LAKEFRONT UTILITIES INC.

2015 IRM APPLICATION

EB-2014-0090

Rates Effective: May 1st 2015

Board Submission: Tranche 3 – November 3 2014

207 Division St.

Cobourg, Ontario

K9A 4L3

Lakefront Utilities Inc.

November 3, 2014
Ontario Energy Board
P.O. Box 2319 27th Floor
2300 Yonge Street Toronto,
Ontario M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary
Regarding: EB-2014-0090 2015 IRM Rate Application

Dear Ms. Walli,

Lakefront Utilities Inc. is pleased to submit to the Ontario Energy Board its 2015 IRM Distribution Rate Application, in compliance with the OEB letter dated July 25, 2014.

Please find attached Lakefront Utilities Inc's 4th Generation Incentive Rate Mechanism adjustment application for 2015 distribution rates. This application is being filed in accordance with Chapter 3 of the filing requirements for Transmission and Distribution Applications as issued by the OEB on July 25th, 2014.

An electronic copy of this application has been filed on the RESS - OEB website portal and two hard copies have been sent by courier to the Board's office at the attention of the Board Secretary.

Should the board have questions regarding this matter please contact Brittany Ashby at bashby@lusi.on.ca or myself at dpaul@lusi.on.ca.

Respectfully Submitted,

Dereck C. Paul
President
Lakefront Utilities Inc.

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EXHIBIT ONE: ADMINISTRATIVE DOCUMENTS

APPLICATION

ONTARIO ENERGY BOARD

IN THE MATTER OF *the Ontario Energy Board Act, 1998; S.O. 1998, c.15 (Sched. B);*

AND IN THE MATTER OF an application by Lakefront Utilities Inc for an Order or Orders pursuant to section 78 of the *Ontario Energy Board Act, 1998* approving or fixing just and reasonable rates and other service charges for the distribution of electricity and related matters as of May 1, 2015.

APPLICATION

1. The Applicant is Lakefront Utilities Inc (LUI) (the "Applicant"). The Applicant is a Licensed electricity distributor operating pursuant to electricity distribution license ED-2002-0545. The Applicant distributes electricity to over 9,800 customers within its licensed Territory in the Town of Cobourg and the Village of Colborne and is comprised of over 85% residential customers while 12% are small business or industrial based.

2. LUI is incorporated under the Business Corporation Act on April 12, 2000. The Shareholders of LUI are the Town of Cobourg and Village of Cramahe. The population of the Municipality of Cobourg is approximately 20,000 and of the Village of Cramahe, approximately 6,000. The balance of the utility's customer base is comprised of Sentinel Lighting, Street Lights and Unmetered Scattered Load.

3. Lakefront Utilities Inc herby applies to the Ontario Energy Board (the "OEB") pursuant to Section 78 of the Ontario Energy Board Act, 1998 (the "OEB Act") for approval of its proposed distribution rates and other charges, effective May 1, 2015 based on a 2015 4th Generation Incentive Regulation Mechanism ("IRM4") application.

4. Unless otherwise identified in the Application, Lakefront Utilities Inc followed Chapter 3 of the OEB's Filing Requirements for Electricity Distribution Rate Application dated July 25, 2014 (Originally issued on November 14, 2006) in order to prepare this application.

5. Specifically, LUI is applying for order or orders granting distribution rates updated and adjustments that include the following:

- Disposition of Group One Deferral and Variance Accounts for OEB audited and adjusted 2011 and 2012 balances.
- Updated Rates for Retail Transmission Service Rates
- Distribution Rates Adjustment
- Continuance of the Micro-Fit monthly charge
- Continuance of the Smart Meter Entity Charge
- Continuance of the Specific Services charges and Loss Factors as approved in LUI's 2012 Cost of Service Application (EB-2011-0250).
- Continuance of Rate Riders and Adders for which the sunset date has not yet been reached.

This Application is supported by written evidence and using the following board models and work forms;

- 2015 IRM4 Rate Generator Model (Version 1.1) issued on August 8, 2014
- 2015 Revenue to Cost Ratio Adjustment Work form (Version 2.0) issued on July 30th 2014
- LUI voluntarily includes its 2014 OEB Audit Report for verification of its 2011 and 2012 Group One Balances as they have been adjusted and refiled in the RRR regulatory filing 2.1.7.

This supported application may be amended from time to time, prior to the Board's final decision on this application.

The Applicant intends to publish the Notice of Application in the Northumberland Today; a local paid subscription newspaper which circulates to approximately 22,800 residents of Northumberland County. Lakefront Utilities Inc also will publish in the Northumberland News which is a freely distributed newspaper and is circulated within the region.

The primary day-to-day contact for this application should be:

Brittany Ashby, Financial & Regulatory Analyst
Tel: 905-372-2193 extension 5256
Fax: 905-372-2581
Email: bashby@lusi.on.ca

The Applicant requests that a copy of all documents filed with the Board in this proceeding be served on the Applicant, as follows:

Lakefront Utilities Inc.
207 Division Street
PO Box 577
Cobourg ON K9A 4L3

3.1 MANAGER'S SUMMARY

Lakefront Utilities Inc. ("LUI") hereby applies to the Ontario Energy Board (the "Board") for approval of its 2015 Distribution Rate Adjustments effective May 1, 2015. LUI applies for an Order or Orders approving the proposed distribution rates and other charges as set out in Appendix 2 of this Application as just and reasonable rates and charges pursuant to Section 78 of the OEB Act.

LUI has followed Chapter 3 of the Board's Filing Requirements for Transmission and Distribution Applications dated July 25, 2014, The Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative ("the EDDVAR Report") issued July 31, 2009 and the Electricity Distribution Retail Transmission Service Rates Guideline G-2008-0001, Revision 4.0, issued June 28, 2012 ("RTSR Guidelines") in order to prepare this application.

In the event that the Board is unable to provide a Decision and Order in this Application for implementation by the Applicant as of May 1, 2015, LUI requests that the Board issue an Interim Rate Order declaring the current Distribution Rates and Specific Service Charges as interim until the decided implementation date of the approved 2015 distribution rates. If the effective date does not coincide with the Board's decided implementation date for 2015 distribution rates and charges, LUI requests to be permitted to recover the incremental revenue from the effective date to the implementation date.

The Applicant requests that this application be prepared of by way of a written hearing.

In the preparation of this application, LUI has used the 2015 IRM Rate Generator (Version 1.1) issued on August 8, 2014, and the 2015 IRM Revenue to Cost Ratio Adjustment Work Form (Version 2.0) issued on July 30th 2014. **LUI is not proposing disposition of its 2013 Group One variance accounts during this proceeding.** LUI has not included any group one variance activity for the 2013 year in the Rate Generator tab '5.Continuity Schedule'. Information that has been inputted in tab '5.Continuity Schedule' reflects the 2011 and 2012 group one activity balances as adjusted in its 2014 OEB Audit.

In the Board's Decision and Order EB-2013-0148, the Board approved the disposition of LUI's Group 1 DVA deferral and variance accounts ("DVAs") balances as at December 31, 2012 including interest as at April, 30, 2014, on **an interim basis** subject to an audit by the Board. The audit by the Board was conducted throughout April to October of 2014. LUI made all necessary audit adjustments to the Group 1 DVA balances as of December 31, 2012. Including refiling its RRR 2.1.1 and 2.1.7 balances. In this application, therefore, LUI is seeking the disposition of Group 1 as of December 31, 2012 **on a final basis**. LUI voluntarily will file the 2014 OEB Audit Report for verification of its Group 1 DVA balances, as an evidence to this rate application proceeding, and as how the balances have been adjusted and re-filed in the RRR regulatory filing 2.1.7. The voluntarily filing of the OEB audit report by LUI will be supplemental evidence to LUI's current 2015 IRM application.

The following table summarizes the final revised OEB audited and adjusted balances for group 1 total Claim of $1,342,323 (**columns C** from table 1 below) which LUI is seeking disposition on a final basis.

Included in the $1,342,323 disposition is $737,547 related to amounts owing to the IESO for annual reconciliations of the settlement form 1598 for the years 2011 and 2012. Correspondence has been sent to the IESO to ensure they are aware of the settlement amount. Based on conversations with Audit, LUI is planning on paying the amount owing to the IESO over the next three settlement periods.

Table 1: Final OEB Audit Adjusted Balances

					Audit Adjustment	Adjustment for Annual Reconciliation of IESO Settlement Forms 1598 2011 and 2012
					(D)	(E)
Account Name	Account Number	Total claim in the Decision and Order EB-2013-0148	Final Revised Adjusted Balance	Total Claim in this EB-2014-0090 for the Total Adjustment	Total Adjustment Breakdown	
		(A)	(B=A+D+E)	(C=A-B)	(C=D+E)	
LV Variance Account	$1,550	$19,067	$19,887	$820	$820	
RSVA - Wholesale Market Service Charge	$1,580	-$579,546	-$577,693	$1,853	$1,853	
RSVA - Retail Transmission Network Charge	1584	-$24,961	-$22,237	$2,724	$2,724	
RSVA - Retail Transmission Connection Charge	1586	$1,950	$2,832	$882	$882	
RSVA – Power	1588	$1,148,627	$1,320,264	$171,637	-$565,910	$737,547
RSVA - Global Adjustment	1589	-$1,254,248	-$993,221	$261,027	$261,027	
Disposition of Regulatory Balances (2008)	1595					
Disposition of Regulatory Balances (2009)	1595	-$373,534	0	$373,534	$373,534	
Disposition of Regulatory Balances (2010)	1595	$459,624	-$11,603	-$471,227	-$471,227	
Disposition of Regulatory Balances (2011)	1595	-$1,020,360	-$19,286	$1,001,074	$1,001,074	
Total Group 1 Excluding Global Adjustment – Account 1589		**-$369,133**	**$712,164**	**$1,081,297**	**$343,750**	**$737,547**
Total Group 1		**-$1,623,381**	**-$281,057**	**$1,342,323**	**$604,777**	**$737,547**

The rates and other adjustments being applied for and as calculated are through the use of the following Board model assumptions:

- LUI selected the Price Cap Incentive Rate-Setting ("Price Cap IR") option to adjust its fixed and volumetric 2015 rates. The Price Cap IR methodology provides for a mechanistic and formulaic adjustment to distribution rates and charges in the period between Cost of Service applications. LUI acknowledges that the board released an update on October 30th 2014 for an increase of Input Price Index from 1.55% to 1.6%. 1.6% is to be used as the inflation adjustment for rates adjusted through the Price Cap IR and Annual Index plan for rates effective in 2015. Board staff is expected to update the 2015 IRM Rate Generator model.
- An adjustment of Retail Transmission Service Rates in accordance with Board Guideline G-2008-0001 - Electricity Distribution Retail Transmission Service Rates revised on June 28, 2012.
- The Revenue to Cost ratio adjustments which were approved in LUI's 2012 Cost of Service application (EB-2011-0250), to adjust the GS 3,000- 4,999 kW rate class in equal increments over four years of 5.6%.

