Lakefront Utilities Inc.

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Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

March 23, 2012

Dear Ms. Walli,

Re: Lakefront Utilities Inc. Interrogatory Round 2 Responses to VECC in the proceeding EB-2011-0250

Lakefront Utilities Inc. (LUI) hereby submits its responses to VECC Interrogatories Round Two to the Ontario Energy Board ("the Board").

Please find attached to this cover letter:

- 1 electronic copy of the Interrogatory Round 2 Responses to VECC in proceeding EB-2011-0250

A copy of the Interrogatory Round 2 Responses to VECC has also been filed through the Web Portal and electronic copies forwarded to all intervenors in EB-2011-0250.

In the event of any additional information, questions or concerns, please contact Jennifer Theoret, Director, Finance and Compliance, at jtheoret@lusi.on.ca or (905) 372-2193.

Sincerely,

{Original Signed By}

Jennifer Theoret, CA
Director, Finance and Compliance
Lakefront Utilities Inc.

Cc: Dereck Paul, President, LUI
James C. Sidlofsky, Borden Ladner Gervais, LLP
Intervenors in proceeding EB-2011-0250

1. Reference: VECC IR # 4, Board Staff IR # 14 (see also Board Staff Supplementary # 64)

a) Please provide the SAIDI,SAIFI and CAIDI figures excluding supply for 2006, 2007, and 2008.

LUI's RESPONSE:

	2006		2007		2008		2009		2010		2011	
	Without Code 2	With Code 2	Without Code 2	With Code 2	Without Code 2	With Code 2	Without Code 2	With Code 2	Without Code 2	With Code 2	Without Code 2	With Code 2
	SAIDI											
January	0.01	0.43	0.04	0.04	0.16	0.16	0.01	0.01	0.01	0.01	0.05	0.05
February	0.10	0.10	0.02	0.02	0.01	0.01	0.00	0.00	0.00	0.00	0.07	0.07
March	0.05	0.05	0.05	0.05	0.01	0.01	0.01	0.01	0.13	0.24	0.00	0.00
April	0.06	0.06	0.08	0.08	0.03	0.03	0.22	0.22	0.01	1.07	0.17	0.48
May	0.02	0.02	0.00	0.46	0.01	0.01	0.05	0.05	0.00	0.00	0.26	0.26
June	0.19	0.19	0.00	0.25	0.08	0.08	0.01	0.01	0.01	0.01	0.36	0.36
July	0.27	0.39	0.58	0.58	0.02	0.02	0.02	0.02	1.97	1.99	0.21	0.21
August	0.46	0.46	0.27	0.27	0.01	0.01	0.11	0.59	0.37	0.37	0.27	0.27
September	0.12	0.12	0.01	0.01	0.13	0.13	0.15	0.15	0.26	0.26	0.00	0.00
October	0.37	0.37	0.00	0.60	0.01	0.01	0.00	0.00	0.01	0.01	0.34	0.34
November	0.08	0.08	0.00	0.00	0.34	0.34	0.00	0.00	0.16	0.16	0.13	0.13
December	1.41	1.41	0.01	0.01	2.40	2.40	0.41	0.41	0.01	0.01	0.04	0.04
Average	0.26	0.31	0.09	0.20	0.27	0.27	0.08	0.12	0.25	0.35	0.16	0.18

	2006		2007		2008		2009		2010		2011	
	Without Code 2	With Code 2	Without Code 2	With Code 2	Without Code 2	With Code 2	Without Code 2	With Code 2	Without Code 2	With Code 2	Without Code 2	With Code 2
	SAIFI											
January	0.01	0.24	0.05	0.05	0.10	0.10	0.00	0.00	0.00	0.00	0.11	0.11
February	0.03	0.03	0.03	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02
March	0.03	0.03	0.13	0.13	0.00	0.00	0.00	0.01	0.11	0.21	0.00	0.00
April	0.04	0.04	0.07	0.07	0.01	0.01	0.11	0.11	0.01	0.44	0.11	0.22
May	0.01	0.01	0.01	0.31	0.01	0.01	0.05	0.05	0.00	0.00	0.21	0.21
June	0.19	0.19	0.16	0.28	0.09	0.09	0.01	0.01	0.01	0.01	0.33	0.33
July	0.26	0.38	0.53	0.53	0.01	0.01	0.01	0.01	0.57	0.58	0.26	0.26
August	0.24	0.24	0.25	0.25	0.01	0.01	0.14	0.46	0.53	0.53	0.11	0.11
September	0.08	0.08	0.00	0.00	0.02	0.02	0.18	0.18	0.19	0.19	0.00	0.00
October	0.39	0.39	0.00	0.36	0.01	0.01	0.00	0.00	0.01	0.01	0.18	0.18
November	0.02	0.02	0.01	0.01	0.03	0.03	0.00	0.00	0.11	0.11	0.11	0.11
December	0.20	0.20	0.00	0.00	1.99	1.99	0.32	0.32	0.01	0.01	0.02	0.02
Average	0.12	0.15	0.10	0.17	0.19	0.19	0.07	0.10	0.13	0.17	0.12	0.13

b) If these figures are unavailable, please explain why and include the correspondence sent to the OEB explaining the inability to file this data.

