



**Ontario Energy Board  
Commission de l'énergie de l'Ontario**

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**DECISION AND RATE ORDER**

**EB-2015-0085**

**LAKEFRONT UTILITIES INC.**

**Application for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2016.**

**By Delegation, Before: Lynne Anderson**

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**[date]**

# 1 INTRODUCTION AND SUMMARY

Lakefront Utilities Inc. (Lakefront Utilities) serves about 10,000 mostly residential and commercial electricity customers in the Town of Cobourg and the Village of Colborne. As a licenced and rate-regulated distributor in Ontario, the company must receive the Ontario Energy Board's approval for the rates it charges to distribute electricity to its customers.

Lakefront Utilities filed an application with the OEB on October 19, 2015, to seek approval for changes to its distribution rates to be effective May 1, 2016. The OEB has established three different rate-setting methods for distributors. Lakefront Utilities selected the Price Cap Incentive rate-setting (Price Cap IR) plan option to adjust its distribution rates. The Price Cap IR method has a five-year term. In the first year, rates are set through a cost of service rebasing application. Lakefront Utilities last appeared before the OEB with a cost of service application for 2012 in the EB-2011-0250 proceeding. In the other four years, there is a mechanistic adjustment to rates based on inflation and the OEB's assessment of a distributor's efficiency.

This is the OEB's Decision with respect to Lakefront Utilities' application. The following issues are addressed in this Decision and Rate Order.

- Price Cap Incentive Rate-setting
- Regulatory Charges
- Revenue to Cost Ratio Adjustments
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Review and Disposition of Group 1 Deferral and Variance Accounts
- Residential Rate Design
- Implementation and Order

In accordance with the OEB-approved parameters for inflation and productivity for 2016, Lakefront Utilities applied for a rate increase of 1.95%. The 1.95% applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

Lakefront Utilities also applied to change the composition of its distribution service rates. Currently, residential distribution rates include a fixed monthly charge and a variable usage charge. However, the OEB issued a new policy to change residential rates to a fully fixed rate structure, transitioning over a four-year period beginning in 2016.<sup>1</sup> Accordingly, the fixed monthly charge for 2016 has been adjusted upward in this

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<sup>1</sup> Board Policy: A New Distribution Rate Design for Residential Electricity Customers, EB-2012-0410, April 2, 2015

Decision by more than the mechanistic adjustment alone and the variable-usage rate is commensurately lower. The amount of revenue the distributor is expected to collect from residential customers will not be affected, only the proportion of revenue collected through variable and fixed charges.

The bill impacts arising from this Decision for Lakefront Utilities result in a monthly increase of \$1.12 for a residential customer consuming 800 kWh.

The OEB approves the adjustments to Lakefront Utilities' application as calculated through this proceeding.

## 2 THE PROCESS

The OEB follows a standard, streamlined process for incentive rate-setting (IR) applications under a Price Cap IR plan.

Initially, the OEB prepares a rate model that includes information from past proceedings and annual reporting requirements. A distributor then reviews and updates the model to include with its application.

In this case, Lakefront Utilities provided written evidence and a completed rate model to support its application on October 19, 2015. Questions were asked and answers were provided by Lakefront Utilities through emails and phone calls. Based on this information, a decision was drafted and provided to Lakefront Utilities on February 16, 2016. Lakefront Utilities was given the opportunity to provide its comments on the draft for consideration prior to finalizing this Decision.

## 3 ORGANIZATION OF THE DECISION

The OEB has organized this Decision into sections, reflecting the issues that the OEB has considered in making its findings.<sup>2</sup> Each section covers the OEB's reasons for approving or denying the proposals included in the application and affecting 2016 rates. The last section addresses the steps to implement the final rates that flow from this Decision.

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<sup>2</sup> See list of issues in the Introduction, p.1

## 4 PRICE CAP INCENTIVE RATE-SETTING

The Price Cap IR adjustment follows an OEB-approved formula that includes components for inflation and the OEB's expectations of efficiency and productivity gains.<sup>3</sup> The components in the formula are also approved by the OEB annually.

The formula is an *inflation minus X-factor* rate adjustment, which is intended to incent innovation and efficiency. Based on its established formula,<sup>4</sup> the OEB has set the inflation factor for 2016 rates at 2.1%.

The X-factors for individual distributors have two parts: a productivity element based on historical analysis of industry cost performance and a stretch factor that represents a distributor's efficiency relative to its expected costs. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors an incentive to improve efficiency or else face the prospect of declining net income.

