



Lakefront  
Utilities  
Inc.

August 17, 2016

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 26<sup>th</sup> Floor, P.O. Box 2319  
Toronto, ON M4P 1E4

**Re: Lakefront Utilities Inc. 2017 COS Rates Application, Interrogatory Responses  
Board File No.: EB-2016-0089**

Dear Ms. Walli:

Please find enclosed Lakefront Utilities Inc.'s ("LUI") Pre-ADR clarification responses to Vulnerable Energy Consumers Coalition ("VECC") and Energy Probe.

Lakefront Utilities has updated the Load Forecast and has submitted in live Excel format.

Should the board have questions regarding this matter please contact Adam Giddings at [agiddings@lusi.on.ca](mailto:agiddings@lusi.on.ca) or myself at [dpaul@lusi.on.ca](mailto:dpaul@lusi.on.ca)

Respectfully Submitted,

Dereck C. Paul  
President  
Lakefront Utilities Inc.

Cc: Adam Giddings, CPA, CA  
Manager of Regulatory Compliance and Finance

**EB-2016-0089**  
**Pre-ADR Clarification Question Responses from Lakefront Utilities Inc.**  
**2017 Cost of Service Rate Application**  
**Lakefront Utilities Inc.**  
**August 17, 2016**

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## **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.

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### **Lakefront Utilities Response**

Lakefront Utilities notes the following:

- LUI filed an opening Last Board Approved balance of \$11,229,219, which was also the opening balance for the actual 2012 opening balance. Upon further review, Lakefront notes that the opening balance per the 2012 Cost of Service filing (EB-2011-0250) was \$13,195,130 as noted below. The actual opening balance for 2012 was \$11,094,219 based on the capital asset continuity schedule and agrees to LUI's 2011 audited financial statements (less work-in-process).

## Appendix B – Continuity Tables (MIFRS)

Fixed Asset Continuity Schedule (Distribution & Operations) As at December 31, 2011											
		Cost				Accumulated Depreciation					
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
NA	1610	Intangible Assets	54,866		54,866	0	0			0	0
NA	1805	Land	219,284			219,284	0			0	0
CEC	1806	Land Rights	0			0	0			0	0
47	1808	Buildings and Fixtures	919,216	2,769		921,985	118,783	24,523		143,306	
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally Primary	0			0	0			0	0
47	1820	Distribution Station Equipment - Normally Primary	2,762,235	175,181	50,000	2,887,416	1,568,842	53,111		1,651,953	
47	1825	Storage Battery Equipment	0			0	0			0	0
47	1830	Poles, Towers and Structures	1,107,311	270,998		1,378,309	184,448	37,125		201,573	
47	1835	Overhead Conductors and Devices	3,813,754	441,892		4,255,646	761,302	88,487		850,289	
47	1840	Underground Conductors	878,943	62,958		941,901	174,014	25,037		199,052	
47	1845	Underground Conductors and Devices	3,086,154	158,501		3,244,655	1,819,955	81,509		1,901,464	
47	1860	Line Transformers	5,111,049	151,474		5,262,522	2,204,716	148,107		2,352,823	
47	1865	Services	509,529	7,967		517,496	142,482	8,288		150,769	
47	1860	Meters	894,462	22,076		916,538	531,280	37,352		585,642	
47	1860	Smart Meters	2,077,534	-		2,077,534	241,877	111,086		352,963	
NA	1865	Other Installations on Customer's Premises	0	1,030		1,030	0	51		51	
NA	1905	Land	0			0	0			0	0
CEC	1906	Land Rights	0			0	0			0	0
47	1908	Buildings and Fixtures	0			0	0			0	0
13	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	57,029	5,455		62,484	7,334	4,840		12,174	
10	1920	Computer Equipment - Hardware	31,199	9,055		40,254	12,705	6,125		18,830	
12	1925	Computer Software	113,878	24,383		138,261	46,334	22,438		68,771	
12	1925	Computer software - Smart Meter	123,706			123,706	46,757	18,169		64,926	
10	1930	Transportation Equipment	759,705			759,705	149,873	94,308		244,182	
8	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	156,730	88,962		245,692	48,849	20,009		68,858	
8	1945	Measurement and Testing Equipment	18,712	2,158		20,870	936	2,087		3,023	
8	1950	Power Operated Equipment	0			0	0			0	0
8	1955	Communication Equipment	0			0	0			0	0
8	1960	Miscellaneous Equipment	0			0	0			0	0
47	1970	Load Management Controls - Customer Premises	0			0	0			0	0
47	1975	Load Management Controls - Utility Premises	0			0	0			0	0
47	1980	System Supervisory Equipment	0			0	0			0	0
47	1985	Sentinel Lighting Rentals	0			0	0			0	0
47	1990	Other Tangible Property	0			0	0			0	0
47	1995	Contributions and Grants	(2,157,659)	(242,404)		(2,400,063)	(370,049)	(78,541)		(448,590)	
2005		Property under Capital Lease	0			0	0			0	0
		Total before Work in Process	20,519,631	1,183,422	104,866	21,598,186	7,700,948	702,108	0	8,403,056	
WIP		Work in Process	0	230,000		230,000	0			0	0
		Total after Work in Process	20,519,631	1,413,422	104,866	21,828,186	7,700,948	702,108	0	8,403,056	