LUI's RESPONSE:

Lakefront tracks outages by cause code in our distribution department. The statement "LUI has this information for 2010 & 2009 and does not have this information dating back any further" was inaccurate. The service quality and reliability report is created by our finance department for OEB reporting. Due to IT server changes, the information was only available in our finance department for 2009 and 2010. This information was available as raw data (by cause code) in our distribution department for all years indicated above.

2. Reference : VECC IR # 5

a) In the response to the interrogatory it states that LUI will spend $175k for sub-station upgrades. Is this amount included in the current application as spending in 2012?

LUI's RESPONSE:

Yes, the amount is included in the 2012 capital budget. This amount is for the procurement of land and property for the new 27.6kV sub-station including permits and required soil testing.

b) If the LUI Board approves the sub-station project referred to in this interrogatory is it LUI's intention to apply for further relief under the OEB's IRM incremental capital module policy? If so when is this application anticipated to be filed?

LUI's RESPONSE:

LUI has scheduled the development and build of the substation so that the implementation and scheduled active in-use date is mid to late 2015. This would then allow LUI to apply for relief under either the COS or IRM method in 2016. LUI currently intends to file the next applicable application in 2016.

3. Reference: VECC IR # 6 (see also Board Staff supplementary IR # 83)

a) Does the $100,000 listed as the spending on underground conduit for the period 2012 to 2015 represent the total amount of forecast spending for the period (i.e. $25,000 per year), or is it an annual amount (i.e. $100,000 per year)?

LUI's RESPONSE:

The $100,000 listed is forecasted spending estimated at approximately $25,000 per year for the next four years.

b) Please amend the table provided in this response by adding the capital contribution for each of the years 2009 through 2012-15.

LUI's RESPONSE:

Street Name	2009	2010	2011	2012-2015
Project 1		$147,000	$25,000	
Project 2	$75,000	$120,000	$66,000	$100,000
Capital Contribution	$0	$0	$0	$0
TOTAL	**$75,000**	**$267,000**	**$91,000**	**$100,000**

LUI does not expect any capital contribution for these projects as they are almost complete and will improve the reliability and safety of the distribution in this area due to narrow streets with close buildings. All future projects where the overhead is require to be move to underground by the Town will require a capital contribution.

c) Please provide a description of "Project 1" and "Project 2".

LUI's RESPONSE:

Project 1 is a distribution rebuild and relocation to underground construction of existing overhead construction due to age and reliability on Albert St. in Cobourg.

Project 2 is a distribution rebuild and relocation to underground construction of existing overhead construction due to age and reliability on Queen St. in Cobourg

d) Does this table include sub-division conduit projects? If not please add a separate row for these projects.

LUI's RESPONSE:

No. LUI does not have any subdivision rebuild projects scheduled in the 2012 to 2015 time period.

e) Why does the Town of Cobourg not pay a capital contribution to cover the incremental costs as between underground conduit and the equivalent overhead service?

LUI's RESPONSE:

LUI acknowledges this requirement. The Town of Cobourg will be required to pay the incremental cost difference between overhead and underground where the town requires LUI to bury existing overhead construction during capital rebuilds. LUI will request a capital contribution when this occurs for all future proposed projects.

f) What is the incremental cost in 2012 for underground conduit where the incremental costs are not recovered through a contribution-in-aid of construction?

LUI's RESPONSE:

The incremental cost in 2012 is estimated at $18,500 or 75% of the total estimated cost.

4. Reference: Exhibit 2, pages 89 – Municipal Radio Initiative

a) Please explain why LIU is part of the municipal radio program.

LUI"s RESPONSE:

Lakefront Utilities Inc. has been involved in the radio program with the town of Cobourg, Cobourg Police, Cobourg Fire and Lakefront Utility Services Inc. (Water Utility) for the last 15 years. The equipment in place is no longer serviceable and as a result must be upgrade to the new digital technology.

b) What benefit does this initiative provide to electricity ratepayers?