Based on industry conditions over the historical study period, the productivity factor has been set at zero percent. A stretch factor is assigned based on the distributor's total cost performance as benchmarked relative to other distributors in Ontario. For Price Cap IR applications, a range of stretch factors has been set from 0.0% to 0.6%.<sup>5</sup> The most efficient distributor, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. Higher stretch factors are applied to distributors whose cost performance falls below that of comparable distributors to encourage them to pursue greater efficiencies.

### Findings

In this case, the OEB assigned Lakefront Utilities a stretch factor of 0.15% based on the updated benchmarking study for use for rates effective in 2016.<sup>6</sup> As a result, the net price cap index adjustment for Lakefront Utilities is 1.95% (i.e. 2.1% - (0% + 0.15%)).

The 1.95% adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

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<sup>3</sup> Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)

<sup>4</sup> As outlined in the Report cited at footnote 3 above

<sup>5</sup> Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2014 Benchmarking Update." Pacific Economics Group LLC. July 2015

<sup>6</sup> As outlined in the Report cited at footnote 5 above

## 5 REGULATORY CHARGES

There are a number of charges levied to consumers to cover the costs associated with various programs and wholesale market services.

The Rural or Remote Electricity Rate Protection (RRRP) program is designed to provide financial assistance to eligible customers located in rural or remote areas where the costs of providing electricity service to these customers greatly exceeds the costs of providing electricity to customers located elsewhere in the province of Ontario. The RRRP program cost is recovered from all electricity customers in the province through a charge that is reviewed annually and approved by the OEB.

Wholesale market service (WMS) charges recover the cost of the services provided by the Independent Electricity System Operator (IESO) to operate the electricity system and administer the wholesale market. These charges may include costs associated with: operating reserve, system congestion and imports, and losses on the IESO-controlled grid. Individual electricity distributors recover the WMS charges from their customers through the WMS rate.

The Ontario Electricity Support Program (OESP) is a new regulatory charge initiated in 2016. This program delivers on-bill rate assistance to low income electricity customers. All Ontario customers contribute to the OESP through the OESP charge.

These regulatory charges are established annually by the OEB through a separate order.

### Findings

The OEB has determined<sup>7</sup> that the RRRP charge for 2016 shall be \$0.0013 per kWh; the WMS rate shall be \$0.0036 per kWh; and the OESP charge shall be \$0.0011 per kWh. These changes have been in effect since January 1, 2016 for all distributors as a result of the generic order that was part of the OEB's separate decision. The Tariff of Rates and Charges flowing from this Decision and Rate Order has been updated so as to reflect these new regulatory charges, as well as the OESP credits to be provided to enrolled low income customers.

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<sup>7</sup> Decision and Rate Order, EB-2015-0294

## 6 REVENUE-TO-COST RATIO ADJUSTMENTS

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. This is one of the factors the OEB considers when setting rates. The OEB has established target ratio ranges for electricity distributors<sup>8</sup> to reflect its expectation that each class will pay for the costs to serve it, while considering the variability among distributors and the associated rate class impacts.

In general, increases to the revenue-to-cost ratios of one class will create decreases in other rate classes. Within a mechanistic IR application, adjustments are permitted to revenue-to-cost ratios if this was approved as part of a cost of service rebasing application.

The OEB-approved settlement agreement in Lakefront Utilities' 2012 cost of service application EB-2011-0250 requires that the revenue-to-cost ratio of the General Service (GS) 3,000 to 4,999 kW customer class be adjusted in equal increments over four years (2013 to 2016) to bring this customer class to the lower boundary (80%) of the range established by the OEB. Pursuant to this Settlement Agreement, offsetting adjustments were to be made to customer classes above 100% in order to maintain revenue neutrality; any such adjustments were to be made to the class with the highest revenue-to-cost ratio above 100% first, until lowered to the next highest ratio. Lakefront Utilities was expected to complete the final adjustment on the GS 3,000 to 4,999 kW class in its 2016 rate year; its application for 2016 rates included a request consistent with that expectation.