LUI also applies for the following matter;

- Request to postpone the disposition of the Shared Tax Savings to future proceedings due to the fact that taxes were recently established as part of LUI' Cost of Service Application (EB-2011-0250).
- Request to dispose of the distributor's OEB audited Group 1 variance account balances of $1,342,323 = $604,777(B) + $737,546(C) as of December 31, 2012 on a final basis. LUI's Group One balances exceed the $0.001 per kWh threshold test for a total claim per kWh of $0.0054 per kWh.
- Continuance of Rate Riders and Adders for which the sunset date has not yet been reached.
- Continuance of the Specific Services charges and Loss Factors as approved in LUI's 2012 Cost of Service Application (EB-2011-0250).
- Continuance of the Micro Fit monthly charge - $5.40.
- Continuance of the Smart Meter Entity charge effective until 2018 - $0.79.

Supporting documentation, methodology and inputs as they relate to LUI's request to the Board have been described in the remainder of this Exhibit.

3.2 ELEMENTS OF THE PRICE CAP IR AND ANNUAL IR INDEX PLAN

Price Cap Index (3.2.1)

In Chapter 3 of the Filing Requirements it states that distribution rates are to be adjusted according to the Annual Adjustment Mechanism as presented through the Board's Rate Generator model. Lakefront Utilities Inc understands that the Board will establish the final inflation factor, and productivity factor to apply to distributors by means of a supplemental report on the RRFE. In the current 2015 IRM Rate Generator Model as submitted, and based on the current price cap parameters, 'Tab 24: Rev2Cost_GDPIPI' reflects a Price Cap Index adjustment of 1.55%. This calculation is based on a price escalator of 1.70%, less a productivity factor of 0.0% (to be updated by the board), and less the associated stretch factor value of 0.15% (representing the group II cohort placement of LUI in the PEG Benchmarking Report dated August 18th 2014) for a total price index adjustment of 1.55%.

LUI acknowledges that the GDP-IPI in tab '24.Rev2Cost_GDPIPI' of the 2015 IRM Rate Generator model will be updated by Board staff following the October 30th 2014 board issued update to 1.6%. Consistent with the policy determinations set out in the Report of the Board on Rate Setting Parameters and Benchmarking under the RRFE for Ontario's Electricity Distributors (EB-2010-0379) (Issued November 21, 2013 and updated December 4, 2013), the Board has calculated the value of the inflation factor for incentive rate setting under the Price Cap IR and Annual Index plans, for rate changes effective in 2015, to be 1.6%. The derivation of this is shown in the following table. The Board will adjust the price escalator in each applicable distributor's 2015 Incentive Regulation Mechanism model such that this inflationary adjustment is reflected in distribution rate changes resulting from Price Cap IR and Annual Index applications effective in 2015.

Table 2: 2015 Input Price Index – Board Issued Oct 30th 2014

	Inputs and Assumptions											
	Non-Labour							Labour			Resultant Values - Annual Growth for the 2-factor IPI	
Year	GDP-IPI (FDD) - National							AWE - All Employees - Ontario				
	Q1	Q2	Q3	Q4	Annual	Annual % Change	Weight	Annual	Annual % Change	Weight	Annual	Annual % Change
2012	108.7	109.1	109.3	109.5	109.15			$ 906.09			101.7	
2013	110.5	110.4	111.1	111.6	110.9	**1.6%**	**70%**	$ 920.12	**1.5%**	**30%**	**103.3**	**1.6%**

The annual adjustment mechanism will apply to distribution rates (fixed and variable charges) uniformly across LUI's customer rate classes. The annual adjustment is applied and any other adjustment to LUI's GS 3,000-4,999kW and GS 50-2,999kW based on the LUI's 2012 cost of service settlement for Revenue to Cost decision (EB-2011-0250) will occur after the application of price cap index inflation.

Distribution Rates Adjustments

LUI proposes 2014 distribution rate adjustments to both the Monthly Fixed Service Charge and Distribution Volumetric Rate for all rate classes reflecting the calculated values that are generated by the 2015 IRM 4th Generation Rate Generator Model.

As discussed above the price cap index adjustment, currently set at the 2014 values, is 1.55%, and within the model has been applied to current rates to yield LUI's proposed rates. Future updates to components of the price cap index calculation, to be completed by Board Staff as the update become available, may impact the final price cap adjustment being applied to the current model. Lakefront provides for informational purposes only, a table below illustrating the change to MFC and DVR rates using the 1.60% Price Cap Index inflation factor.

Table 3: 2015 Input Price Index – 1.55% increase to 1.60%

Price Escalator	**1.70%**	**Choose Stretch Factor Group**		II			
Productivity Factor	**0.00%**	**Associated Stretch Factor Value**		**0.15%**			
Price Cap Index	**1.55%**						
1.55% Increase in Price Cap Index							
Rate Class	**Current MFC**	**MFC Adjustme**	**Current Volumetric Charge**	**DVR Adjustment from R/C Model**	**Price Cap Index to**	**Proposed MFC**	**Proposed Volumetric Charge**
RESIDENTIAL	10.12		0.0146		1.55%	10.28	0.0148
GENERAL SERVICE LESS THAN 50 KW	23.16		0.0083		1.55%	23.52	0.0084
GENERAL SERVICE 50 TO 2,999 KW	76.23	-0.78	3.3794	-0.0344	1.55%	76.62	3.3968
GENERAL SERVICE 3,000 TO 4,999 KW	5226.29	382.33	2.0329	0.1487	1.55%	5695.55	2.2154
UNMETERED SCATTERED LOAD	13.76		0.0359		1.55%	13.97	0.0365
SENTINEL LIGHTING	4.79		11.7987		1.55%	4.86	11.9816
STREET LIGHTING	3.94		24.9707		1.55%	4.00	25.3577
microFIT	5.40					5.40	
1.60% Increase in Price Cap Index							
Rate Class	**Current MFC**	**MFC Adjustme**	**Current Volumetric Charge**	**DVR Adjustment from R/C Model**	**Price Cap Index to**	**Proposed MFC**	**Proposed Volumetric Charge**
RESIDENTIAL	10.12		0.0146		1.60%	10.28	0.0148
GENERAL SERVICE LESS THAN 50 KW	23.16		0.0083		1.60%	23.53	0.0084
GENERAL SERVICE 50 TO 2,999 KW	76.23	-0.78	3.3794	-0.0344	1.60%	76.66	3.3985
GENERAL SERVICE 3,000 TO 4,999 KW	5226.29	382.33	2.0329	0.1487	1.60%	5698.36	2.2165
UNMETERED SCATTERED LOAD	13.76		0.0359		1.60%	13.98	0.0365
SENTINEL LIGHTING	4.79		11.7987		1.60%	4.87	11.9875
STREET LIGHTING	3.94		24.9707		1.60%	4.00	25.3702
microFIT	5.40					5.40	

Proposed distribution rates appear in Proposed Tariff of Rates and Charges –Appendix 2 based on the 1.55% Price Cap Index until updates are provided by the board to the 2015 IRM Rate Generator Model. LUI proposes an effective date for the distribution rate adjustment of **May 1, 2015**.

Retail Transmission Rates (3.2.2)

LUI is charged Ontario uniform transmission rates by Hydro One Networks, and in turn has Board approved retail transmission service rates to charge end user customers in order to recover the expenses. Based on Hydro One Networks most recent Decision and Rate Order of the Board in the EB 2012-0031 proceeding, the UTRS's effective January 1, 2014 are: $3.82/kW/mth for Network Service Rate, $0.82/kW/mth for Line Connection Service Rate, and $1.98/kW/mth for Transformation Connection Service Rate. Variance accounts are used to track the timing and rate differences in UTR's paid and RTSR's billed; they are recorded in USoA Accounts 1584, and 1586. On June 28, 2012, the Ontario Energy Board (the "Board") issued revision 4.0 of the *Guideline G- 2008-0001 Electricity Distribution Retail Transmission Service Rates (the "Guideline")*. This Guideline outlines the information that the Board requires electricity distributors to file when proposing adjustments to their retail transmission service rates. The guideline was used to file to adjust LUI's RTSR's for 2015.

The billing determinants used on Tab 14. 'RTSR RRR Data' of the 2015 IRM Rate Generator Model were derived from the RRR 2.1.5 Performance Based Regulation filing for the annual consumption in compliance with the instruction to use the most recent reported RRR billing determinants. The billing determinants are non-loss adjusted. Lakefront has filed a RRR Revision request with the board to update the sentinel kWh that were reported for year-end 2013.

The OEB has provided a model for electrical distributors to calculate and predict the distributors' specific RTSRs based on a comparison of historical transmission costs adjusted for the new UTR levels and the revenues generated under existing RTSRs. LUI has completed the model and included the 2013 historical RTSR Network and RTSR Connection data on Tab 16 of the 2015 IRM Rate Generator Model. LUI understands that when the January 1st 2015 UTRs are determined LUI's 2015 IRM Rate Generator application model will be updated to incorporate the change if necessary by Board staff. LUI also acknowledges that parties to the proceeding will have an opportunity to review the resulting rates as part of the rate process. A

summary of the Current and Proposed RTSRs from the 2015 IRM rate generator are provided in the table below:

Table 4: Summary of Retail Transmission Rate Changes

		Network Service Rate			Line & Transformation Connection Rate		
		2014	2015		2014	2014	
Rate Class	Unit	Current RTSR Network	Proposed RTSR Network	YoYChange	Current RTSR Connection	Proposed RTSR Connection	YoYChange
Residential	/kWh	0.0069	0.0069	-	0.0048	0.005	0.04000
GS<50 kW	/kWh	0.0063	0.0063	-	0.0044	0.0046	0.04348
GS 50-2,999 kW	/kW	2.5563	2.5513	- 0.00196	1.7461	1.8153	0.03812
GS 3,000-4999kW	/kW	2.8589	2.8533	- 0.00196	2.0594	2.141	0.03811
USL	/kWh	0.0073	0.0073	-	0.0055	0.0057	0.03509
Sentinel Lighting	/kW	1.9374	1.9336	- 0.00197	1.3779	1.4325	0.03812
Street Lighting	/kWh	1.9279	1.9241	- 0.00197	1.3498	1.4033	0.03812

Deferral and Variance Accounts Balance Disposition (3.2.3)

LUI used the 2015 IRM Rate Generator (Version 1.1) issued on August 8, 2014. Though, LUI is only seeking disposition of Group 1 OEB audited adjustments for the years 2011 and 2012 and is not seeking disposition of 2013 balances. Therefore, the column in the rate generator on tab 5.Continuity Schedule 2.1.7 RRR represents the balances after the OEB audit adjustments at the date as of December 31, 2012. LUI has completed the OEB issued IRM Rate Generator – Tab 5. Continuity Schedule on the adjusted 2012 balances and the threshold test shows a claim per kWh of $0.0054. The Report of the Board on Electricity Distributors' Deferral and Variance Account Review Report (the "EDDVAR Report") provides that during the IRM plan term, the distributor's Group 1 audited account balances will be reviewed and disposed if the pre-set disposition threshold of $0.001 per kWh (debit or credit) is exceeded. Since the claim exceeds this threshold test amount, LUI is eligible to seek disposal of its deferral and variance adjusted audited balanced in this proceeding. Attached below in Figure A is the threshold test from the 2015 IRM Rate generator model below:

Figure A: Rate Generator Threshold Test Group 1 Accounts

Threshold Test

Total Claim (including Account 1568)	$1,342,323
Total Claim for Threshold Test (All Group 1 Accounts)	$1,342,323
Threshold Test (Total claim per kWh) [3]	0.0054

LUI last filed an IRM application with the Ontario Energy Board (the "Board") on September 27, 2013 EB-2013-0148. The Board approved the disposition of Lakefront's Group 1 DVA refund balance of ($1,623,381) as at December 31, 2012 including projected interest as at April 30, 2014, on an **interim** basis subject to an OEB audit. The Board directed the Audit and Performance Assessment branch of the Board to conduct an audit of LUI's Group 1 account balances pursuant to the Board's Decision and Order in LUI' 2014 IRM rate proceeding EB-2013-0148, dated March 13, 2014.