LUI's RESPONSE:

The benefit is a lower overall cost to our electric ratepayers. The shared capital investment for common equipment, the ongoing licensing and maintenance for the mobile radio system LUI's uses is much lower than if LUI installed it independent of the other community agencies located in Cobourg.

c) Does LIU know of any other electricity utility with a similar program?

LUI's RESPONSE:

LUI is different from other electric utilities as it shares resources (and costs) with the municipal water treatment and distribution company. This may not be possible in other electric distribution companies in Ontario. LUI is not aware of other utilities with similar programs.

5. Reference: VECC IR # 18

a) Please provide a breakdown of account 5340 showing which separates the amounts for (i) financial system update; (ii) fess for Utilismart Services; (iii) other costs

LUI's RESPONSE:

LUI has provided a breakdown of the 2012 budgeted account 5340 which separates the amounts. This is the year of the expected financial system update.

5340	2012
Utilismart	$ 15,720.00
Other - "Ecaliber"	$ 101,392.00
Financial System	$ 78,000.00
Total	$ 195,112.00

b) What are the Utilismart fees for the years 2010 through 2012?

LUI's RESPONSE:

LUI has provided Utilismart fees for the years 2010 through 2012.

Utilismart Fees	$
2010	$ 37,960.00
2011	$ 22,575.00
2012	$ 15,720.00

c) What alternatives, or process does LUI use to ensure its fees to Utilismart are reasonable (e.g. competitive tendering)?

LUI's RESPONSE:

LUI has provided the procurement policy in which its executive staff and board members use to ensure the fees of all services are reasonable. A competitive process is followed where required. See LUI's policy in Appendix A attached.

6. Reference: Exhibit 2, pages 78 - 89

a) The evidence shows that LUI expects to spend $375,000 on building improvements, $25,000 on office equipment and $160,000 on computer hardware (including the upgrade of the telephone system, but excluding the radio initiative). Please provide separately for each of 2008, 2009, and 2010 the spending on building improvements; office equipment, and computer hardware.

LUI's RESPONSE:

For the purposes of clarity, for the record, the computer hardware expense is recorded as $150,000. Below is the table that represents 2008 through 2010 spending as requested.

	2008	2009	2010
1808 - Buildings & Fixtures	22,807.58	74,242.39	57,097.03
1915 - Office Furniture/Equip	1,750.36	41,318.15	13,956.94
1920 - Computer Hardware	3,924.37	10,524.55	8,307.51
	28,482.31	**126,085.09**	**79,361.48**

7. Reference: VECC IR # 19

a) The evidence at Exhibit 4, page 28 refers to fees. The response to the interrogatories indicates that the costs in question are capital costs not ongoing fees. Please confirm that LUI has not included in this application any ongoing OM&A costs for fees from KTI/Sensus.

LUI's RESPONSE:

LUI confirms that for the year 2012 onward, that any costs associated to KTI/Sensus ill be capital in nature, and there will be no OM&A costs associated with KTI/Sensus, based on our buying relationship with KTI/Sensus

8. Reference: VECC IR # 20

a) Please expand the table provided in this interrogatory to include the costs for Directors, Management Fees and Admin/Training for the years 2008 through 2010.

LUI's RESPONSE:

In respect to account 5605 the costs in 2008 - 2012 are broken down in Directors Salaries and Expenses as such. Note that the figures were improperly referenced for the year 2011 into the year 2010. This has been corrected.

Account 5605					
Allocation of Costs	**2008**	**2009**	**2010**	**2011**	**2012**
Directors Salary & Expenses	$2,066.78	$6,949.96	$4,243.60	$5,785.20	$5,958.76
Management Fees Expense	$14,545.38	$26,359.91	$19,717.12	$38,970.21	$20,308.70
Administrative/Training Costs	$0.00	$0.00	$22,549.62	$0.00	$23,226.11

9. Reference: VECC IR #22

a) What is the actual 2011 year end customer count by class? Please contrast with the customer count (by class) as of the 2010 year end.

LUI's RESPONSE:

LUI has outlined below, the number of customers/connections in each customer class, as requested:

Number of Customers/Connections								
Year	Residential	General Service <50kw	General Service 50-2999kw	General Service 3000 - 4999kw	Streelights (connections)	Sentinel Lights	Unmetered Scattered Load	Total
2010	8,305	1,067	132	1	2,755	54	77	12,391
2011	8,475	1,077	134	1	2,786	54	93	12,620

b) Please confirm how the two customers discussed on pages 7-8 were treated for purposes of Table 3-9.