Details	Balance at December 31, 2011 per EB-2011-0250	December 31, 2011 Actual per Continuity Schedule	Increase (Decrease)
Gross Assets	21,598,186	19,432,717	(2,165,469)
Accum. Amtzn.	8,403,056	8,338,498	(64,558)
<b>Net</b>	<b>13,195,130</b>	<b>11,094,219</b>	<b>(2,100,911)</b>

- Consequently, the ending balance for the last Board Approved was revised to \$14,202,222 which agrees to LUI's 2012 Cost of Service filing (EB-2011-0250).

As a result of the above revisions, Lakefront's analysis of 2012 Board Approved compared to 2012 actual is the following:

	MIFRS			
Particulars	2012	Last Board Approved	Var	%
Net Capital Assets in Service:				
Opening Balance	11,094,219	13,195,130	(2,100,911)	15.92%
Ending Balance	14,735,910	14,202,222	533,688	3.76%
<b>Average Balance</b>	<b>12,915,065</b>	<b>13,698,676</b>	<b>(783,611)</b>	<b>5.72%</b>
Working Capital Allowance	3,867,230	3,961,344	(94,114)	2.38%
<b>Total Rate Base</b>	<b>16,782,295</b>	<b>17,660,020</b>	<b>(877,725)</b>	<b>4.97%</b>

The variances are the result of the following:

- The decrease of \$2,100,911 in the opening balance is because LUI's 2012 Cost of Service included smart meter additions in the 2011 continuity schedule of \$2,077,534, however, the addition did not occur until 2012.
- The increase of \$533,688 in the 2012 ending balance was primarily the result of the following:
  - Additional capital of \$565,550 related to the purchase of a PMH-9 and new viper switches, were not included in the 2012 Board Approved purchases. These switches are known to have flashover issues when operated at 27.6kV due to their open bottom design. The electrical components inside the enclosure are prone to contamination from repeated evaporating/condensing cycles which eventually leads to insulator flash over. Lakefront was encountering abnormally high reliability issues, there was a decision to replace a number of PMH-9 units.

## 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.

## Lakefront Utilities Response

Below is the revised 2016 continuity schedule that reflects the most recent actual year-to-date information available for 2016 as well as the 2017 continuity schedule. Lakefront notes that the estimated 2017 capital additions have not changed.