The objective of the audit was to examine LUI's Group 1 DVA balances as at December 31, 2012, and determine whether accounting policies and procedures for these accounts were properly and consistently applied and reported to the Board in accordance with the Accounting Procedures Handbook ("APH"), Reporting and Record-keeping Requirements ("RRR"), and related guidelines.

The audit was conducted throughout March to October of 2014.

Following the audit findings, LUI made all necessary audit adjustments to the accumulated Group 1 DVA balances as at December 31, 2012 ensuring consistency with the APH and compliance with the audit report findings.

On October 30, 2014, the manager of the Board's Audit and Performance Assessment Department ("Audit") wrote to the Board and placed a letter from Audit on the public record of this proceeding that indicated that Audit concluded its audit. The letter from the audit manager confirmed that LUI has made all necessary audit adjustments to balances in its Group 1 DVAs as of December 31, 2012. The letter stated that Audit noted that nothing came to its attention during this audit to lead it to believe that the account balances for Group 1 DVAs as of December 31, 2012, as adjusted based on the results of this audit are materially misstated. The letter also stated that LUI provided Audit with an undertaking that Lakefront Utilities will voluntarily file the audit report with the Board in its upcoming 2015 IRM rate proceeding EB-2014-0090. Therefore, LUI will voluntarily file the audit report with

the Board in its upcoming 2015 IRM rate proceeding EB-2014-0090. This filing will occur prior to the Board's issuance of its Procedural Order for LUI.

LUI has not had the chance to apply the audit findings related to the Group 1 DVAs as of December 31, 2012 to the account balances as at December 31, 2013. To ensure that the disposition of 2012 Group 1 account balances are properly addressed in this application, LUI is **not** seeking disposition of the 2013 balances of Group 1 accounts as LUI requires time to analyze and adjust balances as per the new continuity schedules following the audit. Without this thorough analysis LUI does not have 100% confidence in the accuracy of the 2013 account balances. LUI believes that while it is important for the Board to review and dispose of balances for Group 1 DVAs as of December 31, 2013 in a timely manner, it is also important that those balances are accurate for disposition as a part of just and reasonable rates for customers. LUI requires sufficient time to reconcile and apply the applicable findings of Audit to the 2013 DVA balances to ensure the balances are correct before seeking disposition.

As the balances up to December 31, 2012 have now been fully thoroughly audited and completed, only 2012 adjusted balances are being requested for disposal. LUI requires a sequence of corrective actions using recent audit findings and application of APH to its regulatory books of accounts to ensure accuracy for the Group 1 DVA balances as of December 31, 2013. LUI is committed to a management action plan that would address the balances for Group 1 DVAs as of December 31, 2013 and Group 1 DVAs. Therefore, LUI is seeking the Board approval to not dispose of the 2013 Group 1 balances in this proceeding. Accordingly, LUI is proposing to the Board for LUI to seek disposition of the 2013 balances in the 2016 rate application.

Based on the results of the audit, LUI will be strengthening controls and review of regulatory accounting processes, while working with a third party and its external auditors, in order for LUI to accurately record transactions to its deferral and variance accounts using the APH requirements.

As previously mentioned LUI is seeking disposition of the amount presented in Table 1: Final OEB Audit Adjusted Balances (Column (C) titled Total Claim in this rate application for the Total Adjustment). The LUI Group 1 total claim balance is $1,342,323 and is comprised of the following account balances. Please note that these balances provided in table 1 and table 5 below for deferral and variance account disposition balances reflect the outcome of

the audit conducted by the Regulatory Accounting and Audit branch of the Board. Details of these balances can be found in the 2015 IRM Model and below, split by principal and interest balances.

Table 5: Deferral and Variance Account Disposition Balances

Group 1 Accounts		Principal	Interest	Projected Interest	Revised Account Balance at December 31, 2012
LV Variance Account	1550	1,477	- 1,089	432	820
RSVA - Wholesale Market Service Charge	1580	2,275	10,536	- 10,958	1,853
RSVA - Retail Transmission Network Charge	1584	558	2,597	- 431	2,724
RSVA - Retail Transmission Connection Charge	1586	- 1,007	1,836	53	882
RSVA - Power (excluding Global Adjustment)	1588	133,371	27,187	11,080	171,637
RSVA - Power - Sub-account - Global Adjustment	1589	251,890	27,971	- 18,834	261,027
Disposition and Recovery/Refund of Regulatory Balances (2009)	1595	- 313,094	688,246	- 13,220	361,931
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595	- 490,658	12,644	- 896	- 478,910
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	958,829	61,530		1,020,359
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		251,890	27,971	- 18,834	261,027
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		291,751	803,487	- 13,940	1,081,293
Total of Group 1		543,641	831,458	- 32,774	1,342,323

LUI is proposing disposition of all Group 1 account audit adjusted balances as of December 31, 2012 on a final basis over a 36 month (three year) period effective May 1, 2015.

The rate riders have been calculated on the basis of a three (3) year recovery period. The determination to calculate a rate rider on a three year recovery period is due to the bill impacts that the disposition of the group one account will have on LUI's business customers GS>50kW if we had requested a one year rate rider. A summary of rate riders as compared to the 2014 prior year rates by customer class is presented in the following table. Additional details can be found in the IRM Rate Generator tab 5 EDDVAR continuity model which is being filed as Appendix 5 with this application.

Table 6: Summary of Deferral/Variance Rate Riders

		EB-2013-0148	Proposed EB-2014-0090		EB-2013-0148	Proposed EB-2014-0090	
		DVRR	DVRR		GA	GA	
Rate Class	U of M	2014	2015	Change	2014	2015	Change
Residential	/kWh	- 0.0014	0.0014	0.0028	- 0.0089	0.0006	0.0095
GS<50 kW	/kWh	- 0.0014	0.0014	0.0028	- 0.0089	0.0006	0.0095
GS 50-2,999 kW	/kW	- 0.5571	0.5665	1.1236	- 3.5159	0.2439	3.7598
GS 3,000-4999kW	/kW	- 1.0543	0.6162	1.6705	- 3.5999	0.2497	3.8496
USL	/kWh	-	0.0014	0.0014	- 0.0089	0.0006	0.0095
Sentinel Lighting	/kW	- 0.2167	0.4370	0.6537	- 3.1844	0.2209	3.4053
Street Lighting	/kW	- 0.6422	0.5510	1.1932	- 3.2184	0.2233	3.4417

1595 Balances Excluded:

As part of LUI's most recent proceeding EB-2013-0148 IRM application for 2014 rates effective May 1st 2014, LUI had inadvertently included the credit balance Disposition and Recovery/Refund Balances of $1,020,360 related to DVA and GA rate riders for 2012 Cost of Service Application EB-2011-0250. The 2012 Cost of Service 1595 disposition for year end balances related to 2010 should not have been included in the continuity schedule as its recovery/refund period for its had not yet reached its rate rider sunset date of April 30th 2016. Therefore LUI should not have been disposed of on the Interim basis in 2014 with the ($1,623,380) refund to customers.

Consequently in the 2015 IRM, LUI is not asking for final disposition of the debit balance of $1,020,360 related to the 2012 DVA and GA rate riders in account 1595 sub account 2012 as the rate rider won't cease until April 30, 2016. The 2012 balance is not included in this EB-2014-0090 because the recovery period is not complete – i.e. the Continuity Schedule reflects balances up to December 31, 2012 yet the Rate Riders have a sunset date beyond this period. However the adjustment related to the 2012-1595 is a required adjustment made to correct the interim and premature disposition.

LRAM Variance Account LRAMVA for 2011-2014 (3.2.4)

For CDM programs delivered within the 2011-2014 period, the Board established Account 1568 as the LRAMVA to capture the variance between the Board Approved CDM forecast and actual results as the customer rate level.

Specifically the LRAMVA captures at the customer rate class level, the difference between the following:

- The results of actual, verified impacts of authorized CDM activities undertaken by electricity distributors between 2011-2014 for both Board-Approved programs and OPA-Contracted Province-Wide CDM programs in relation to activities undertaken by the distributor and/or delivered for the distributor by a third party under contract (in the distributor's franchise area); AND
- The level of CDM program activities included in the distributors load forecast (the level embedded into rates).

In accordance with the Board's Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003) issued April 26, 2012 at minimum, distributors must apply for disposition of the balance in the LRAM VA at the time of their Cost of Service rate applications. Distributors may also apply for the disposition of the balance of the LRAMVA on IRM rate applications if the balance is deemed significant by the applicant.

Lakefront Utilities Inc. is not applying for an LRAM Disposition in this application because the applicant deems the balance to date is immaterial. Lakefront Utilities Inc. also wishes to align the disposition balance with its disposition of 2013 group one balances at a later board proceeding.