LUI's RESPONSE:

For the purposes of table 3-9 LUI has added back the two removed customers to the kWh/ kW before they have been averaged over the number of customers in each class over the year. The usage is added back previous to the analysis being split in the regression model. Therefore the annual kWh usage per customer does take into account the customers which had negative impacts on the regression due to order-based usage. This is easily verified by observing the annual kWh usage per customer/ connection in GS 3000-4999KW as it is the only customer in its class.

c) The discussion on page 17 (lines 21-22) suggests that new customers who would typically be USL will now be metered. What adjustments have been made to the other customer class counts (e.g., GS<50) to account for this?

LUI's RESPONSE:

LUI has used the knowledge of the territory and the Town's forecast for growth and any to incorporate any potential changes from unmetered scattered load to ensure that this data set has been adjusted accordingly. There were no hard coded adjustments made to the load profile based on the above.

10. Reference: VECC # 23

a) Please explain what is meant by a "straight line pass thru methodology".

LUI's RESPONSE:

LUI charges the actual cost of the truck, in the similar way it charges out the truck for any other purpose (capital projects and maintenance costs in LUI). The straight line pass through methodology simply put, is the cost of the truck is charged straight to LUSI at the cost, no markup/markdown.

b) What methodology was used to determine the 50/50 split for internet and fibre rental?

LUI's RESPONSE:

LUI used a basic methodology by, using the customer base in determining the split. The total LUSI (water) customers and the LUI (electric) customers were totalled and each company received their approximate share, which was approximately 50% each.

11. Reference: VECC # 24

a) The response states that LUI allocates a "percentage of time to this particular account [for] six individual employees.." Are these six employees of LUSI?

LUI's RESPONSE:

Not all six employees are of LUSI. LUI has one full time employee which is 100% allocated to LUI. One employee is split 75/25 and the remainder of the 4 employees are split 50/50.

b) What percentage of their salary and benefit costs are allocated to LUI in 2012?

LUI's RESPONSE:

LUI has outlined the percentage split of salary and benefit costs of LUI employees 1-6.

Employee	LUI	LUSI
1	100%	0%
2	75%	25%
3	50%	50%
4	50%	50%
5	50%	50%
6	50%	50%

12. Reference: VECC #26 e)
OEB #19

a) Do all GS<50 customers have single phase smart meters similar to those used for the Residential class?

LUI's RESPONSE:

No, LUI has GS<50 with various types of electric service and voltages and as such different types of meters on installed on those services.

b) If not, what other types of meters are used, how many of each and what are the unit costs as compared to the $275 used for Residential?

LUI's RESPONSE:

General Service Customers less than 50									
Meter Type	Voltage	Current (amps)	Phase	Wire	Meter Cost	Labour Cost to Install	Unit Cost	Quantity	
Sensus ISA2 with Flexnet	240	200	1	3	$69.94	$20.00	$89.94	172	$15,469.68
Sensus ISA2 with Flexnet	240	20	1	2	$142.05	$20.00	$162.05	53	$8,588.65
GE KV2C with Flexnet	600	200	3	3	$810.00	$100.00	$910.00	35	$31,850.00
Elster A3RLQ with Flexnet	120	10	3	3	$451.82	$100.00	$551.82	16	$8,829.12
Elster A3RLQ with Flexnet	120	10	3	4	$451.82	$100.00	$551.82	59	$32,557.38
Elster A3RL with Flexnet	347	200	3	4	$440.25	$100.00	$540.25	293	$158,293.25
Sensus Icon with Flexnet	120	200	3	3	$142.05	$50.00	$192.05	17	$3,264.85
Ekstrom meter base A to S adapters 3phase	Required for Meter Changes				$85.20			75	$6,390.00
Ekstrom meter base A to S adapters 1phase					$48.06			75	$3,604.50
Ekstrom meter rings					$5.18			645	$3,341.10
ekstrom meter seals					$0.37			1,000	$370.00
									$272,558.53
*Table does not include original comunication Infrastructure, setup and related computer programs						Total Meters		645	
						Average Unit Costs		$423	

c) The response to OEB #19 suggests that smart meters were also installed for GS>50-2999 and Intermediate class customers. Were any smart meters installed for either GS>50-2999 or Intermediate class customers? If not, please revise the response accordingly.

LUI's RESPONSE:

Yes, smart meters were also installed in GS>50-2999 customers. There are no smart meters installed in Intermediate customers as this customer has an interval meter.

d) If yes, please outline what types of meters were used, how many of each (by class) and what the unit costs are for each type as compared to the $275 used for Residential.