		Accounting Standard	Year		MIFRS 2016					
CCA Class	OEB	Description	Cost				Accumulated Depreciation			
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Net Book Value
12	1611	Computer Software (Formally known as Account 1925)	\$ 677,113	\$ 6,600	\$ -	\$ 683,713	-\$ 373,276	-\$ 108,171	\$ -	\$ 202,266
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
N/A	1805	Land	\$ 219,284		\$ -	\$ 219,284	\$ -		\$ -	\$ 219,284
47	1808	Buildings	\$ 1,203,550	\$ 5,000	\$ -	\$ 1,208,550	-\$ 241,260	-\$ 30,599	\$ -	\$ 936,691
13	1810	Leasehold Improvements	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 3,397,415	\$ 604,000	\$ -	\$ 4,001,415	-\$ 1,887,652	-\$ 69,555	\$ -	\$ 2,044,208
47	1825	Storage Battery Equipment	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 2,316,080	\$ 258,594	\$ -	\$ 2,574,674	-\$ 391,397	-\$ 62,998	\$ -	\$ 2,120,279
47	1835	Overhead Conductors & Devices	\$ 5,902,466	\$ 222,048	\$ -	\$ 6,124,513	-\$ 1,413,319	-\$ 118,292	\$ -	\$ 4,592,902
47	1840	Underground Conduit	\$ 1,050,141		\$ -	\$ 1,050,141	-\$ 306,196	\$ 27,846	\$ -	\$ 716,099
47	1845	Underground Conductors & Devices	\$ 3,697,792	\$ 65,940	\$ -	\$ 3,763,732	-\$ 2,293,777	\$ 93,109	\$ -	\$ 1,376,846
47	1850	Line Transformers	\$ 5,857,557	\$ 63,167	\$ -	\$ 5,920,724	-\$ 2,992,369	\$ 166,060	\$ -	\$ 2,762,295
47	1855	Services (Overhead & Underground)	\$ 852,827	\$ 187,269	\$ -	\$ 1,040,095	-\$ 196,188	-\$ 29,862	\$ -	\$ 814,045
47	1860	Meters	\$ 227,802		\$ -	\$ 227,802	-\$ 268,094	\$ 40,292	\$ -	\$ 0
47	1860	Meters (Smart Meters)	\$ 2,270,932	\$ 60,000	\$ -	\$ 2,330,932	-\$ 506,111	-\$ 153,999	\$ -	\$ 1,670,822
N/A	1905	Land	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
47	1908	Buildings & Fixtures	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
13	1910	Leasehold Improvements	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
8	1915	Office Furniture & Equipment (10 years)	\$ 107,326		\$ -	\$ 107,326	-\$ 50,658	-\$ 10,442	\$ -	\$ 46,226
8	1915	Office Furniture & Equipment (5 years)	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ 135,997	\$ 13,400	\$ -	\$ 149,397	-\$ 77,160	-\$ 20,489	\$ -	\$ 51,748
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
10	1930	Transportation Equipment	\$ 1,154,767	\$ 279,561	\$ -	\$ 1,434,328	-\$ 757,835	-\$ 148,750	\$ -	\$ 527,744
8	1935	Stores Equipment	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
8	1940	Tools, Shop & Garage Equipment	\$ 606,992	\$ 6,000	\$ -	\$ 612,992	-\$ 220,857	-\$ 62,637	\$ -	\$ 329,498
8	1945	Measurement & Testing Equipment	\$ 22,346		\$ -	\$ 22,346	-\$ 11,223	-\$ 2,225	\$ -	\$ 8,898
8	1950	Power Operated Equipment	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
8	1955	Communications Equipment	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
8	1955	Communication Equipment (Smart Meters)	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ 162,826	\$ 83,000	\$ -	\$ 245,826	-\$ 15,230	-\$ 20,270	\$ -	\$ 210,326
47	1970	Load Management Controls Customer Premises	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 332,258		\$ -	\$ 332,258	-\$ 27,660	-\$ 16,613	\$ -	\$ 287,985
47	1985	Miscellaneous Fixed Assets	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
47	1990	Other Tangible Property	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
47	1995	Contributions & Grants	\$ 3,003,879		\$ -	\$ 3,003,879	\$ 840,328	\$ 107,897	\$ -	\$ 2,055,654
	etc.		\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
	etc.		\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
			\$ -		\$ -	\$ -	\$ -		\$ -	\$ -
		Sub-Total	\$ 27,191,590	\$ 1,854,578	\$ -	\$ 29,046,169	-\$ 11,189,936	-\$ 993,727	\$ -	\$ 16,862,505
		Less Socialized Renewable Energy Generation Investments (input as negative)								
		Less Other Non Rate-Regulated Utility Assets (input as negative)								
		Less Other Non Rate-Regulated Utility Assets (input as negative)								
		Total PP&E	\$ 27,191,590	\$ 1,854,578	\$ -	\$ 29,046,169	-\$ 11,189,936	-\$ 993,727	\$ -	\$ 16,862,505
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)								
		Total					-\$ 993,727			