Revenue to Cost Ratios (3.2.5)

Revenue to cost ratios measure the relationship between the revenues expected from a class of customers and the level of costs allocated to that class. The Board has established target ratio ranges for Ontario electricity distributors in its Review of Electricity Distribution Cost Allocation Policy (EB-2012-0219), dated March 31, 2011. In LUI's 2012 Cost of Service Rate Application Decision (EB 2011-0250) LUI was directed to follow the approach of moving outliers (that is, the customers whose revenue-to-cost ratios that are above or below the approved ranges) to the lower and upper boundaries of their applicable ranges, after which adjustments will be made to the lowest or highest classes within their ranges as necessary to maintain revenue neutrality. It was acknowledged in the 2012 Cost of Service settlement proposal that LUI will adjust

the revenue-to-cost ratio for its only customer in the General Service 3,000 – 4,999 kW customer class in years following 2012 by equal increments over a 4 year period from 57.5% towards 80.0% which is the Board's minimum policy target range. Adjustments will be made to the classes most above the revenue-to-cost ratio of 100% first, until lowered to the next highest ratio. LUI intended to move the revenue-to-cost ratio by an average of 7.5% increments yearly beginning in 2014 to mitigate rate shock to that specific customer class (GS 3000-4999 kW). Offsetting the movement will be the class of GS < 50-2999 kW due to a 15% revenue-to-cost distance above the maximum policy range. On April 4, 2013 Decision and Order EB-2012-0144 Lakefront Utilities Inc. accepted the Board staff submission and provided updated revenue to cost ratio for the GS 3,000 to 4,999 kW rate class which reflects an annual increase of 5.625%. The reduction to offset this revenue to cost ratio movement in GS 3,000 to 4,999 kW is to the GS 50 to 2,999kW rate class and is rebalanced by the percentage change. In the years 2011 to 2012 LUI's GS 3000-4999 kW customer was increased from 28.63% to the 57.50%, and in 2012 increased from 57.5% to 63.13% revenue-to-cost ratio, and in 2013 increased from 63.13% to 68.75%

A summary of the Proposed Revenue to Cost Ratios is on Tab 6 of the IRM Revenue to Cost Ratio Model in Appendix 6 and shown in the table below:

Table 7: Proposed Revenue to Cost Ratios 2012- 2017

Rate Class	Direction	Current Year 2014	Transition Year 1 2015	Transition Year 2 2016	Transition Year 3 2017	Transition Year 4 2018	Transition Year 5 2019
Residential	No Change	89.90%	89.90%	89.90%	89.90%	89.90%	89.90%
General Service Less Than 50 kW	No Change	99.64%	99.64%	99.64%	99.64%	99.64%	99.64%
General Service 50 to 2,999 kW	Rebalance	133.51%	tbd	tbd	tbd	tbd	tbd
General Service 3,000 to 4,999 kW	Change	68.75%	74.38%	80.00%	80.00%	80.00%	80.00%
Unmetered Scattered Load	No Change	81.94%	81.94%	81.94%	81.94%	81.94%	81.94%
Sentinel Lighting	No Change	117.24%	117.24%	117.24%	117.24%	117.24%	117.24%
Street Lighting	No Change	111.73%	111.73%	111.73%	111.73%	111.73%	111.73%

LUI's revenue to cost ratios shown in the table above are as have been agreed to in the 2013 3rd Generation IRM process and as reflected in the Board's Decision with respect to Decision and Order EB-2012-0144. The following table provides LUI's current revenue to cost ratios and the boards target range minimum and maximum. This table provides justification and displays the movement and rebalancing of Lakefront Utilities Inc. revenue to cost ratio ranges between its GS>50kW customer classes:

Table 8: Board Approved Range- Revenue to Cost Ratios 2014 - 2015

	A	B	=(B)-(C)	C	D
Rate Class	Board Minimum	Board Maximum	Variance	2014	2015
Residential	0.85	1.15	0.25	0.90	0.90
GS<50 kW	0.80	1.20	0.20	1.00	1.00
GS 50-2,999 kW	0.80	1.80	0.43	1.37	1.32
GS 3,000-4999kW	0.80	1.20	0.57	0.63	0.74
USL	0.80	1.20	0.38	0.82	0.82
Sentinel Lighting	0.80	1.20	0.03	1.17	1.17
Street Lighting	0.70	1.20	0.08	1.12	1.12

Shared Tax Savings (3.2.6)

Lakefront Utilities Inc has completed the 2015 IRM Rate Generator tabs related to Tax Sharing for IRM Applications to calculate the savings due to rate payers as a result of corporate tax saving implemented since 2013 IRM3 Decision (EB-2012-0144). The Board determined under the 4th Generation IRM that a 50/50 sharing of the impact of currently known legislated tax changes as applied to the tax level reflected in the Board-approved base rates for a distributor is appropriate. The calculated annual tax changes over the plan term will be allocated to customer rate classes on the basis of the most recent Board-Approved base year distribution revenue. The calculation for more than one rate class results in volumetric rate riders of $0.0000 when rounded to the fourth decimal place and can be recorded to the total amount in USoA account 1595 for disposition in a future proceeding, as recommended in Chapter 3 of the Filing Requirements.

LUI completed the Shared Tax Savings Work form supplied by the Board to calculate rate riders for tax change. LUI has not included any rate riders for 2015 for shared tax savings as the amount of tax to be shared

is not enough to trigger a rate rider. LUI rebased in a 2012 Cost of Service and does not calculate an incremental tax savings to be transferred to Account 1595 as per the filing instructions for the 2013 IRM4.

Z-Factor Claims (3.2.7)

Lakefront Utilities Inc has not included a Z-factor claim in this application.

Regulatory Accounting Policy Changes (3.2.8)

As per section 3.2.8, "Regulatory Accounting Policy Changes to the Depreciation Expense and Capitalization Policies" of the OEB's "Filing requirements for Electricity Distribution Rate Applications" (revised July 25, 2014), LUI acknowledges the following:

- The Applicant remains on CGAAP accounting methodology in 2013; and
- The Applicant implemented the regulatory changes for depreciation expense and capitalization policies on January 1, 2012 as reflected in the LUI's 2012 cost of service application (EB-2011-0250). In application EB-2011-0250, LUI provided:
- An updated version of capitalization policy and;
- Analysis demonstrating the transfer to the revised depreciation rates. LUI adopted the mid-range "Kinetrics" depreciation rates in January 2012 as per the settlement agreement in LUI's cost of service application.

3.3 ELEMENTS SPECIFIC TO THE PRICE CAP IR PLAN

Incremental Capital Module (3.3.1)

Lakefront Utilities Inc does not request rate relief through and incremental capital module in this application.

Treatment of Costs for 'eligible investments' (3.3.1.2)

Lakefront Utilities Inc. does not request any funding adders for generation or smart grid. Lakefront Utilities will continue to assess requirements in these areas for the future applications. Lakefront Utilities Inc. has reviewed the new Filing Requirements (Chapter 5), and based on the timelines identified in section 5.1.3, determined that filing of a Distribution System Plan is not required at this time.

Input Data Submission for Work forms

2014 Rate Order, EB-2013-0148 – *Tariff of Rates and Charges, effective May 1, 2014 (Filed in this application as Appendix 1.*

2012 Rate Order, EB-2011-0250*, Tariff of Rates and Charges effective May 1, 2012* was used in all Work forms and 2015 IRM4 Rate Generator.

2015 Rate Generator Model

LUI's completed 2015 IRM4 Rate Generator Model is attached as Appendix 5 of this application and a completed excel file is being submitted electronically onto the board website. Below are brief descriptions of Inputs used within the rate generator model to project Lakefronts intended rates beginning May 1st 2015.

Tab 4. Current Tariff Schedule: Data inputted into this tab is obtained from the most recent Board approved Rate Order, EB-2013-0148 – Tariff of Rates and Charges effective date of May 1, 2014. Volumetric rate rider rates in the 2014 rate year were approved on the Interim basis pending completion of an OEB audit.

***Tab 5:* 2014 Continuity Schedule:** Inputs for this tab were extracted from LUI's deferral and variance accounting records which were audited and adjusted for several findings following an OEB group one variance audit following decision in the EB-2013-0148 rate proceeding. LUI does not intend to dispose of any of its 2013 group one balances at this time and has not inputted any 2013 variance activities into tab 5. Continuity schedules. In cell columns 'AY' and 'AZ' LUI has inputted the approved Interim Disposition from its rate order EB-2013-0148.

Following the OEB audit findings LUI refiled its 2011 and 2012 balances and has tested the continuity schedule against the **reported 2.1.7 RRR December 31, 2012 submission** in column 'BF' Lakefront seeks final disposition of these accounts and the adjustments required to these balances.

Tab 6 Billing Det. For Def-Var: The metered billing determinants were extracted from LUI's 2012 Cost of Service board approved volumetric forecast (EB 2011-0250). Distribution Revenue, 1595 (2010) and 1590 Share Proportions were obtained from the same Application EB-2011-0250. 1595 (2008) Share Proportion was obtained from the LUI's 2010 IRM Application file number EB-2009-0233 and 1595 (2009) Share Proportion was obtained from the LUI's 2011 IRM Application file number EB-2010-0095 and 1595 (2011)

Share proportions was obtained from the LUIS 2013 IRM Application file number EB-2012-0144. Lakefront is not requesting disposition for LRAM and has not included these figures in this tab.

Tab 8 Calculation of Def-Var Rate Riders: The deferral and variance account rate rider is calculated over the selected years in this tab and applied for based on selection. Lakefront has determined that disposition of $1,342,323 must run over a rate rider recovery period of three years. This is because of the rate impact to Lakefronts larger customer classes.

Tab 9 Shared Tax Savings Billing Determinants & Rates: Lakefront has entered its 2012 (EB-2011-0250) Board Approved Billing Determinants, Monthly Service Charge, and Volumetric Distribution Rates.

Tab 11 Shared Tax Savings Tax Change: Lakefront has entered its last approved cost of service tax sharing calculation. (EB-2011-0250) Lakefront has not had tax changes and does not calculate a rate rider at this time.

Tab 14 RTSR RRR Data: Lakefront has provided the most recent reported RRR billing determinants from its April 30th 2014 year end 2013 reporting. These figures are non-loss adjusted billing figures. The loss factor input is from LUI's last board approved cost of service (EB-2011-0250).

Tab 15 As previously discussed in the Retail Transmission Rates – Tab 15 inputs are based on Hydro One Networks most recent Decision and Rate Order of the Board in the EB- 2011-0268 proceeding.

Tab 16 RTSR Historical Wholesale: this tab is populated with LUI's January – December 2013 billing details for Hydro One Sub-transmission rates and split the combined connection charges.

The rate classes entered in the RTSR Model are taken from the most recent Board approved Rate Order, EB-2012-0144 – Tariff of Rates and Charges effective date of May1, 2013 and as submitted in the 2014 Incentive Rate Mechanism Rate Application EB- 2013- 0148 RTSR Adjustment Work Form.

Tab 24 RevCost_GDPIPI

LUI entered its adjustments to the revenue-to-cost ratio model for 'MFC' or 'DVR' Adjustments as per the revenue-to-cost ratio neutralization for class GS 3000-4999kW. The adjustments will occur from the year 2012-2016 as per the schedule in Table 7: Proposed Revenue to Cost Ratios 2012-2016.