LUI's RESPONSE:

General Service Customers greater than 50 not including interval									
Meter Type	Voltage	Current (amps)	Phase	Wire	Meter Cost	Labour Cost to Install	Unit Cost	Quantity	
Elster A3RLQ with Flexnet	120	10	3	3	$451.82	$100.00	$551.82	21	$9,488.22
Elster A3RLQ with Flexnet	120	10	3	4	$451.82	$100.00	$551.82	74	$33,434.68
Elster A3RL with Flexnet	347	200	3	4	$440.25	$50.00	$490.25	9	$3,962.25
Ekstrom meter base A to S adapters 3phase	Required for Meter Changes				$85.20			21	$1,789.20
Ekstrom meter base A to S adapters 1phase					$48.06			74	$3,556.44
Ekstrom meter rings					$5.18			104	$538.72
ekstrom meter seals					$0.37			200	$74.00
									$52,843.51
*Table does not include original comunication Infrastructure, setup and related computer programs						Total Meters		104	
						Average Unit Costs		$508	

e) The response to OEB #19 does not include any allowance for the revenues generated by the smart meter funding adder, as requested in part (III) of the original question. Please revise the response accordingly and also incorporate any changes required as a result of the responses to pars (a) through (d) of this question.

LUI's RESPONSE:

LUI did include the revenues generated from the smart meter funding adder, in the response. LUI has included below, and has highlighted those areas, in order to demonstrate the inclusion.

The figure to which the arrow points below, is the actual amount of revenues from the funding adder that is associated with the amount in part III of the question from OEB> This amount is allocated to each class in the second last line of the Table below.

	Residential	GS<50	GS>50-2999	INTERM	
Amortization & Rate of Return 2008-2011	$ 471,122.14	$ 60,342.56	$ 17,085.88	$ 2,190.43	
OM&A 2008-2011	$ 138,765.26	$ 17,775.12	$ 2,048.49	$ 16.13	
total OM&A and Return & amort	$ 609,887.40	$ 78,117.67	$ 19,134.37	$ 2,206.56	
PILS	$ 159,420.23	$ 20,419.40	$ 5,001.59	$ 576.78	
Total	$ 769,307.63	$ 98,537.08	$ 24,135.96	$ 2,783.34	
% by class	85.98%	11.01%	2.70%	0.31%	$ 733,933.31
	$ 138,280.35	$ 17,711.69	$ 4,338.35	$ 500.30	
	$ 1.34	$ 1.34	$ 2.85	$ 41.69	

f) Based on the response to parts (a) through (c) please revise the Sheet I7.1 of the Cost Allocation model as required and provide a revised model run.

LUI's RESPONSE:

No response necessary, based on responses to parts (a) through (c).

13. Reference: OEB #21 c)

a) The response does not indicate the assumptions and sources for the Ontario Real GDP Monthly growth for 2011 and 2012 as requested in the original question. Please provide the source and indicate the annual GDP growth rates assumed for 2011 and 2012..

LUI's RESPONSE:

LUI obtained Ontario Real GDP Monthly growth for 2011 and 2012 by using historical monthly actuals by utilities industry from Stats Canada. LUI obtained the 2011 and 2012 Real GDP monthly forecasts for Appendix A, by using the historical growth rate, based on the previous year. LUI took the incremental change from the prior year, and added that figure to the current month.

14. Reference: VECC #7 b) & c)
VECC #9 b)
VECC #10 b)
VECC #11 a)
OEB 22 a) & b)

a) The responses to VECC #7 b) & c) indicate that for the one remaining 3000-4999 (Intermediate) customer the kWhs to be added back for 2011 and 2012 were based on an average of the usage in 2009 and 2010. However, the response to VECC #10 b) suggests that the amount added back for this customer was based on the 2010 billed energy. Furthermore, the response to OEB #22 a) suggests that the 2011 and 2012 forecast values for the remaining customer were calculated based on the historical geometric mean average growth rate. Please reconcile.

LUI's RESPONSE:

In reference to question VECC #7 b) & 7 c) the predicted kWhs for the customer in the GS 3000-4999 class in **2011** and **2012** are based on an average usage of 2009 which is 19,554,367kWh, and 2010 which is 19,036,344 kWh. This means: 19,554,367+19,036,344 = 38,590,711/2 = 19,295,355 (This becomes the estimated kWh 2011& 2012 without losses). The 2009 and 2010 figures are the sum of monthly billed kWh without loss factor applied.

LUI's response to VECC 10b) is consistent to the above answer of VECC 7b) for the consumer GS 3000-4999 which is reference to the amounts used for Exhibit 3 which shows Annual kWh used per customer/connection for the year 2004-2010 in table 3-9 (shown below).