The table entitled "Current Revenue-to-Cost Ratio", found below, outlines the current revenue-to-cost ratios, calculated based on Lakefront Utilities' current 2015 tariff and the billing determinants in its 2012 cost of service proceeding. The OEB observes that the current revenue-to-cost ratio of the GS 3,000 to 4,999 kW class is already 81%, which is marginally above the target of 80%. The current revenue-to-cost ratio of the "offsetting" class (GS 50-2,999 kW) is 116%, which is also within the OEB-established range. At issue is why this situation has arisen and whether further adjustment to the revenue-to-cost ratios, as envisioned in the settlement agreement, is necessary.

Through engagement with the applicant, the OEB has established that due to administrative errors in Lakefront Utilities' 2013 and 2014 IRM proceedings, the Transformer Allowance rate was entered into the revenue-to-cost ratio models with a negative sign. Due to these errors the costs allocated to the GS 3,000 to 4,999 kW

<sup>8</sup> Application of Cost Allocation for Electricity Distributors (November 28, 2007); and Review of Electricity Distribution Cost Allocation Policy (March 31, 2011)

class were overstated, which increased the calculated revenue that was required to be rebalanced between the two classes. As a result, the process to bring the GS 3,000 to 4,999 kW class to the lower boundary of the OEB's range was unintentionally accelerated.

### Current Revenue-to-Cost Ratio (%)

Rate Class	Current 2015 Ratio
Residential	95
GS Less Than 50 kW	99
GS 50 to 2,999 kW	116
GS 3,000 to 4,999 kW	81
Unmetered Scattered Load	95
Sentinel Lighting	118
Street Lighting	112

## Findings

Given that the current revenue-to-cost ratios of all the rate classes are within the OEB-established ranges and are consistent with the outcome of the settlement agreement, the OEB finds that no further revenue-to-cost ratio adjustments are required in Lakefront Utilities' 2016 IRM proceeding. Though the speed of the adjustments may have been inadvertently accelerated, the OEB finds that the intent of the EB-2011-0250 settlement agreement has been achieved.

## 7 SHARED TAX ADJUSTMENTS

The OEB approves an amount for taxes in a distributor's cost of service proceeding that is based on the tax rates in place at the time. Legislated changes in tax rates impact the amount of taxes that a distributor pays in the period between cost of service proceedings, but it does not alter the amount that ratepayers contribute towards the cost of taxes unless the rates are updated by an order of the OEB. The OEB has determined that a 50/50 sharing of the impact of legislated tax changes between shareholders and

ratepayers is appropriate. The shared tax change amount will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor's last cost of service proceeding. In accordance with the OEB's rate design policy, the rate riders to dispose of these amounts will be calculated as a fixed monthly charge for residential customers.

The application identified a total tax increase of \$37,209 resulting in a shared amount of \$18,604 to be charged to rate payers.

### **Findings**

The OEB approves the disposition of the shared tax increase of \$18,604 to be applied to all customer classes over a one-year period (i.e. May 1, 2016 to April 30, 2017). The amount to be disposed will be based on a fixed monthly rate rider for residential customers. Rates riders for all remaining customer classes will be calculated on a volumetric basis.

## **8 RETAIL TRANSMISSION SERVICE RATES**

Electricity distributors use Retail Transmission Service Rates (RTSRs) to pass along the cost of transmission service to their distribution customers. The RTSRs are adjusted annually to reflect the application of the current Uniform Transmission Rates (UTR) to historical transmission deliveries and the revenues generated under existing RTSRs. The UTRs are established annually by a separate OEB order. Similarly, embedded distributors, such as Lakefront Utilities, must adjust their RTSRs to reflect any changes to the applicable RTSRs of their host distributor, which in this case is Hydro One Networks Inc. Distributors may apply to the OEB annually to approve RTSRs they propose to charge their customers.



## Findings

The OEB approved new rates for Hydro One's Sub-Transmission class, including the applicable RTSRs,<sup>9</sup> as shown in the following table:

**2016 Sub-Transmission RTSRs**

Network Service Rate	\$3.34 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.78 per kW
Transformation Connection Service Rate	\$1.77 per kW

The OEB finds that these 2016 Sub-Transmission class RTSRs are to be incorporated into the rate model to adjust the RTSRs that Lakefront Utilities will charge its customers accordingly.

## 9 REVIEW AND DISPOSITION OF GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES

Group 1 Deferral and Variance Accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor costs (including the cost of power) and the revenues that the distributor receives from its customers for these costs through its OEB-approved rates. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

The OEB's policy on deferral and variance accounts<sup>10</sup> provides that, during the IR plan term, the distributor's Group 1 account balances will be reviewed and disposed if the pre-set disposition threshold of \$0.001 per kWh, whether in the form of a debit or credit, is exceeded. It is the distributor's responsibility to justify why any account balance in excess of the threshold should not be disposed. If the balances are below this threshold, the distributor may propose to dispose of balances.