Accounting Standard      MIFRS  
Year                              2017

			Cost				Accumulated Depreciation					
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value	
12	1611	Computer Software (Formally known as Account 1925)	\$ 683,713	\$ 10,000	\$ -	\$ 693,713	-\$ 481,447	-\$ 82,904	\$ -	-\$ 564,351	\$ 129,362	
CEC	1612	Land Rights (Formally known as Account 1906 and 1806)	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
N/A	1805	Land	\$ 219,284		\$ -	\$ 219,284	\$ -		\$ -	\$ -	\$ 219,284	
47	1808	Buildings	\$ 1,208,550	\$ 10,000	\$ -	\$ 1,218,550	-\$ 271,860	-\$ 30,849	\$ -	-\$ 302,709	\$ 915,841	
13	1810	Leasehold Improvements	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
47	1815	Transformer Station Equipment >50 kV	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
47	1820	Distribution Station Equipment <50 kV	\$ 4,001,415	\$ 550,000	\$ -	\$ 4,551,415	-\$ 1,957,208	-\$ 81,268	\$ -	-\$ 2,038,475	\$ 2,512,940	
47	1825	Storage Battery Equipment	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
47	1830	Poles, Towers & Fixtures	\$ 2,574,674	\$ 265,320	\$ -	\$ 2,839,994	-\$ 454,395	-\$ 68,536	\$ -	-\$ 522,931	\$ 2,317,063	
47	1835	Overhead Conductors & Devices	\$ 6,124,513	\$ 258,665	\$ -	\$ 6,383,178	-\$ 1,531,611	-\$ 122,792	\$ -	-\$ 1,654,403	\$ 4,728,775	
47	1840	Underground Conduit	\$ 1,050,141		\$ -	\$ 1,050,141	-\$ 334,042	-\$ 27,846	\$ -	-\$ 361,888	\$ 688,253	
47	1845	Underground Conductors & Devices	\$ 3,763,732	\$ 211,454	\$ -	\$ 3,975,186	-\$ 2,386,886	-\$ 105,475	\$ -	-\$ 2,492,362	\$ 1,482,824	
47	1850	Line Transformers	\$ 5,920,724	\$ 73,584	\$ -	\$ 5,994,308	-\$ 3,158,429	-\$ 160,000	\$ -	-\$ 3,318,429	\$ 2,675,879	
47	1855	Services (Overhead & Underground)	\$ 1,040,095	\$ 168,067	\$ -	\$ 1,208,162	-\$ 226,051	-\$ 18,993	\$ -	-\$ 245,044	\$ 963,118	
47	1860	Meters	\$ 227,802		\$ -	\$ 227,802	-\$ 227,802		\$ -	-\$ 227,802	\$ 0	
47	1860	Meters (Smart Meters)	\$ 2,330,932	\$ 76,500	\$ -	\$ 2,407,432	-\$ 660,110	-\$ 157,349	\$ -	-\$ 817,459	\$ 1,589,973	
N/A	1905	Land	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
47	1908	Buildings & Fixtures	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
13	1910	Leasehold Improvements	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
8	1915	Office Furniture & Equipment (10 years)	\$ 107,326		\$ -	\$ 107,326	-\$ 61,100	-\$ 10,442	\$ -	-\$ 71,543	\$ 35,783	
8	1915	Office Furniture & Equipment (5 years)	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
10	1920	Computer Equipment - Hardware	\$ 149,397	\$ 15,000	\$ -	\$ 164,397	-\$ 97,649	-\$ 21,516	\$ -	-\$ 119,165	\$ 45,232	
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
10	1930	Transportation Equipment	\$ 1,434,328	\$ 35,000	\$ -	\$ 1,469,328	-\$ 906,585	-\$ 149,901	\$ -	-\$ 1,056,485	\$ 412,843	
