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August 12, 2016

BY EMAIL & BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2016-0089
Lakefront Utilities Inc. - 2017 COS Application
Energy Probe – Clarification Questions to Applicant

Pursuant to Procedural Order 1, issued June 29, 2016, a Settlement Conference is scheduled for August 22, 2016. After reviewing Lakefront's interrogatory responses, Energy Probe has identified areas requiring clarification prior to meaningful participation in the Settlement Conference.

Attached please find the Clarification Questions of Energy Probe to Lakefront Utilities Inc.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc. Dereck C. Paul, Lakefront Utilities (By email)
Adam Giddings, Lakefront Utilities (By email)
James Sidlofsky, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Parties of Interest (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

EB-2016-0089

Lakefront Utilities Inc.

**Application for electricity distribution rates beginning
January 1, 2017**

**CLARIFICATION QUESTIONS OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

August 12, 2016

**LAKEFRONT UTILITIES INC.
2017 RATES REBASING CASE
EB-2016-0089**

**ENERGY PROBE RESEARCH FOUNDATION
CLARIFICATION QUESTIONS**

EXHIBIT 2 – RATE BASE

1. Ref: 2-Energy Probe-2 & 2-Energy Probe-3

The questions have not been fully answered. Both questions asked about the ending balance in 2012, while the responses are related to the average balances. The responses also indicate that additions to gross assets were significantly higher than approved by the OEB mainly due to the addition of smart meter costs.

Despite the higher additions to gross capital, the ending balance for the net book value is \$1,179,555 (\$14,988,578 - \$16,168,133) lower than Board approved. This reduction is even higher based on the corrected 2012 continuity schedule produced as part of the response to 2-Energy Probe-4, that has a closing NBV of \$14,735,913, a reduction of \$1,432,220 from the Board approved figure.

This reduction would imply that the reduction is driven by differences in accumulated depreciation, differences in the opening balancing of gross assets and/or differences in disposals.

Please fully reconcile the difference of \$1,432,220 in NBV at the end of 2012 from the Board approved figure.

2. Ref: 2-Energy Probe-4

Part (a) of the questions was intended to reflect any changes to the 2016 capital additions forecast to close to rate base in 2016 based on the most recent actual information available.

Please update the continuity schedules for 2016 and 2017 to reflect the most recent actual year-to-date information available for 2016, along with the current forecast for the remainder of 2016.

3. Ref: 2-VECC-9

Please explain why the total capital contributions shown in the response do not match those found in the continuity schedules in Appendix 2-BA. For example, the interrogatory response shows a contribution of \$30,269 in 2014, while the continuity schedule for 2014 shows \$0.

EXHIBIT 3 – OPERATING REVENUE

4. Ref: 3-VECC-15

- a) **The response to part (a) is not complete. Please provide the source for the GDP variable used in the regression equation, including, if available, a link to the information.**
- b) **Please confirm that the actual values used for 2015 for both the GDP and number of peak hours explanatory variables are the averages for the previous 9 years.**
- c) **Please provide the actual figures for 2015 for both the GDP and number of peak hours explanatory variables.**
- d) **The evidence (Exhibit 3, page 10) states that the source of the HDD and CDD variables is Stats Canada (Cobourg). Please provide a link to this data, or a link to whatever source was used.**

EXHIBIT 4 – OPERATING EXPENSES

5. Ref: 4-Staff-51

It is not clear where the OEB approved CDM component from the 2012 cost of service application shown in the interrogatory has been accounted for in the LRAMVA calculation. Please show where in the Excel files these figures have been utilized.

6. Ref: 4-VECC-25

Please explain why the OM&A capitalized in 2016 and 2017 is significantly less than that in 2015 when the level of capital expenditures in 2015 through 2017 is very similar.