<sup>9</sup> Rate Order, EB-2015-0079, issued January 14, 2016

<sup>10</sup> Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

Lakefront Utilities' 2014 actual year-end total balance for Group 1 accounts including interest projected to April 30, 2016 is a credit of \$600,891. This amount results in a total credit claim of \$0.0025 per kWh, which exceeds the preset disposition threshold. Lakefront Utilities proposes to dispose of this credit amount over a one-year period.

Lakefront Utilities amended some minor discrepancies in the continuity schedule that OEB staff noted. OEB staff confirmed that all other balances proposed for disposition are the same as the amounts reported as part of the OEB's *Reporting and Record-Keeping Requirements*.

## Findings

The OEB approves the disposition of a credit balance of \$600,891 as of December 31, 2014, including interest projected to April 30, 2016 for Group 1 accounts. These balances are to be disposed through rate riders over a one-year period from May 1, 2016 to April 30, 2017.

The following table identifies the principal and interest amounts which the OEB approves for disposition.

**Group 1 Deferral and Variance Account Balances**

<b>Account Name</b>	<b>Account Number</b>	<b>Principal Balance (\$) A</b>	<b>Interest Balance (\$) B</b>	<b>Total Claim (\$) C=A+B</b>
LV Variance Account	1550	338,816	9,378	348,194
Smart Meter Entity Variance Charge	1551	7,031	339	7,370
RSVA - Wholesale Market Service Charge	1580	(211,283)	(7,992)	(219,275)
RSVA - Retail Transmission Network Charge	1584	(229,839)	(6,486)	(236,325)
RSVA - Retail Transmission Connection Charge	1586	(198,442)	(5,932)	(204,374)
RSVA – Power	1588	500,795	(9,700)	491,095
RSVA - Global Adjustment	1589	(774,846)	(7,359)	(782,205)
Disposition and Recovery of Regulatory Balances (2009)	1595	(11,380)	930	(10,450)
Disposition and Recovery of Regulatory Balances (2010)	1595	38,211	(33,131)	5,080
<b>Total Group 1 Excluding Global Adjustment - Account 1589</b>		233,909	(52,595)	181,314
<b>Total Group 1</b>		(540,937)	(59,954)	(600,891)

The balance of each Group 1 account approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*, effective January 1, 2012. The date of the transfer must be the same as the effective

date for the associated rates, which is, generally, the start of the rate year. Lakefront Utilities should ensure these adjustments are included in the reporting period ending June 30, 2016 (Quarter 2).

## 10 RESIDENTIAL RATE DESIGN

Currently, all residential distribution rates include a fixed monthly charge and a variable usage charge. The OEB's April 2, 2015 policy on electricity distribution rate design set out that distribution rates for residential customers will transition to a fully fixed rate structure from the current combination of fixed and variable charges over four years. Starting in 2016, the fixed rate will increase gradually, and the usage rate will decline.

The 2016 rate model has been revised to include the first year of the gradual transition to fully fixed rates and its impact to the monthly fixed charge that residential customers will pay. The OEB is requiring distributors to calculate and report on the rate impacts of the change so that strategies may be employed to smooth the transition for the customers most impacted, such as those that consume less electricity, if mitigation is required. In support of this, the OEB requires distributors to calculate the impact of this change to residential customers in general; it also requires applicants to calculate the combined impact of the fixed rate increase and any other changes in the cost of distribution service for those customers who are at the 10<sup>th</sup> percentile of overall consumption. Any increase of 10% or greater to these low-consumption customers' bills arising from changes made in this Decision, or an increase to the monthly fixed charge of greater than \$4 prior to incentive rate-setting adjustments, may result in the requirement for a longer transition period than four years specified in the OEB policy. Distributors may also propose other strategies to smooth out these increases as appropriate.

Adjustments to Lakefront Utilities' rate model to implement the change in fixed rates result in an increase to the fixed charge prior to IRM adjustments of \$2.62; OEB staff has calculated the bill impacts of this Decision, including the fixed rate change, to be an increase of 5.15% for typical low consumption customers.