8	1935	Stores Equipment	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
8	1940	Tools, Shop & Garage Equipment	\$ 612,992	\$ 5,000	\$ -	\$ 617,992	-\$ 283,494	-\$ 61,828	\$ -	-\$ 345,322	\$ 272,670	
8	1945	Measurement & Testing Equipment	\$ 22,346		\$ -	\$ 22,346	-\$ 13,448	-\$ 2,225	\$ -	-\$ 15,672	\$ 6,674	
8	1950	Power Operated Equipment	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
8	1955	Communications Equipment	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
8	1955	Communication Equipment (Smart Meters)	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
8	1960	Miscellaneous Equipment	\$ 245,826	\$ 21,000	\$ -	\$ 266,826	-\$ 35,499	-\$ 24,373	\$ -	-\$ 59,872	\$ 206,954	
47	1970	Load Management Controls Customer Premises	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
47	1975	Load Management Controls Utility Premises	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
47	1980	System Supervisor Equipment	\$ 332,258	\$ -	\$ -	\$ 332,258	-\$ 44,273	-\$ 16,613	\$ -	-\$ 60,886	\$ 271,372	
47	1985	Miscellaneous Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
47	1990	Other Tangible Property	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
47	1995	Contributions & Grants	-\$ 3,003,879	\$ -	\$ -	-\$ 3,003,879	\$ 948,225	\$ 107,897	\$ -	\$ 1,056,122	-\$ 1,947,757	
	etc.		\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -	
		Sub-Total	\$ 29,046,169	\$ 1,699,590	\$ -	\$ 30,745,759	-\$ 12,183,663	-\$ 1,035,014	\$ -	-\$ 13,218,677	\$ 17,527,082	
		Less Socialized Renewable Energy Generation Investments (input as negative)Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -	
		Less Other Non Rate-Regulated Utility Assets (input as negative)Less Other Non Rate-Regulated Utility Assets (input as negative)				\$ -				\$ -	\$ -	
		Total PP&E	\$ 29,046,169	\$ 1,699,590	\$ -	\$ 30,745,759	-\$ 12,183,663	-\$ 1,035,014	\$ -	-\$ 13,218,677	\$ 17,527,082	
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets)										
		Total					-\$ 1,035,014					

### 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.

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#### Lakefront Utilities Response

Below is the updated summary of new and upgraded services and total capital contributions.

Year	New and Upgraded Services	Total Capital Contributions
2012	153,245	(152,967)
2013	80,834	(392,384)
2014	47,104	0
2015	122,679	(58,465)
2016	50,000	0
2017	50,000	0

### **3.0 OPERATING REVENUE (EXHIBIT 3)**

#### **VECC –CQ 35**

**Reference: VECC #14 d)**

The response to VECC #14 c) indicates that the IESO/OPA's Final 2015 Annual Verified Results Report is available. However, it was not provided in response to VECC #14 d) – as requested. Please provide.