Tab 25: Other Charges and Loss Factor: this tab is populated with the most recent Board approved Rate and Tariff Charges Order EB 2012-0148 and no changes are proposed.

Tab 27: Final Tariff Sheet: contains all the proposed rates and rate riders calculated in the 2015 IRM4 Rate Generator Model. The RTSR rate riders in Tab 13 have been inputted and reflect calculated rate rider values from the RTSR Work form.

Tab 28: Bill Impacts: calculates the impact by rate class based on typical consumption in LUI's territory. The bill Impact calculation uses the rates that have been generated to 'Tab.27: Final Tariff Sheets' and calculates the impact. For the Total Deferral/Variance Account the rate impact sheet will net all rate riders, including GA.

2015 Revenue to Cost Ratio Adjustment Model

LUI's completed 2015 Revenue to Cost Ratio Adjustment Model is attached as Appendix 6 of this application and a completed excel file is being submitted electronically onto the board website.

Tab 3: Rebased Bill Determinants & Rates: This tab is populated with the customer numbers and connections, and rebased kWh/kW from LUI's Cost of Service Application (EB-2011-0250). Lakefront populates the monthly service charge and distribution volumetric rates using LUI's Board Approved 2014 IRM Application (EB-2013-0148).

Tab 6:Decision Cost Revenue Adjustment: This tab illustrates the current revenue cost ratios for each customer class as approved by the Board in LUI's Cost of Service Application (EB-2011-0250). These ratios are within the parameters set by the Board. At the time Lakefront had agreed to move its GS 3,000-4,999 kW customer over the period of 4 years to 80% board minimum while reducing the same percentage of the customer class which was farthest from its target. LUI has chosen this year to decrease and rebalance the GS 50-2,999kW customer class.

Tab 7:Revenue Offset Allocation: This worksheet illustrates the revenue offsets for each customer class. It should be noted that these revenue offsets were approved by the board in LUI's 2012 Cost of Service application (EB-2011-0250).

Tab 8:Transformer Allowance: This worksheet illustrates the Transformer Allowance kW and rate. LUI has applicable allowances in both its general service greater than 50kW customer classes. It should be noted that these transformer allowance information was approved by the board in LUI's 2012 Cost of Service application (EB-2011-0250).

Tab 10 Proposed Revenue to Cost Ratio Adjustment: This tab illustrates the Proposed Revenue to Cost Ratios. As per tab 6. Decision Cost Revenue Adjustment the proposed revenue to cost ratios are adjusted to reflect the board settlement agreement from the 2012 cost of service EB-2011-0250. Lakefront as previously determined in the 2014 IRM application EB-2013-0148 has chosen to Iterate All Equal Percentage Change to balance the movement of revenue to cost ratios between classes.

Tab 14 Adjust to Proposed Rates: This worksheet illustrates the adjustment required to proposed rates as calculation by the 2015 IRM Revenue to Cost Adjustment Model (version 2.0). As the cost ratios have changed LUI adjusts for this in Tab 24.Rev2Cost_GDPIPI of the 2015 IRM Rate Generator Model. After the Price Cap Index has been applied to each customer class MFC and DVR rate.

Summary of Proposed Rates Changes and Bill Impacts (3.1.4)

A copy of the current tariff of rates and charges is provided in Appendix 1 and LUI's ***proposed*** tariff of rates and charges is provided in Appendix 2. The proposed effective date of the proposed rate changes is **May 1st, 2015**. With a rate rider over 3 years.

The bill impact of the rate changes and rate riders proposed in this 2015 IRM 4th generation application, for a Lakefront Utilities Inc Residential customer with a monthly electricity consumption of 800kWh is an increase of 2.99% which is $3.43 per month **increase** after HST and the Ontario Clean Energy Benefit. Seen in figure A below:

Figure A: Residential Bill Impact over 3 Years

Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Lakefront Utilities Inc. - Town of Cobourg and Cramahe Township

Rate Class	**RESIDENTIAL**	
Loss Factor		**1.0565**
Consumption	**kWh**	**800**
If Billed on a kW basis: Demand	**kW**	

Update Bill Impacts

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 10.12	1	$ 10.12	$ 10.28	1	$ 10.28	$ 0.16	1.58%
Distribution Volumetric Rate	$ 0.0146	800	$ 11.68	$ 0.0148	800	$ 11.84	$ 0.16	1.37%
Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Volumetric Rate Riders	-0.0001	800	-$ 0.08	0.0000	800	$ -	$ 0.08	-100.00%
Sub-Total A (excluding pass through)			$ 21.72			$ 22.12	**$ 0.40**	**1.84%**
Line Losses on Cost of Power	$ 0.0839	45	$ 3.79	$ 0.0839	45	$ 3.79	$ -	0.00%
Total Deferral/Variance Account Rate Riders	-0.0027	800	-$ 2.16	0.0007	800	$ 0.56	$ 2.72	-125.93%
Low Voltage Service Charge	$ 0.0013	800	$ 1.04	$ 0.0013	800	$ 1.04	$ -	0.00%
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			**$ 25.18**			**$ 28.30**	**$ 3.12**	**12.39%**
RTSR - Network	$ 0.0069	845	$ 5.83	$ 0.0069	845	$ 5.83	$ -	0.00%
RTSR - Connection and/or Line and Transformation Connection	$ 0.0048	845	$ 4.06	$ 0.0050	845	$ 4.23	$ 0.17	4.17%
Sub-Total C - Delivery (including Sub-Total B)			**$ 35.07**			**$ 38.36**	**$ 3.29**	**9.38%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	845	$ 3.72	$ 0.0044	845	$ 3.72	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	845	$ 1.01	$ 0.0013	845	$ 1.10	$ 0.08	8.33%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	800	$ 5.60	$ 0.0070	800	$ 5.60	$ -	0.00%
TOU - Off Peak	$ 0.0670	512	$ 34.30	$ 0.0670	512	$ 34.30	$ -	0.00%
TOU - Mid Peak	$ 0.1040	144	$ 14.98	$ 0.1040	144	$ 14.98	$ -	0.00%
TOU - On Peak	$ 0.1240	144	$ 17.86	$ 0.1240	144	$ 17.86	$ -	0.00%
Total Bill on TOU (before Taxes)			**$ 112.79**			**$ 116.16**	**$ 3.37**	**2.99%**
HST	13%		$ 14.66	13%		$ 15.10	$ 0.44	2.99%
Total Bill (including HST)			$ 127.45			$ 131.27	$ 3.81	2.99%
Ontario Clean Energy Benefit [1]			-$ 12.75			-$ 13.13	-$ 0.38	2.98%
Total Bill on TOU (including OCEB)			**$ 114.70**			**$ 118.14**	**$ 3.43**	**2.99%**

The bill impact of the rate changes and rate riders proposed in this 2015 IRM 4th generation application, for a Lakefront Utilities Inc Residential customer with a monthly electricity consumption of 800kWh is an increase of 5.9% which is $6.77 per month **increase** after HST and the Ontario Clean Energy Benefit. Seen in figure B below:

Figure B: Residential Bill Impact over 1 Year

Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Lakefront Utilities Inc. - Town of Cobourg and Cramahe Township

Rate Class	**RESIDENTIAL**	
Loss Factor		**1.0565**
Consumption	**kWh**	**800**
If Billed on a kW basis: Demand	**kW**	

Update Bill Impacts

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 10.12	1	$ 10.12	$ 10.28	1	$ 10.28	$ 0.16	1.58%
Distribution Volumetric Rate	$ 0.0146	800	$ 11.68	$ 0.0148	800	$ 11.84	$ 0.16	1.37%
Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Volumetric Rate Riders	-0.0001	800	-$ 0.08	0.0000	800	$ -	$ 0.08	-100.00%
Sub-Total A (excluding pass through)			$ 21.72			$ 22.12	**$ 0.40**	**1.84%**
Line Losses on Cost of Power	$ 0.0839	45	$ 3.79	$ 0.0839	45	$ 3.79	$ -	0.00%
Total Deferral/Variance Account Rate Riders	-0.0027	800	-$ 2.16	0.0048	800	$ 3.84	$ 6.00	-277.78%
Low Voltage Service Charge	$ 0.0013	800	$ 1.04	$ 0.0013	800	$ 1.04	$ -	0.00%
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			**$ 25.18**			**$ 31.58**	**$ 6.40**	**25.41%**
RTSR - Network	$ 0.0069	845	$ 5.83	$ 0.0069	845	$ 5.83	$ -	0.00%
RTSR - Connection and/or Line and Transformation Connection	$ 0.0048	845	$ 4.06	$ 0.0050	845	$ 4.23	$ 0.17	4.17%
Sub-Total C - Delivery (including Sub-Total B)			**$ 35.07**			**$ 41.64**	**$ 6.57**	**18.73%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	845	$ 3.72	$ 0.0044	845	$ 3.72	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	845	$ 1.01	$ 0.0013	845	$ 1.10	$ 0.08	8.33%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	800	$ 5.60	$ 0.0070	800	$ 5.60	$ -	0.00%
TOU - Off Peak	$ 0.0670	512	$ 34.30	$ 0.0670	512	$ 34.30	$ -	0.00%
TOU - Mid Peak	$ 0.1040	144	$ 14.98	$ 0.1040	144	$ 14.98	$ -	0.00%
TOU - On Peak	$ 0.1240	144	$ 17.86	$ 0.1240	144	$ 17.86	$ -	0.00%
Total Bill on TOU (before Taxes)			**$ 112.79**			**$ 119.44**	**$ 6.65**	**5.90%**
HST	13%		$ 14.66	13%		$ 15.53	$ 0.86	5.90%
Total Bill (including HST)			$ 127.45			$ 134.97	$ 7.52	5.90%
Ontario Clean Energy Benefit [1]			-$ 12.75			-$ 13.50	-$ 0.75	5.88%
Total Bill on TOU (including OCEB)			**$ 114.70**			**$ 121.47**	**$ 6.77**	**5.90%**

The bill impact of the rate changes and rate riders proposed in this 2015 IRM4 application, for a LUI General Service Less Than 50kW customer with a monthly electricity consumption of 2000kWh is an **increase** of 2.95% which is $7.93 per month increase after HST and the Ontario Clean Energy Benefit. Seen in figure C below:

Figure C: GS < 50kW Bill Impact Over 3 Years

Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Lakefront Utilities Inc. - Town of Cobourg and Cramahe Township

Rate Class	GENERAL SERVICE LESS THAN 50 KW	
Loss Factor		1.0565
Consumption	kWh	2,000
If Billed on a kW basis:		
Demand	kW	