For example, LUI's customer in GS 3000-4999 is the only customer of its class in LUIs service area; therefore it is averaged over one customer:

2010 Usage = 19,036,344/1 = 19,036,344 kWh per customer

Whereas the customer removed in the GS 50-2999 has 131 other customers within the class – making the class a total of 132 when it was added back. Therefore to obtain the annual kWh usage per customer would be billed kWh without Loss Factor/Customer Connections.

	GS>50				
	kWh	Billed without	kWh		Customer
	Consumed	Loss Factor	Billed	kW	Connections
2004	119,715,730	119,715,730	125,809,261	291,092	146
2005	118,356,603	118,356,603	124,380,954	295,106	146
2006	120,975,702	120,975,702	126,826,730	297,477	141
2007	122,417,181	122,417,181	128,183,030	300,809	133
2008	121,003,376	121,003,376	127,125,532	298,912	133
2009	114,875,960	114,875,960	121,090,749	290,143	130
2010	120,290,733	120,290,733	126,798,462	299,041	132

			2010	AVERAGE	914758

Table 3-9 Annual kWh Usage per Customer / Connection

Table 3-9
Annual kWh Usage per Customer/Connection

Year	Residential	General Service < 50kW	General Service 50 - 2999 kW	General Service 3000 - 4999 kW	Streetlights	Sentinel Lights	Unmetered Scattered Load
2004	9,584	32,416	822,318	25,202,991	729	1,305	9,311
2005	9,639	31,462	809,737	20,215,158	724	1,279	9,467
2006	9,115	31,088	858,491	23,443,190	718	1,301	8,486
2007	9,203	32,695	917,555	20,583,615	713	1,312	7,520
2008	9,089	33,010	911,513	18,805,505	668	1,430	7,639
2009	8,778	32,521	885,364	19,554,367	488	1,509	7,886
2010	8,747	31,992	914,758	19,036,344	434	1,461	9,337

As per OEB 22 a) to forecast the 2011 and 2012 figures for the customer GS 3000 -4999kW LUI added back the customer in all forecasting years and applied the geometric mean average growth rate over the years 2004-2010 to the previous year actual usage. This is to ensure that this customer was properly forecasted in the future years.

See Calculation below:

	Segregated Customer General Service 3000-4999
2010 ACTUAL SUM BILLED WITH OUT LOSSES	19,036,344
GEOMEAN	0.9543
Added Back 2011	18,166,536
GEOMEAN	0.9543
Added Back 2012	17,336,472

As described previously LUI does not believe that the geo mean had taken into consideration environmental and economic impacts. Therefore it was best to use an average of previous year's consumption which has not significantly decreased kWh in this class. When LUI applies the geo mean there is a significant decrease in kWh consumption however LUI still feels the best representation of accurate forecast is the average and has used its own industry knowledge to decide this.

This means: (2009) 19,554,367+ (2010) 19,036,344 = 38,590,711/2 = 19,295,355 (This becomes the estimated kWh 2011& 2012 without losses). This was added back to the forecast.

As per OEB 22 b) to forecast the 2011 and 2012 figures for the customer GS 50-2999kW LUI added back the customer in all forecasting years and applied the geometric mean average growth rate from the years 2004-2010 to the previous year actual usage. This is to ensure that this customer was properly forecasted in the future years among its class.

See Calculation below:

	Segregated Customer General Service 50 - 2,999 kWh
2010 ACTUAL SUM BILLED WITH OUT LOSSES	10,749,685
GEOMEAN	1.0179
Added Back 2011	10,942,104

GEOMEAN	1.0179
Added Back 2012	11,137,968

b) With respect to the response to VECC # 7 b), are the values shown the metered quantities or have they been adjusted for losses so as to represent the impact on purchases?

LUI RESPONSE:

The historical kWh figures that were added back to the regression analysis were the same billed without loss factor figures that were removed initially. These figures are monthly and summed up to represent the yearly total of kWh.

c) Please reconcile the kWh adjustments for 2011 and 2011 as reported in VECC #7 b) with the difference differences between the two predicted values reported in response to VECC #9 b) (i.e., 20,486,059 kWh for 2012). If any of the difference is due to losses please indicate the loss factor involved and how it was determined.