### Findings

The OEB finds that the increases to the monthly fixed charge and to low consumption consumers are consistent with OEB policy and approves the increase as calculated in the final rate model.

## 11 IMPLEMENTATION AND ORDER

### Rate Model

With this Decision and Rate Order are a rate model, applicable supporting models and a Tariff of Rates and Charges (Schedule A). Entries in the model(s) were reviewed to ensure that they were in accordance with Lakefront Utilities' EB-2011-0250 cost of service decision, the 2015 OEB-approved Tariff of Rates and Charges as well as the cost, revenue and consumption results from 2014 as reported by Lakefront Utilities to the OEB. The rate model was adjusted, where applicable, to correct any discrepancies.

### Correction to nomenclature on the Tariff of Rates and Charges

OEB staff noted that Lakefront Utilities' 2014 Tariff of Rates and Charges used a "per connection" basis as the unit of measure for the monthly service charge for street lighting. Lakefront Utilities confirmed that it bills its street lighting class a fixed monthly service charge based on the number of street lights, i.e. on a "per device" basis. OEB staff has confirmed that the basis for calculation of the rate as part of Lakefront Utilities' last cost of service application was number of lights. The reference to "per connection" on the 2012 to 2014 Tariffs of Rates and Charges was an administrative error. This has been corrected in this Decision and the 2016 Tariff of Rates and Charges now correctly references "per device" as the unit of measure for the monthly service charge for street lighting.

The OEB finds that the change in terminology on the Tariff of Rates and Charges to reflect how rates were established is appropriate.

### THE ONTARIO ENERGY BOARD ORDERS THAT

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective May 1, 2016 for electricity consumed or estimated to have been consumed on and after such date. Lakefront Utilities Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

**ADDRESS**

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

E-mail: [boardsec@ontarioenergyboard.ca](mailto:boardsec@ontarioenergyboard.ca)  
Tel: 1-888-632-6273 (Toll free)  
Fax: 416-440-7656

**DATED** at Toronto, [date]

**ONTARIO ENERGY BOARD**

Kirsten Walli  
Board Secretary

**Schedule A**

**To Decision and Rate Order**

**Tariff of Rates and Charges**

**OEB File No: EB-2015-0085**

**DATED: [date]**

**Lakefront Utilities Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2016**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2015-0085

## RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Further servicing details are available in the distributor's Conditions of Service.

## APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

## MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	13.14
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Rate Rider for Application of Tax Change (2016) – effective until April 30, 2017	\$	0.09
Distribution Volumetric Rate	\$/kWh	0.0113
Low Voltage Service Rate	\$/kWh	0.0013
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until April 30, 2017	\$/kWh	0.0008
Rate Rider for Disposition of Global Adjustment Account (2016) - effective until April 30, 2017 Applicable only for Non-RPP Customers	\$/kWh	(0.0060)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017	\$/kWh	0.0022
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017 Applicable only for Non-RPP Customers	\$/kWh	0.0009
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0045

## MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25



**Lakefront Utilities Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2016**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2015-0085

## ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

In addition to the charges specified on page 1 of this tariff of rates and charges, the following credits are to be applied to eligible residential customers.

### APPLICATION

The application of the charges are in accordance with the Distribution System Code (Section 9) and subsection 79.2(4) of the Ontario Energy Board Act, 1998.

The application of these charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

In this class:

"Aboriginal person" includes a person who is a First Nations person, a Métis person or an Inuit person;  
"account-holder" means a consumer who has an account with a distributor that falls within a residential-rate classification as specified in a rate order made by the Ontario Energy Board under section 78 of the Act, and who lives at the service address to which the account relates for at least six months in a year;  
"electricity-intensive medical device" means an oxygen concentrator, a mechanical ventilator, or such other device as may be specified by the Ontario Energy Board;  
"household" means the account-holder and any other people living at the accountholder's service address for at least six months in a year, including people other than the account-holder's spouse, children or other relatives;  
"household income" means the combined annual after-tax income of all members of a household aged 16 or over;

### MONTHLY RATES AND CHARGES

#### Class A

(a) account-holders with a household income of \$28,000 or less living in a household of one or two persons;  
(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of three persons;  
(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of five persons; and  
(d) account-holders with a household income of between \$48,001 and \$52,000 living in a household of seven or more persons;  
but does not include account-holders in Class E.