Update Bill Impacts

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 23.16	1	$ 23.16	$ 23.52	1	$ 23.52	$ 0.36	1.55%
Distribution Volumetric Rate	$ 0.0083	2,000	$ 16.60	$ 0.0084	2,000	$ 16.80	$ 0.20	1.20%
Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Volumetric Rate Riders	0.0001	2,000	$ 0.20	0.0000	2,000	$ -	-$ 0.20	-100.00%
Sub-Total A (excluding pass through)			$ 39.96			$ 40.32	$ 0.36	0.90%
Line Losses on Cost of Power	$ 0.0839	113	$ 9.48	$ 0.0839	113	$ 9.48	$ -	0.00%
Total Deferral/Variance Account Rate Riders	-0.0025	2,000	-$ 5.00	0.0009	2,000	$ 1.80	$ 6.80	-136.00%
Low Voltage Service Charge	$ 0.0012	2,000	$ 2.40	$ 0.0012	2,000	$ 2.40	$ -	0.00%
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			$ 47.63			$ 54.79	$ 7.16	15.03%
RTSR - Network	$ 0.0063	2,113	$ 13.31	$ 0.0063	2,113	$ 13.31	$ -	0.00%
RTSR - Connection and/or Line and Transformation Connection	$ 0.0044	2,113	$ 9.30	$ 0.0046	2,113	$ 9.72	$ 0.42	4.55%
Sub-Total C - Delivery (including Sub-Total B)			$ 70.24			$ 77.82	$ 7.58	10.79%
Wholesale Market Service Charge (WMSC)	$ 0.0044	2,113	$ 9.30	$ 0.0044	2,113	$ 9.30	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	2,113	$ 2.54	$ 0.0013	2,113	$ 2.75	$ 0.21	8.33%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	2,000	$ 14.00	$ 0.0070	2,000	$ 14.00	$ -	0.00%
TOU - Off Peak	$ 0.0670	1,280	$ 85.76	$ 0.0670	1,280	$ 85.76	$ -	0.00%
TOU - Mid Peak	$ 0.1040	360	$ 37.44	$ 0.1040	360	$ 37.44	$ -	0.00%
TOU - On Peak	$ 0.1240	360	$ 44.64	$ 0.1240	360	$ 44.64	$ -	0.00%
Total Bill on TOU (before Taxes)			$ 264.16			$ 271.96	$ 7.79	2.95%
HST	13%		$ 34.34	13%		$ 35.35	$ 1.01	2.95%
Total Bill (including HST)			$ 298.51			$ 307.31	$ 8.81	2.95%
Ontario Clean Energy Benefit [1]			-$ 29.85			-$ 30.73	-$ 0.88	2.95%
Total Bill on TOU (including OCEB)			$ 268.66			$ 276.58	$ 7.93	2.95%

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

The bill impact of the rate changes and rate riders proposed in this 2015 IRM4 application, for a LUI General Service Less Than 50kW customer with a monthly electricity consumption of 2000kWh is an **increase** of 6.05% which is $16.26 per month increase after HST and the Ontario Clean Energy Benefit. Seen in figure D below:

Figure D: GS < 50kW Bill Impact Over 1 Years

Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Lakefront Utilities Inc. - Town of Cobourg and Cramahe Township

Rate Class		**GENERAL SERVICE LESS THAN 50 KW**
Loss Factor		**1.0565**
Consumption	**kWh**	**2,000**
If Billed on a kW basis:		
Demand	**kW**	

Update Bill Impacts

	Current Board-Approved			Proposed			Impact	
	Rate ($)	**Volume**	**Charge ($)**	**Rate ($)**	**Volume**	**Charge ($)**	**$ Change**	**% Change**
Monthly Service Charge	$ 23.16	1	$ 23.16	$ 23.52	1	$ 23.52	$ 0.36	1.55%
Distribution Volumetric Rate	$ 0.0083	2,000	$ 16.60	$ 0.0084	2,000	$ 16.80	$ 0.20	1.20%
Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Volumetric Rate Riders	0.0001	2,000	$ 0.20	0.0000	2,000	$ -	-$ 0.20	-100.00%
Sub-Total A (excluding pass through)			$ 39.96			$ 40.32	**$ 0.36**	**0.90%**
Line Losses on Cost of Power	$ 0.0839	113	$ 9.48	$ 0.0839	113	$ 9.48	$ -	0.00%
Total Deferral/Variance Account Rate Riders	-0.0025	2,000	-$ 5.00	0.0050	2,000	$ 10.00	$ 15.00	-300.00%
Low Voltage Service Charge	$ 0.0012	2,000	$ 2.40	$ 0.0012	2,000	$ 2.40	$ -	0.00%
Smart Meter Entity Charge	$ 0.7900	1	$ 0.79	$ 0.7900	1	$ 0.79	$ -	0.00%
Sub-Total B - Distribution (includes Sub-Total A)			**$ 47.63**			**$ 62.99**	**$ 15.36**	**32.25%**
RTSR - Network	$ 0.0063	2,113	$ 13.31	$ 0.0063	2,113	$ 13.31	$ -	0.00%
RTSR - Connection and/or Line and Transformation Connection	$ 0.0044	2,113	$ 9.30	$ 0.0046	2,113	$ 9.72	$ 0.42	4.55%
Sub-Total C - Delivery (including Sub-Total B)			**$ 70.24**			**$ 86.02**	**$ 15.78**	**22.47%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	2,113	$ 9.30	$ 0.0044	2,113	$ 9.30	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	2,113	$ 2.54	$ 0.0013	2,113	$ 2.75	$ 0.21	8.33%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	2,000	$ 14.00	$ 0.0070	2,000	$ 14.00	$ -	0.00%
TOU - Off Peak	$ 0.0670	1,280	$ 85.76	$ 0.0670	1,280	$ 85.76	$ -	0.00%
TOU - Mid Peak	$ 0.1040	360	$ 37.44	$ 0.1040	360	$ 37.44	$ -	0.00%
TOU - On Peak	$ 0.1240	360	$ 44.64	$ 0.1240	360	$ 44.64	$ -	0.00%
Total Bill on TOU (before Taxes)			**$ 264.16**			**$ 280.16**	**$ 15.99**	**6.05%**
HST	13%		$ 34.34	13%		$ 36.42	$ 2.08	6.05%
Total Bill (including HST)			$ 298.51			$ 316.58	$ 18.07	6.05%
Ontario Clean Energy Benefit [1]			-$ 29.85			-$ 31.66	-$ 1.81	6.06%
Total Bill on TOU (including OCEB)			**$ 268.66**			**$ 284.92**	**$ 16.26**	**6.05%**

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

The bill impact of the rate changes and rate riders proposed in this 2015 IRM4 application, for a LUI General Service Greater Than 50-2,999 kW customer with a monthly electricity consumption of 100kW is an **increase** of 113.73% which is $506.89 per month increase after HST and the Ontario Clean Energy Benefit. Seen in figure E below:

Figure E: GS >50-2,999 kW Bill Impact Over 3 Years

Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Lakefront Utilities Inc. - Town of Cobourg and Cramahe Township

Rate Class		**GENERAL SERVICE 50 TO 2,999 KW**
Loss Factor		**1.0565**
Consumption	**kWh**	**-**
If Billed on a kW basis:		
Demand	**kW**	**100**

Update Bill Impacts

	Current Board-Approved			Proposed			Impact	
	Rate ($)	**Volume**	**Charge ($)**	**Rate ($)**	**Volume**	**Charge ($)**	**$ Change**	**% Change**
Monthly Service Charge	$ 76.23	1	$ 76.23	$ 76.62	1	$ 76.62	$ 0.39	0.51%
Distribution Volumetric Rate	$ 3.3794	100	$ 337.94	$ 3.3968	100	$ 339.68	$ 1.74	0.51%
Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Volumetric Rate Riders	-0.0153	100	-$ 1.53	0.0000	100	$ -	$ 1.53	-100.00%
Sub-Total A (excluding pass through)			$ 412.64			$ 416.30	**$ 3.66**	**0.89%**
Line Losses on Cost of Power	$ 0.0839	-	$ -	$ 0.0839	-	$ -	$ -	
Total Deferral/Variance Account Rate Riders	-4.5265	100	-$ 452.65	0.3569	100	$ 35.69	$ 488.34	-107.88%
Low Voltage Service Charge	$ 0.4778	100	$ 47.78	$ 0.4778	100	$ 47.78	$ -	0.00%
Smart Meter Entity Charge		1	$ -		1	$ -	$ -	
Sub-Total B - Distribution (includes Sub-Total A)			**$ 7.77**			**$ 499.77**	**$ 492.00**	**6332.05%**
RTSR - Network	$ 2.5563	100	$ 255.63	$ 2.5513	100	$ 255.13	-$ 0.50	-0.20%
RTSR - Connection and/or Line and Transformation Connection	$ 1.7461	100	$ 174.61	$ 1.8153	100	$ 181.53	$ 6.92	3.96%
Sub-Total C - Delivery (including Sub-Total B)			**$ 438.01**			**$ 936.43**	**$ 498.42**	**113.79%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	-	$ -	$ 0.0044	-	$ -	$ -	
Rural and Remote Rate Protection (RRRP)	$ 0.0012	-	$ -	$ 0.0013	-	$ -	$ -	
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	-	$ -	$ 0.0070	-	$ -	$ -	
TOU - Off Peak	$ 0.0670	-	$ -	$ 0.0670	-	$ -	$ -	
TOU - Mid Peak	$ 0.1040	-	$ -	$ 0.1040	-	$ -	$ -	
TOU - On Peak	$ 0.1240	-	$ -	$ 0.1240	-	$ -	$ -	
Total Bill on TOU (before Taxes)			**$ 438.26**			**$ 936.68**	**$ 498.42**	**113.73%**
HST	13%		$ 56.97	13%		$ 121.77	$ 64.79	113.73%
Total Bill (including HST)			$ 495.23			$ 1,058.45	$ 563.21	113.73%
Ontario Clean Energy Benefit [1]			-$ 49.52			-$ 105.84	-$ 56.32	113.73%
Total Bill on TOU (including OCEB)			**$ 445.71**			**$ 952.61**	**$ 506.89**	**113.73%**

The bill impact of the rate changes and rate riders proposed in this 2015 IRM4 application, for a LUI General Service Greater Than 50-2,999 kW customer with a monthly electricity consumption of 100kW is an **increase** of 150.71% which is $671.73 per month increase after HST and the Ontario Clean Energy Benefit. Seen in figure F below:

Figure F: GS >50-2,999 kW Bill Impact Over 1 Years

Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Lakefront Utilities Inc. - Town of Cobourg and Cramahe Township

Rate Class		**GENERAL SERVICE 50 TO 2,999 KW**
Loss Factor		**1.0565**
Consumption	**kWh**	**-**
If Billed on a kW basis:		
Demand	**kW**	**100**

