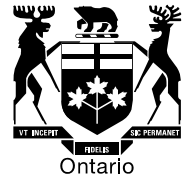


**Ontario Energy  
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**BY EMAIL**

May 10, 2012

Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Lakefront Utilities Inc. ("Lakefront")  
2012 Cost-of-Service Distribution Rate Application  
Board File No. EB-2011-0250  
Board staff Comments**

In accordance with the Board's Decision and Order in the above noted proceeding, Board staff has reviewed Lakefront's draft Tariff of Rates and Charges and Revenue Requirement Work Form dated May 7, 2012. Please find attached Board staff comments related to the materials filed. Please forward the following to Lakefront Utilities Inc. and to all other registered parties to this proceeding

Yours truly,

*Original Signed By*

Suresh Advani  
Advisor, Applications & Regulatory Audit

**Lakefront Utilities Inc. ("Lakefront")  
2012 Cost of Service (EB-2011-0250)**

**Board Staff Comments on Draft Rate Order**

On May 1, 2012, the Board issued its Decision and Order on Lakefront's rate application. The Decision required the Applicant to submit its Draft Rate Order within seven days of the issuance of the Decision. The Applicant submitted its Draft Rate Order and supporting documentation on May 7, 2012. Board staff submits that Lakefront has appropriately reflected the Board's findings in all areas except for the 7 items noted below.

**Tariff of Rates and Charges**

**1. Stranded Assets Rate Rider**

Board staff notes that the Stranded Assets Rate Rider related to Stranded Meters is included in the proposed 2012 Tariff of Rates and Charges for the following customer rate classifications: Residential, GS < 50 kW, GS 50 – 2,999 kW and GS 3,000 – 4,999 kW. Board staff further notes that in Section 6.3 of the Settlement Agreement, parties agreed to the recovery of this amount from Residential and GS < 50 kW customer rate classifications only.

Board staff submits that the proposed 2012 Tariff of Rates and Charges should be corrected to reflect the Settlement Agreement.

**2. Retail Transmission Network Service Rate**

Board staff notes that the Retail Transmission Network Service Rate for customer rate classification GS < 50 kW in the proposed 2012 Tariff of Rates and Charges is \$0.0055/kWh. Board staff further notes that in Section 8.2 of the Settlement Agreement, parties agreed to a rate of \$0.0050/kWh.

Please indicate if this is an error. If not, please provide an explanation for this difference and indicate if parties to the Settlement Agreement were consulted on this proposed change.

### 3. Fixed Monthly Service Charge

Board staff notes that the Fixed Monthly Service Charge for customer rate classification GS 3,000 – 4,999 kW in the proposed 2012 Tariff of Rates and Charges is \$4070.33. Board staff further notes that in Section 8.1 of the Settlement Agreement, parties agreed to a charge of \$4069.60.

Please indicate if this is an error. If not, please provide an explanation for this difference and indicate if parties to the Settlement Agreement were consulted on this proposed change.

### 4. Distribution Volumetric Rate

Board staff notes that the Distribution Volumetric Rate for the following customer rate classifications: GS 50 – 2,999 kW, GS 3,000 – 4,999 kW, Sentinel Lights and Street Lights in the proposed 2012 Tariff of Rates and Charges is as indicated in the table below. Board staff further notes that in Section 8.1 of the Settlement Agreement, parties agreed to a different rate as indicated in the table below.

	<u>Proposed 2012 Tariff</u> \$/kW	<u>Settlement Agreement –</u> <u>Section 8.1</u> \$/kW
GS 50 – 2,999 kW	3.4072	3.4067
GS 3,000 – 4,999 kW	1.5832	1.5830
Sentinel Lights	11.5647	11.5631
Street Lights	24.4759	24.4721

Please indicate if this is an error. If not, please provide an explanation for this difference and indicate if parties to the Settlement Agreement were consulted on these proposed changes.

#### 5. Rate Rider for Deferral/Variance Account Disposition

Board staff notes that the Rate Rider for Deferral/Variance Account Disposition for the following customer rate classifications: GS 50 – 2,999 kW, GS 3,000 – 4,999 kW, Sentinel Lights and Street Lights in the proposed 2012 Tariff of Rates and Charges is as indicated in the table below. Board staff further notes that in Section 9.1 of the Settlement Agreement, parties agreed to a different rate as indicated in the table below.

	<u>Proposed 2012 Tariff</u> \$/kW	<u>Settlement Agreement –</u> <u>Section 9.1</u> \$/kW
GS 50 – 2,999 kW	-0.3813	-0.3812
GS 3,000 – 4,999 kW	-0.3497	-0.3495
Sentinel Lights	-0.5618	-0.5624
Street Lights	-0.6336	-0.6354

Please indicate if this is an error. If not, please provide an explanation for this difference and indicate if parties to the Settlement Agreement were consulted on these proposed changes.

### **Revenue Requirement Work Form (RRWF)**

#### 6. Taxable Income

Board staff notes that the Taxable Income indicated in the Taxes/PILs page of the proposed RRWF is \$120,548 (Settlement Agreement) and \$164,532 (Per Board Decision). Board staff further notes that in Appendix F of the Settlement Agreement, parties agreed to a Taxable Income of \$143,003.

Please indicate if this is an error. If not, please provide an explanation for this difference and indicate if parties to the Settlement Agreement were consulted on this proposed change.

#### 7. Revenue Offsets

Board staff notes that the Revenue Offsets amount corresponding to “Per Board Decision” is missing in the Revenue Requirement page of the proposed RRWF.

Board staff submits that the proposed RRWF should be amended.

- All of which is respectfully submitted -