be the correct figures base on the information above (Response "C" – Correct calculation), to rebill the affected customers for May, June and subsequent months. Please note the corrected rate riders are less than the incorrect values.

Below is a copy of Board staff response upon advise from LUI of the issue:

"In accordance with EDDVAR the 2010 IRM and COS applicants were required to present for allocation purposes only consumption data for Non-RPP customers to which Global Adjustment variances were to be applied. Subsequently this consumption data was used by the Board as part of the IRM final decision and order to calculate a separate Global Adjustment rate rider for recovery of the variance. Applicants were required in the decision to advise the Board of any concerns within seven days.

Lakefront has advised Board staff that the wrong consumption data was filed in their 2010 IRM applications resulting in overvalued rate riders. The applicant did not file concern within the seven day period after release of the decision. The applicant has inquired on process to discontinue collection of rate rider.

Board staff proposed solution:

1. *Applicant to include in 2011 IRM Manager's summary discussion on issue and request to discontinue collection of rate effective November 1, 2010.*
2. *Upon receipt of application the Board may issue an amended order rescinding the Global Adjustment Rate rider and issuing revised tariff sheet effective November 1, 2010*
3. *Applicant to reconcile account 1595 and apply for residual disposition in 2013 application.*

Please note that the information above is being provided to "assist" the distributor in preparing an application for electricity rates or other matters. This assistance is in no way advising, instructing, or ordering the distributor to do anything. An application or other matters are the sole and direct responsibility of the distributor. The distributor is free to use this information in any way to suit individual needs. While every effort has been made to provide complete and accurate assistance to the distributor, this information is in no way warranted to be accurate. Also there is no guarantee that utilization of this information or its inherent results will be accepted by the Board."

b) LUI confirms that the billing determinants used in the 2011 Deferral and Variance Account Workform are correct.

c)

The amount collected to date is:	$ 74,106
The amount that should be collected is:	$ 74,106
Difference:	$ 0

This amount includes approximately six months of usage billings. The total to be collected at the end of the 12 month period (April 30, 2011) is $144,869.

d) The new rate rider LUI has calculated is as per the response to 8(c) above:

Name of LDC: Lakefront Utilities Inc.
File Number: EB-2009-0233
Effective Date: Saturday, May 01, 2010

Calculation of Global Adjustment Rate Rider

Rate Rider Recovery Period - Years: One

Rate Rider Effective To Date

Saturday, April 30, 2011

Rate Class	Vol Metric	Non-RPP kWh A	Billed kW B	kWh C	Non-RPP D	1590 E	1595 F	Total G = C + D + E + F	Rate Rider kWh H = G / A (kWh) or H = G / B (kW)
Residential	kWh	0	0	0	0	0	0	0	0.00000
General Service Less Than 50 kW	kWh	0	0	0	0	0	0	0	0.00000
General Service 50 to 2,999 kW	kW	87,585,369	208,112	0	95,687	0	0	95,687	0.45978
General Service 3,000 to 4,999 kW	kW	43,016,692	80,519	0	46,996	0	0	46,996	0.58366
Unmetered Scattered Load	kWh	0	0	0	0	0	0	0	0.00000
Sentinel Lighting	kW	0	0	0	0	0	0	0	0.00000
Street Lighting	kW	2,001,656	5,177	0	2,187	0	0	2,187	0.42241
		132,603,717	293,808	0	144,869	0	0	144,869	
				-	-	-	-	-	

Enter the above value onto Sheet "J2.6 Global Adjustment Rate Rider" of the 2010 OEB IRM2 Rate Generator

9. Ref: 2011 IRM Rate Generator Model, Sheet 4.1 Current Rates and Charges

CURRENT SPECFIC SERVICE CHARGES

Customer Administration

Arrears certificate	$	15.00
Statement of account	$	15.00
Pulling post dated cheques	$	15.00
Request for other billing information	$	15.00
Easement letter	$	15.00
Income tax letter	$	15.00
Credit reference/credit check (plus credit agency costs)	$	15.00
Returned cheque charge (plus bank charges)	$	15.00
Legal letter charge	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Special meter reads	$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge - no disconnection	$	30.00
Collection of account charge - no disconnection - after regular hours	$	165.00
Disconnect/Reconnect at pole - during regular hours	$	65.00
Disconnect/Reconnect at meter - during regular hours	$	185.00
Disconnect/Reconnect at pole - during regular hours	$	185.00
Disconnect/Reconnect at pole - after regular hours	$	415.00

Sheet “C4.1 Curr Rates & Chgs General” of the Rate Generator”, there are two items on the proposed Tariff sheet that are not identical to Lakefront’s current Tariff sheet:

Non-Payment of Account
Disconnect/Reconnect at pole – during regular hours $65.00
Disconnect/Reconnect at meter – during regular hours $185.00

The current tariff sheet shows:

Non-Payment of Account
Disconnect/Reconnect at meter – during regular hours $65.00
Disconnect/Reconnect at meter – after regular hours $185.00

a) If the descriptions provided are correct, please provide evidence supporting the new descriptions. If the descriptions are incorrect, please re-file sheet C4.1 with the correct descriptions and staff will make the necessary changes to the model.

LUI's response:

a) The correct items should be the same as LUI's current tariff sheet below:

Non-Payment of Account
Disconnect/Reconnect at meter – during regular hours $65.00
Disconnect/Reconnect at meter – after regular hours $185.00

We will make the changes and re-file sheet C4.1 as per below details:

Current and Applied For Specific Service Charges

Customer Administration	Metric	Current
Arrears certificate	$	15.00
Statement of account	$	15.00
Pulling post dated cheques	$	15.00
Request for other billing information	$	15.00
Easement letter	$	15.00
Income tax letter	$	15.00
Credit reference/credit check (plus credit agency costs)	$	15.00
Returned cheque charge (plus bank charges)	$	15.00
Legal letter charge	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Special meter reads	$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	$	30.00
Non-Payment of Account	Metric	Current
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge - no disconnection	$	30.00
Collection of account charge - no disconnection - after regular hours	$	165.00
Disconnect/Reconnect at meter - after regular hours	$	65.00
Disconnect/Reconnect at meter - after regular hours	$	185.00
Disconnect/Reconnect at pole - during regular hours	$	185.00
Disconnect/Reconnect at pole - after regular hours	$	415.00