Update Bill Impacts

	Current Board-Approved			Proposed			Impact	
	Rate ($)	**Volume**	**Charge ($)**	**Rate ($)**	**Volume**	**Charge ($)**	**$ Change**	**% Change**
Monthly Service Charge	$ 76.23	1	$ 76.23	$ 76.62	1	$ 76.62	$ 0.39	0.51%
Distribution Volumetric Rate	$ 3.3794	100	$ 337.94	$ 3.3968	100	$ 339.68	$ 1.74	0.51%
Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Volumetric Rate Riders	-0.0153	100	-$ 1.53	0.0000	100	$ -	$ 1.53	-100.00%
Sub-Total A (excluding pass through)			$ 412.64			$ 416.30	**$ 3.66**	**0.89%**
Line Losses on Cost of Power	$ 0.0839	-	$ -	$ 0.0839	-	$ -	$ -	
Total Deferral/Variance Account Rate Riders	-4.5265	100	-$ 452.65	1.9777	100	$ 197.77	$ 650.42	-143.69%
Low Voltage Service Charge	$ 0.4778	100	$ 47.78	$ 0.4778	100	$ 47.78	$ -	0.00%
Smart Meter Entity Charge		1	$ -		1	$ -	$ -	
Sub-Total B - Distribution (includes Sub-Total A)			**$ 7.77**			**$ 661.85**	**$ 654.08**	**8418.02%**
RTSR - Network	$ 2.5563	100	$ 255.63	$ 2.5513	100	$ 255.13	-$ 0.50	-0.20%
RTSR - Connection and/or Line and Transformation Connection	$ 1.7461	100	$ 174.61	$ 1.8153	100	$ 181.53	$ 6.92	3.96%
Sub-Total C - Delivery (including Sub-Total B)			**$ 438.01**			**$ 1,098.51**	**$ 660.50**	**150.80%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	-	$ -	$ 0.0044	-	$ -	$ -	
Rural and Remote Rate Protection (RRRP)	$ 0.0012	-	$ -	$ 0.0013	-	$ -	$ -	
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	-	$ -	$ 0.0070	-	$ -	$ -	
TOU - Off Peak	$ 0.0670	-	$ -	$ 0.0670	-	$ -	$ -	
TOU - Mid Peak	$ 0.1040	-	$ -	$ 0.1040	-	$ -	$ -	
TOU - On Peak	$ 0.1240	-	$ -	$ 0.1240	-	$ -	$ -	
Total Bill on TOU (before Taxes)			**$ 438.26**			**$ 1,098.76**	**$ 660.50**	**150.71%**
HST	13%		$ 56.97	13%		$ 142.84	$ 85.87	150.71%
Total Bill (including HST)			$ 495.23			$ 1,241.60	$ 746.37	150.71%
Ontario Clean Energy Benefit [1]			-$ 49.52			-$ 124.16	-$ 74.64	150.73%
Total Bill on TOU (including OCEB)			**$ 445.71**			**$ 1,117.44**	**$ 671.73**	**150.71%**

The bill impact of the rate changes and rate riders proposed in this 2015 IRM4 application, for a LUI General Service Greater Than 3,000-4,999 kW customer with a monthly electricity consumption of 1,000kW is an **increase** of 81.62% which is $6,354.08 per month increase after HST and the Ontario Clean Energy Benefit. Seen in figure G below:

Figure G: GS >3,000-4,999 kW Bill Impact Over 3 Years

Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Lakefront Utilities Inc. - Town of Cobourg and Cramahe Township

Rate Class		**GENERAL SERVICE 3,000 TO 4,999 KW**
Loss Factor		**1.0565**
Consumption	**kWh**	**-**
If Billed on a kW basis:		
Demand	**kW**	**1000**

Update Bill Impacts

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 5,226.29	1	$ 5,226.29	$ 5,695.55	1	$ 5,695.55	$ 469.26	8.98%
Distribution Volumetric Rate	$ 2.0329	1,000	$ 2,032.90	$ 2.2154	1,000	$ 2,215.40	$ 182.50	8.98%
Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Volumetric Rate Riders	0.0000	1,000	$ -	0.0000	1,000	$ -	$ -	
Sub-Total A (excluding pass through)			$ 7,259.19			$ 7,910.95	**$ 651.76**	**8.98%**
Line Losses on Cost of Power	$ 0.0839	-	$ -	$ 0.0839	-	$ -	$ -	
Total Deferral/Variance Account Rate Riders	-5.0865	1,000	-$ 5,086.50	0.4336	1,000	$ 433.60	$ 5,520.10	-108.52%
Low Voltage Service Charge	$ 0.5635	1,000	$ 563.50	$ 0.5635	1,000	$ 563.50	$ -	0.00%
Smart Meter Entity Charge		1	$ -		1	$ -	$ -	
Sub-Total B - Distribution (includes Sub-Total A)			**$ 2,736.19**			**$ 8,908.05**	**$ 6,171.86**	**225.56%**
RTSR - Network	$ 2.8589	1,000	$ 2,858.90	$ 2.8533	1,000	$ 2,853.30	-$ 5.60	-0.20%
RTSR - Connection and/or Line and Transformation Connection	$ 2.0594	1,000	$ 2,059.40	$ 2.1410	1,000	$ 2,141.00	$ 81.60	3.96%
Sub-Total C - Delivery (including Sub-Total B)			**$ 7,654.49**			**$ 13,902.35**	**$ 6,247.86**	**81.62%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	-	$ -	$ 0.0044	-	$ -	$ -	
Rural and Remote Rate Protection (RRRP)	$ 0.0012	-	$ -	$ 0.0013	-	$ -	$ -	
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	-	$ -	$ 0.0070	-	$ -	$ -	
TOU - Off Peak	$ 0.0670	-	$ -	$ 0.0670	-	$ -	$ -	
TOU - Mid Peak	$ 0.1040	-	$ -	$ 0.1040	-	$ -	$ -	
TOU - On Peak	$ 0.1240	-	$ -	$ 0.1240	-	$ -	$ -	
Total Bill on TOU (before Taxes)			**$ 7,654.74**			**$ 13,902.60**	**$ 6,247.86**	**81.62%**
HST	13%		$ 995.12	13%		$ 1,807.34	$ 812.22	81.62%
Total Bill (including HST)			$ 8,649.86			$ 15,709.94	$ 7,060.08	81.62%
Ontario Clean Energy Benefit [1]			-$ 864.99			-$ 1,570.99	-$ 706.00	81.62%
Total Bill on TOU (including OCEB)			**$ 7,784.87**			**$ 14,138.95**	**$ 6,354.08**	**81.62%**

The bill impact of the rate changes and rate riders proposed in this 2015 IRM4 application, for a LUI General Service Greater Than 3,000-4,999 kW customer with a monthly electricity consumption of 1,000kW is an **increase** of 104.24% which is $8,115.32 per month increase after HST and the Ontario Clean Energy Benefit. Seen in figure H below:

Figure H: GS >3,000-4,999 kW Bill Impact Over 1 Years

Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Lakefront Utilities Inc. - Town of Cobourg and Cramahe Township

Rate Class		**GENERAL SERVICE 3,000 TO 4,999 KW**
Loss Factor		**1.0565**
Consumption	**kWh**	**-**
If Billed on a kW basis:		
Demand	**kW**	**1000**

Update Bill Impacts

	Current Board-Approved			Proposed			Impact	
	Rate ($)	**Volume**	**Charge ($)**	**Rate ($)**	**Volume**	**Charge ($)**	**$ Change**	**% Change**
Monthly Service Charge	$ 5,226.29	1	$ 5,226.29	$ 5,695.55	1	$ 5,695.55	$ 469.26	8.98%
Distribution Volumetric Rate	$ 2.0329	1,000	$ 2,032.90	$ 2.2154	1,000	$ 2,215.40	$ 182.50	8.98%
Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Volumetric Rate Riders	0.0000	1,000	$ -	0.0000	1,000	$ -	$ -	
Sub-Total A (excluding pass through)			$ 7,259.19			$ 7,910.95	**$ 651.76**	**8.98%**
Line Losses on Cost of Power	$ 0.0839	-	$ -	$ 0.0839	-	$ -	$ -	
Total Deferral/Variance Account Rate Riders	-5.0865	1,000	-$ 5,086.50	2.1654	1,000	$ 2,165.40	$ 7,251.90	-142.57%
Low Voltage Service Charge	$ 0.5635	1,000	$ 563.50	$ 0.5635	1,000	$ 563.50	$ -	0.00%
Smart Meter Entity Charge		1	$ -		1	$ -	$ -	
Sub-Total B - Distribution (includes Sub-Total A)			**$ 2,736.19**			**$ 10,639.85**	**$ 7,903.66**	**288.86%**
RTSR - Network	$ 2.8589	1,000	$ 2,858.90	$ 2.8533	1,000	$ 2,853.30	-$ 5.60	-0.20%
RTSR - Connection and/or Line and Transformation Connection	$ 2.0594	1,000	$ 2,059.40	$ 2.1410	1,000	$ 2,141.00	$ 81.60	3.96%
Sub-Total C - Delivery (including Sub-Total B)			**$ 7,654.49**			**$ 15,634.15**	**$ 7,979.66**	**104.25%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	-	$ -	$ 0.0044	-	$ -	$ -	
Rural and Remote Rate Protection (RRRP)	$ 0.0012	-	$ -	$ 0.0013	-	$ -	$ -	
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	-	$ -	$ 0.0070	-	$ -	$ -	
TOU - Off Peak	$ 0.0670	-	$ -	$ 0.0670	-	$ -	$ -	
TOU - Mid Peak	$ 0.1040	-	$ -	$ 0.1040	-	$ -	$ -	
TOU - On Peak	$ 0.1240	-	$ -	$ 0.1240	-	$ -	$ -	
Total Bill on TOU (before Taxes)			**$ 7,654.74**			**$ 15,634.40**	**$ 7,979.66**	**104.24%**
HST	13%		$ 995.12	13%		$ 2,032.47	$ 1,037.36	104.24%
Total Bill (including HST)			$ 8,649.86			$ 17,666.87	$ 9,017.02	104.24%
Ontario Clean Energy Benefit [1]			-$ 864.99			-$ 1,766.69	-$ 901.70	104.24%
Total Bill on TOU (including OCEB)			**$ 7,784.87**			**$ 15,900.18**	**$ 8,115.32**	**104.24%**

The bill impact of the rate changes and rate riders proposed in this 2015 IRM4 application, LUI's Street lighting kW customer with a monthly electricity consumption of 10 kW is an **increase** of 11.84% which is $5.24 per month increase after HST and the Ontario Clean Energy Benefit. Seen in figure I below:

Figure I: Street Lighting kW Bill Impact Over 3 Years

Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Lakefront Utilities Inc. - Town of Cobourg and Cramahe Township

Rate Class	**STREET LIGHTING**	
Loss Factor		**1.0565**
Consumption	**kWh**	**150**
If Billed on a kW basis:		
Demand	**kW**	**10**