LUI's RESPONSE:

2012	Table 3-6 Actual vs Predicted Purchases (A)	Table 3-6 Intermediate Customer Removed (B)	Intermediate with Loss Factor (A)-(B)
	264,343,709	243,957,650	20,386,059
	Average kWh of 2009/2010 Intermediate without Losses (C)	Loss Factor (D)	Intermediate with Loss Factor (C) * (D)
	19,295,356.00	1.05652677	20,386,060
2011	Table 3-6 Actual vs Predicted Purchases (E)	Table 3-6 Intermediate Customer Removed (F)	Intermediate with Loss Factor (E)-(F)
	262,257,591	241,871,532	20,386,059
	Average kWh of 2009/2010 Intermediate without Losses (G)	Loss Factor (H)	Intermediate with Loss Factor (G) * (H)
	19,295,356.00	1.05652677	20,386,060

d) VECC #10 b) suggests that the 2011 and 2012 usage for the GS >50-2999 customer was based on 2010 actual use. However, the response to OEB #22 b) suggests that the 2011 and 2012 forecast values for this customer were calculated based on historical geometric mean average growth rate. Please reconcile.

LUI RESPONSE:

In VECC response 10 B LUI confirmed how the two customers were treated for the purposes of table 3-9 . In OEB 22 b) LUI provided the kWh and kW which had been added back to the 2011 and 2012 load forecast for the customer GS> 50-2999 KW and how they were determined.

To forecast the Intermediate 3000 – 4999 customers total kWh LUI used an average of actuals in 2009 and 2010 years for 2011 and 2012 and did not apply the geo mean. As there is only one customer in this class LUI did not have need to average this customer.

As for LUI's customer in the GS> 50 – 2999 KW the annual kWh usage per customer connection to method to predict for 2011 LUI used the year previous actual annual kWh usage and applied the geo mean to estimate the growth in the

class. For 2012 LUI used 2011 predicted annual kWh usage and applied the geo mean to estimate total growth per customer. Because there are 132 customers in this class, this method is most accurate for predictions.

e) Please provide a table similar to that filed in response to VECC #7 b) that indicates the kWhs and kWs added back in 2011 and 2012 for the one GS>50-2999 customer with the fluctuating monthly use. Also, please explain how the adjustment values for this customer were calculated.

LUI RESPONSE:

LUI added back the following for 2011 and 2012 for GS >50 – 2999. The sum of 2010 actual billed kWh for the customer was taken, and the geo mean is applied to predict the growth rate in the class for the customers over both years as can be seen below.

	Segregated Customer General Service 50 - 2,999 kWh
2010 ACTUAL SUM BILLED WITH OUT LOSSES	10,749,685
GEOMEAN	1.0179
Added Back 2011	10,942,104
GEOMEAN	1.0179
Added Back 2012	11,137,968

f) The purpose of VECC #11 a) was to obtain a breakdown of the predicted total purchases as between the prediction developed using the regression analysis and the additions made to account for the two customers whose data was removed for purposes of developing the regression model. Please provide the predicted purchases as developed using the regression model and reconcile this value plus the adjustments made for the one GS>50-2999 and the one GS 3000-4999 customer with the 267,061,709 kWh value shown in Table 3-11.

Table 3-11
CDM Adjustment
All Customers Included

	2011	2012		2011	2012
	A	B		A-G	B-H
Predicted kWh Purchases prior to CDM Adjustment	263,616,591	267,061,709		30,711,057	30,711,057
CDM kWh Target Savings for 2011	1,359,000				
CDM kWh Target Savings for 2012		2,718,000			
Predicted kWh Purchases after CDM Adjustment	262,257,591	264,343,709			
Purchases kWh Divided by Total Loss Factor	1.0565	1.0565			
kWh to allocate to Rate Classes	248,226,168	250,200,674			

Table 3-11
CDM Adjustment
Removed GS 50>-2999

	2011	2012		2011	2012
	C	D		A-C	B-D
Predicted kWh Purchases prior to CDM Adjustment	253,291,594	256,736,712		10,324,997	10,324,997
CDM kWh Target Savings for 2011	1,359,000				
CDM kWh Target Savings for 2012		2,718,000			
Predicted kWh Purchases after CDM Adjustment	251,932,594	254,018,712			
Purchases kWh Divided by Total Loss Factor	1.0565	1.0565			
kWh to allocate to Rate Classes	238,453,584	240,428,089			

Table 3-11
CDM Adjustment
Removed GS 3000-4999

	2011	2012		2011	2012
	E	F		A-E	B-F
Predicted kWh Purchases prior to CDM Adjustment	243,230,532	246,675,650		20,386,060	20,386,060
CDM kWh Target Savings for 2011	1,359,000				
CDM kWh Target Savings for 2012		2,718,000			
Predicted kWh Purchases after CDM Adjustment	241,871,532	243,957,650			
Purchases kWh Divided by Total Loss Factor	1.0565	1.0565			
kWh to allocate to Rate Classes	228,930,812	230,905,318			