OESP Credit	\$	(30.00)
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#### Class B

(a) account-holders with a household income of \$28,000 or less living in a household of three persons;  
(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of four persons;  
(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of six persons;  
but does not include account-holders in Class F.

OESP Credit	\$	(34.00)
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#### Class C

(a) account-holders with a household income of \$28,000 or less living in a household of four persons;  
(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of five persons;  
(c) account-holders with a household income of between \$39,001 and \$48,000 living in a household of seven or more persons;  
but does not include account-holders in Class G.

OESP Credit	\$	(38.00)
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#### Class D

(a) account-holders with a household income of \$28,000 or less living in a household of five persons; and  
(b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of six persons;  
but does not include account-holders in Class H.

OESP Credit	\$	(42.00)
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**Lakefront Utilities Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2016**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2015-0085

## ONTARIO ELECTRICITY SUPPORT PROGRAM RECIPIENTS

**Class E**

Class E comprises account-holders with a household income and household size described under Class A who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (45.00)

**Class F**

- (a) account-holders with a household income of \$28,000 or less living in a household of six or more persons;
- (b) account-holders with a household income of between \$28,001 and \$39,000 living in a household of seven or more persons; or
- (c) account-holders with a household income and household size described under Class B who also meet any of the following conditions:

- i. the dwelling to which the account relates is heated primarily by electricity;
- ii. the account-holder or any member of the account-holder's household is an Aboriginal person; or
- iii. the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates

OESP Credit \$ (50.00)

**Class G**

Class G comprises account-holders with a household income and household size described under Class C who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (55.00)

**Class H**

Class H comprises account-holders with a household income and household size described under Class D who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person ; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (60.00)

**Class I**

Class I comprises account-holders with a household income and household size described under paragraphs (a) or (b) of Class F who also meet any of the following conditions:

- (a) the dwelling to which the account relates is heated primarily by electricity;
- (b) the account-holder or any member of the account-holder's household is an Aboriginal person; or
- (c) the account-holder or any member of the account-holder's household regularly uses, for medical purposes, an electricity-intensive medical device at the dwelling to which the account relates.

OESP Credit \$ (75.00)

**Lakefront Utilities Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2016**  
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EB-2015-0085

## **GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION**

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the distributor's Conditions of Service.

### **APPLICATION**

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

### **MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$	23.96
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0086
Low Voltage Service Rate	\$/kWh	0.0012
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until April 30, 2017	\$/kWh	0.0007
Rate Rider for Disposition of Global Adjustment Account (2016) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kWh	(0.0060)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017	\$/kWh	0.0022
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kWh	0.0009
Rate Rider for Application of Tax Change (2016) – effective until April 30, 2017	\$/kWh	0.0001
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0041

### **MONTHLY RATES AND CHARGES - Regulatory Component**

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**Lakefront Utilities Inc.**  
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## **GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION**

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 3,000 kW. Further servicing details are available in the distributor's Conditions of Service.

### **APPLICATION**

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Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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### **MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$	78.03
Distribution Volumetric Rate	\$/kW	3.4597
Low Voltage Service Rate	\$/kW	0.4778
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until April 30, 2017	\$/kW	0.2685
Rate Rider for Disposition of Global Adjustment Account (2016) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kW	(2.2314)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017	\$/kW	0.8495
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kW	0.3659
Rate Rider for Application of Tax Change (2016) - effective until April 30, 2017	\$/kW	0.0159
Retail Transmission Rate - Network Service Rate	\$/kW	2.1729
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.6392

### **MONTHLY RATES AND CHARGES - Regulatory Component**

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**Lakefront Utilities Inc.**  
**TARIFF OF RATES AND CHARGES**  
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EB-2015-0085

## **GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION**

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than 3,000 kW, but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

### **APPLICATION**

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

### **MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$	5,800.89
Distribution Volumetric Rate	\$/kW	2.2564
Low Voltage Service Rate	\$/kW	0.5635
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until April 30, 2017	\$/kW	0.1103
Rate Rider for Disposition of Global Adjustment Account (2016) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kW	(0.9298)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017	\$/kW	0.9257
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kW	0.3746
Rate Rider for Application of Tax Change (2016) - effective until April 30, 2017	\$/kW	0.0068
Retail Transmission Rate - Network Service Rate	\$/kW	2.4302
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.9334

### **MONTHLY RATES AND CHARGES - Regulatory Component**

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

**Lakefront Utilities Inc.**  
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EB-2015-0085

## UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to the Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per customer)	\$	14.23
Distribution Volumetric Rate	\$/kWh	0.0371
Low Voltage Service Rate	\$/kWh	0.0015
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until April 30, 2017	\$/kWh	0.0007
Rate Rider for Disposition of Global Adjustment Account (2016) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kWh	(0.0060)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017	\$/kWh	0.0022
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kWh	0.0009
Rate Rider for Application of Tax Change (2016) – effective until April 30, 2017	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0051

### MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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## **SENTINEL LIGHTING SERVICE CLASSIFICATION**

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service.