Update Bill Impacts

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 3.94	1	$ 3.94	$ 4.00	1	$ 4.00	$ 0.06	1.52%
Distribution Volumetric Rate	$ 24.9707	1	$ 24.97	$ 25.3577	1	$ 25.36	$ 0.39	1.55%
Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Volumetric Rate Riders	0.0000	1	$ -	0.0000	1	$ -	$ -	
Sub-Total A (excluding pass through)			$ 28.91			$ 29.36	**$ 0.45**	**1.55%**
Line Losses on Cost of Power	$ 0.0839	8	$ 0.71	$ 0.0839	8	$ 0.71	$ -	0.00%
Total Deferral/Variance Account Rate Riders	-4.5700	1	-$ 4.57	0.0649	1	$ 0.06	$ 4.63	-101.42%
Low Voltage Service Charge	$ 0.3694	1	$ 0.37	$ 0.3694	1	$ 0.37	$ -	0.00%
Smart Meter Entity Charge		1	$ -		1	$ -	$ -	
Sub-Total B - Distribution (includes Sub-Total A)			**$ 25.42**			**$ 30.50**	**$ 5.08**	**19.99%**
RTSR - Network	$ 1.9279	1	$ 1.93	$ 1.9241	1	$ 1.92	-$ 0.00	-0.20%
RTSR - Connection and/or Line and Transformation Connection	$ 1.3498	1	$ 1.35	$ 1.4033	1	$ 1.40	$ 0.05	3.96%
Sub-Total C - Delivery (including Sub-Total B)			**$ 28.70**			**$ 33.83**	**$ 5.13**	**17.88%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	158	$ 0.70	$ 0.0044	158	$ 0.70	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	158	$ 0.19	$ 0.0013	158	$ 0.21	$ 0.02	8.33%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	150	$ 1.05	$ 0.0070	150	$ 1.05	$ -	0.00%
TOU - Off Peak	$ 0.0670	96	$ 6.43	$ 0.0670	96	$ 6.43	$ -	0.00%
TOU - Mid Peak	$ 0.1040	27	$ 2.81	$ 0.1040	27	$ 2.81	$ -	0.00%
TOU - On Peak	$ 0.1240	27	$ 3.35	$ 0.1240	27	$ 3.35	$ -	0.00%
Total Bill on TOU (before Taxes)			**$ 43.47**			**$ 48.62**	**$ 5.15**	**11.84%**
HST	13%		$ 5.65	13%		$ 6.32	$ 0.67	11.84%
Total Bill (including HST)			$ 49.13			$ 54.94	$ 5.82	11.84%
Ontario Clean Energy Benefit [1]			-$ 4.91			-$ 5.49	-$ 0.58	11.81%
Total Bill on TOU (including OCEB)			**$ 44.22**			**$ 49.45**	**$ 5.24**	**11.84%**

The bill impact of the rate changes and rate riders proposed in this 2015 IRM4 application, LUI's Street lighting kW customer with a monthly electricity consumption of 50 kW is an **increase** of 25.5% which is $67.40 per month increase after HST and the Ontario Clean Energy Benefit. Seen in figure J below:

Figure J: Street Lighting kW Bill Impact Over 1 Years

Ontario Energy Board

Incentive Regulation Model for 2015 Filers

Lakefront Utilities Inc. - Town of Cobourg and Cramahe Township

Rate Class	**STREET LIGHTING**	
Loss Factor		**1.0565**
Consumption	**kWh**	**150**
If Billed on a kW basis: Demand	**kW**	**10**

Update Bill Impacts

	Current Board-Approved			Proposed			Impact	
	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change
Monthly Service Charge	$ 3.94	1	$ 3.94	$ 4.00	1	$ 4.00	$ 0.06	1.52%
Distribution Volumetric Rate	$ 24.9707	10	$ 249.71	$ 25.3577	10	$ 253.58	$ 3.87	1.55%
Fixed Rate Riders	$ -	1	$ -	$ -	1	$ -	$ -	
Volumetric Rate Riders	0.0000	10	$ -	0.0000	10	$ -	$ -	
Sub-Total A (excluding pass through)			$ 253.65			$ 257.58	**$ 3.93**	**1.55%**
Line Losses on Cost of Power	$ 0.0839	8	$ 0.71	$ 0.0839	8	$ 0.71	$ -	0.00%
Total Deferral/Variance Account Rate Riders	-4.5700	10	-$ 45.70	1.6135	10	$ 16.14	$ 61.84	-135.31%
Low Voltage Service Charge	$ 0.3694	10	$ 3.69	$ 0.3694	10	$ 3.69	$ -	0.00%
Smart Meter Entity Charge		1	$ -		1	$ -	$ -	
Sub-Total B - Distribution (includes Sub-Total A)			**$ 212.35**			**$ 278.12**	**$ 65.77**	**30.97%**
RTSR - Network	$ 1.9279	10	$ 19.28	$ 1.9241	10	$ 19.24	-$ 0.04	-0.20%
RTSR - Connection and/or Line and Transformation Connection	$ 1.3498	10	$ 13.50	$ 1.4033	10	$ 14.03	$ 0.53	3.96%
Sub-Total C - Delivery (including Sub-Total B)			**$ 245.13**			**$ 311.39**	**$ 66.26**	**27.03%**
Wholesale Market Service Charge (WMSC)	$ 0.0044	158	$ 0.70	$ 0.0044	158	$ 0.70	$ -	0.00%
Rural and Remote Rate Protection (RRRP)	$ 0.0012	158	$ 0.19	$ 0.0013	158	$ 0.21	$ 0.02	8.33%
Standard Supply Service Charge	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%
Debt Retirement Charge (DRC)	$ 0.0070	150	$ 1.05	$ 0.0070	150	$ 1.05	$ -	0.00%
TOU - Off Peak	$ 0.0670	96	$ 6.43	$ 0.0670	96	$ 6.43	$ -	0.00%
TOU - Mid Peak	$ 0.1040	27	$ 2.81	$ 0.1040	27	$ 2.81	$ -	0.00%
TOU - On Peak	$ 0.1240	27	$ 3.35	$ 0.1240	27	$ 3.35	$ -	0.00%
Total Bill on TOU (before Taxes)			**$ 259.90**			**$ 326.18**	**$ 66.28**	**25.50%**
HST	13%		$ 33.79	13%		$ 42.40	$ 8.62	25.50%
Total Bill (including HST)			$ 293.69			$ 368.59	$ 74.89	25.50%
Ontario Clean Energy Benefit [1]			-$ 29.37			-$ 36.86	-$ 7.49	25.50%
Total Bill on TOU (including OCEB)			**$ 264.32**			**$ 331.73**	**$ 67.40**	**25.50%**

Note: For distributors who have a majority of customers on Tiered pricing, please provide a separate bill impact for such customers.

Lakefront would like to highlight that the disposition of its group one account 2011 and 2012 balance as adjusted for the final basis does have a significant impact on its customer classes over a one year period rate rider. Lakefront would like to reiterate that it is necessary to dispose of these balances over a three year period to mitigate rate shock. Particularly for the interest of the classes GS<50 – 2,999kW and GS 3,000-4,999kW.

Please see the following table as it summarizes the bill impacts by percentage increase for rate rider years.

Table 9: Percentage Bill Impacts 1 Year & 3 Year

			%	%
Rate Class	U of M	Consumption	1 Year Disposition	3 Year Disposition
Residential	/kWh	800	5.9	2.99
GS<50 kW	/kWh	2000	6.05	2.95
GS 50-2,999 kW	/kW	100	150.71	113.73
GS 3,000-4999kW	/kW	1000	104.24	81.62
USL	/kWh	150	3.43	1.75
Sentinel Lighting	/kW	10	41.66	31.9
Street Lighting	/kW	10	25.5	11.84

3.4 SPECIFIC EXCLUSIONS

The IRM application process is intended to be mechanistic in nature. For this reason, the Board has determined that the IRM process is not the appropriate way for a distributor to seek relief on issues which are specific to only one or a few distributors, more complicated relative to issues typical of an IRM application, or potentially contentious. The following is a specific exclusion for LUI's 2015 IRM Rate Application

- Disposition of 2013 Balances related to Group 1 Accounts
- Disposition of Group 2 Accounts
- $4,418 outstanding related to 1595 Tax Sharing – Reference Final Audit Report filed voluntarily with this 2015 IRM Rate Application

The exclusions above also apply to the Annual IR Index plan. In addition, distributors seeking adjustments that are inconsistent with Board policy should consider whether one of the other rate-setting options is more appropriate. As indicated in the RRFE Report, distributors filing under the Annual IR Index plan must file a separate, stand-alone applications. Lakefront intends to pursue the decision of these specific exclusions at a late date.

3.5 RATE MITIGATION:

A distributor must file a mitigation plan if the total bill increases for any customer class exceeds 10%. The mitigation plan must include the following information, specification of classes' initial increases of 10%, detailed description of any mitigation measures taken, justification for all measures proposed, revised impact calculations, and any other information which the distributor believes is relevant to its mitigation proposal.

As seen in Table 9 Percentage Bill Impacts earlier Lakefront is expecting an increase in all of its rate classes for the 2015 rate year due to the disposition of its 2011 and 2012 Group One DVA balances.

Lakefront services approx. 146 customers in its General Service 50-2999kW, one customer for the General Service 3,000-4,999. There are two street lighting customers with approx. 3,000 connections, and only 55 sentinel connections in LUI's service area. These are the customers which are affected and exceed the 10% rate impact calculation on a one year disposition basis.

Lakefront has evaluated the disposition on a revised impact calculation of three years, to mitigate the risks of bill impact or "rate shock" to these valued customers in LUI's service area. The revised impact calculations are provided above in bill impacts as a comparison of 1 - 3 years of disposition. LUI in particular interest of the business class for services greater that 50kW would like to take the appropriate measures to smooth out any bill impacts where there is an opportunity. LUI recognizes that its one customer in the GS 3,000-4,999kW already is faced with a revenue to cost ratio adjustment of 5.625% and would like to take the measures to mitigate the risk of the customer experience large increases to their bill. Another factor to consider is that the GS 50-2,999 kW customers are experiences a revenue to cost decrease adjustment for the purposes of increasing the GS 3,000-4,999kW customer to the appropriate board approved revenue to cost ratios. Although the customers remains above the exceeded 10% over a three year period Lakefront finds it essential that it does what is in the best interest of the consumer.

For all the previously mentioned reasons Lakefront is seeking the board approval to dispose the debit balance of $1,342,323 Group One DVA Balance over a three year rate rider for all classes.

Appendices 1-6 are uploaded in subsequent file.

Please note in regards to Appendix 2 –
Board Model Rate Rider for Disposition of Deferral/ Variance Accounts (2015) – effective until April 30, 2019

Should read:

Board Model Rate Rider for Disposition of Deferral/ Variance Accounts (2015) – effective until April 30, 2018

For all rate classes.