Table 3-11
CDM Adjustment
Both GS 3000-4999 and GS 50-2999 Removed

	2011	2012		2011	2012
	G	H		(A-C)-(A-E)	(B-D)-(B-F)
Predicted kWh Purchases prior to CDM Adjustment	232,905,535	236,350,653		30,711,057	30,711,057
CDM kWh Target Savings for 2011	1,359,000				
CDM kWh Target Savings for 2012		2,718,000			
Predicted kWh Purchases after CDM Adjustment	231,546,535	233,632,653			
Purchases kWh Divided by Total Loss Factor	1.0565	1.0565			
kWh to allocate to Rate Classes	219,158,228	221,132,734			
					RECONCILE
				G+(A-C)+(A-E)	H+(B-D)+(B-F)
				263,616,591	267,061,709

15. Reference: VECC #11 c)

a) Please provide a schedule that sets out the CDM kWh allocation by customer class for 2012. If the kWh by class is based on purchases, please provide the metered kWh by class.

LUI's RESPONSE:

See table provided below which sets out the CDM kWh allocation by customer class for 2012.

Lakefront Utilities Inc. Weather Normal Load Forecast for 2012 Rate Application			
	CDM REMOVED	CDM INCLUDED	
	2012 Weather Normal	**2012 Weather Normal**	Allocation by Class
Predicted kWh Purchases	246,675,650	243,957,650	2,718,000
Billed kWh	233,477,898	230,905,318	2,572,580
By Class			
Residential			
Customers	8,603	8,603	
kWh	74,174,202	73,125,152	1,049,050
General Service < 50 kW			
Customers	1,102	1,102	
kWh	35,665,047	35,160,634	504,413
General Service 50 - 2,999 kW			
Customers	127	127	
kWh	121,628,020	120,608,902	1,019,118
		TOTAL CDM	2,572,581

16. Reference: VECC #27 e)

a) Please explain why the starting point for revenue to cost ratio considerations should be the Board approved 2011 ratio values as opposed to the revenue to cost ratios produced by cost allocation model based on 2012 forecast costs and current rates.

LUI's RESPONSE:

LUI took into consideration the sum of the negative impacts and rate mitigations requirement of moving the revenue–to–cost ratio closer to one, and made slight changes to some classes (*but stayed within the Board Approved range*), using the Board approved **actual** 2011 ratio values as a guide instead of the 2012 **forecast** ratios.

Some unique factors were taken into consideration. For example, in 2011, the revenue-to-cost ration for GS 3000-4999 class was 20.05%. The revenue-to-cost ratios produced in the 2012 forecast costs produced a result of 41.5% for the GS 3000-4999 class and this is the one class for LUI that is **completely out of the Board target range**. LUI therefore believe that a proposal of 50% with revenues of $68,800 was more aligned with 2011 and with what this **one** customer was paying in 2011 ($65K). At $68.8K, which is a slight increase, it's movement to eventually get them closer to the Board target range of 80% to 120%.

However, by moving one class revenue-to-cost ratio, LUI had to "reallocate" the difference, and staying within the Board range.

Another factor is the Streetlight class, who saw their ratio went from 9% to 70% over the four year period of 2008-2011. Then the Streetlight class made some substantial conservation investment to reduce their energy consumption by over 50%. In 2011, the revenue-to-cost ratio was 70% and $224,874. The revenue-to-cost ratios produced in the 2012 forecast costs produced a result of 113.3% for the Streetlight class. Staff therefore believe that a proposal of 80% at $200,386 was a more palatable figure for this class given the significant increases they endured over the last four years. Increasing their ratio further would in essence be reflected as a penalty to conservation.

By using the Board approved 2011 ratio values, LUI is trying to maintain the rates for each class similar to the "norm" of what they've come to expect over the last four (4) years of revenue-to-costs adjustments (2008-2011) and LUI intends to move the ratios for ALL classes closer to one over the next four years (2012-2016) of this 2012 COS.

17. Reference: VECC #10 c)

a) Do any of the current (i.e., as of year-end 2011) USL customers have meters? If yes, please revise Sheet I7.1 of the Cost Allocation model and provide a new run.

LUI's RESPONSE:

No, all unmetered scattered load is unmetered. If, and when they are upgraded they are then metered and tracked in the appropriate meter/customer class category.

18. Reference: VECC #30

a) What were Lakefront's actual 2011 LV costs?

LUI's RESPONSE:

LUI's actual 2011 LV costs $302671.

b) What were Lakefront's actual 2011 purchased power kWhs?

LUI's RESPONSE:

LUI's actual 2011 purchased power kWhs reported without losses from the IESO is 259,258,905.