### **APPLICATION**

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

### **MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge (per connection)	\$	4.95
Distribution Volumetric Rate	\$/kW	12.2032
Low Voltage Service Rate	\$/kW	0.3771
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until April 30, 2017	\$/kW	0.5305
Rate Rider for Disposition of Global Adjustment Account (2016) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kW	(7.4983)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017	\$/kW	0.6530
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kW	0.3314
Rate Rider for Application of Tax Change (2016) – effective until April 30, 2017	\$/kW	0.3924
Retail Transmission Rate - Network Service Rate	\$/kW	1.6468
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.2937

### **MONTHLY RATES AND CHARGES - Regulatory Component**

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25



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EB-2015-0085

## **STREET LIGHTING SERVICE CLASSIFICATION**

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

### **APPLICATION**

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### **MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge (per device)	\$	4.08
Distribution Volumetric Rate	\$/kW	25.8268
Low Voltage Service Rate	\$/kW	0.3694
Rate Rider for Disposition of Deferral/Variance Accounts (2016) - effective until April 30, 2017	\$/kW	0.2658
Rate Rider for Disposition of Global Adjustment Account (2016) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kW	(2.2036)
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017	\$/kW	0.8281
Rate Rider for Disposition of Deferral/Variance Accounts (2015) - effective until April 30, 2017		
Applicable only for Non-RPP Customers	\$/kW	0.3349
Rate Rider for Application of Tax Change (2016) – effective until April 30, 2017	\$/kW	0.2755
Retail Transmission Rate - Network Service Rate	\$/kW	1.6388
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.2672

### **MONTHLY RATES AND CHARGES - Regulatory Component**

Wholesale Market Service Rate	\$/kWh	0.0036
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0013
Ontario Electricity Support Program Charge (OESP)	\$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25



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### **microFIT SERVICE CLASSIFICATION**

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

### **APPLICATION**

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### **MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$ 5.40
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**ALLOWANCES**

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses - applied to measured demand and energy	%	(1.00)

**SPECIFIC SERVICE CHARGES**

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**Customer Administration**

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Pulling post dated cheques	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

**Non-Payment of Account**

Late payment - per month	%	1.50
Late payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Collection of account charge - no disconnection - after regular hours	\$	165.00
Disconnect/reconnect at meter - during regular hours	\$	65.00
Disconnect/reconnect at meter - after regular hours	\$	185.00
Disconnect/reconnect at pole - during regular hours	\$	185.00
Disconnect/reconnect at pole - after regular hours	\$	415.00
Install/remove load control device - during regular hours	\$	65.00
Install/remove load control device - after regular hours	\$	185.00

**Other**

Service call - customer-owned equipment	\$	30.00
Service call - after regular hours	\$	165.00
Temporary service - install & remove - overhead - no transformer	\$	500.00
Temporary service - install & remove - underground - no transformer	\$	300.00
Temporary service - install & remove - overhead - with transformer	\$	1,000.00
Specific charge for access to the power poles - \$/pole/year	\$	22.35
Interval meter load management tool charge \$/month	\$	110.00
Service charge for onsite interrogation of interval meter due to customer phone line failure - required weekly until line repaired	\$	60.00

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## RETAIL SERVICE CHARGES (if applicable)

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

## LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0565
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0465

**Schedule B**

**To Decision and Rate Order**

**List of Rates and Charges Not Affected by the Price Cap or Annual IR Index**

**OEB File No: EB-2015-0085**

**DATED: [date]**

The following rates and charges are not affected by the Price Cap or Annual IR Index:

- Rate riders
- Rate adders
- Low voltage service charges
- Retail transmission service rates
- Wholesale market service rate
- Rural or remote electricity rate protection charge
- Standard supply service – administrative charge
- Transformation and primary metering allowances
- Loss factors
- Specific service charges
- microFIT charge
- Retail service charges