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#### **Lakefront Utilities Response**

Lakefront Utilities has attached its 2015 annual verified report as:

LakefrontUtilities\_PreADR\_2017COS\_Final2015AnnualVerifiedResults\_20160817

**VECC – CQ 36**

**Reference: VECC #14 I)**

**Updated Load Forecast Model**

Preamble: In response to the issues raised in VECC #14, Lakefront has revised its load forecast model and resulting load forecast for 2017.

a) Set below are a number of issues noted regarding the revised model:

- i. The new CDM values used in the model to increase historic purchase power values do not appear to be marked up for losses as was done in the original modelling (per VECC#14 f)).
- ii. There is no persistence of the 2006-2010 CDM programs included post 2010 – whereas in other Applications (e.g. Brantford 2017 Rates (EB-2016-0058)) values for such persistence are included in the load forecast model and therefore appear to be available from the IESO.
- iii. The CDM impact used for 2015 programs (2,291,164 kWh) appears to be based on 1/6 of the 2015-2020 target as opposed to the actual 2015 results as reported in the Excel LRAM file provided in response to Staff #51.
- iv. There is no allowance for the ½ adjustment in the first year of a program's impact.
- v. For 2015 the adjustment does not include the persisting impact of the 2011-2014 programs which in the Excel LRAM file (provided in response to Staff #51) is shown as 4.0 GWh.
- vi. The Load Forecast model (Tab 6, Column P) includes an unlabelled variable with all values set at zero. It is not clear if this was intentional or an error. Note: Unlike the initial model, the revised model does not include a Spring/Fall flag.

Please address each of the issues noted above and explain why the model is appropriate as filed or revise the model and forecast as required.

b) Set out below are issues identified with manual CDM adjustment included in the revised 2016 and 2017 load forecast:

- i. For 2016 and 2017, the values are again based on 1/6 of the 2015-2020 program target (2,291,171 kWh). However, Lakefront has filed a CDM plan with the IESO which calls for savings of 1,815,600 and 1,130,200 kWhs respectively in these two years.
- ii. For 2015, the estimation of the model uses the full impact of 2015 CDM programs. As a result, there appears to be no need to include the ½ year amount for 2015 in the manual adjustment.

Please address each of the issues noted above and explain why the forecast is appropriate as filed or revise the forecast as required.<sup>3</sup>

## Lakefront Utilities Response

a)

- i. Lakefront Utilities has updated the CDM values and are now marked up for losses.
- ii. With respect to the LRAMVA Workform, Lakefront has used the OEB model which does not incorporate persistence from the 2006-2010 programs. LUI notes that the adjustment included persistence as the yearly totals reconcile with the OPA/IESO's verified results which include the applicable persistence.
- iii. Lakefront Utilities has updated the Load Forecast Model for the 2015 programs to 2,299,171 kwh based on the actual 2015 results, which agrees to LUI's LRAM filing. The Net Verified Incremental First Year Energy Savings (MWh) as reported in the IESO's 2015 Annual Verified results show savings of 2,299.171. LUI notes that the 2,291,164 was a misprint.
- iv. As explained in our response to part ii) the adjustment is meant to be consistent with the results reported by the IESO.
- v. As explained in our response to part ii) and iv) above, the adjustment is meant to be consistent with the results reported by the IESO.
- vi. Lakefront Utilities updated the Load Forecast Model to include the Spring/Fall flag on Tab 6, Column P. Lakefront also updated the regression and included the summary on Tab "Regression 3".

b)

- i. Lakefront Utilities updated Tab 10 – "CDM Allocation V2" so that line C64 is 1,815,600 kWh and line D66 is 1,130,200 kWh.
- ii. Lakefront Utilities updated Tab 10 – "CDM Allocation V2" and removed the ½ year amount for 2015 in the manual adjustment.

#### 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.

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#### Lakefront Utilities Response

- a) Lakefront Utilities used the Real Ontario GDP and has filed the information with these responses as:  
  
LakefrontUtilities\_PreADR\_2017COS\_GDP\_20160817
- b) Lakefront confirms that the actual values used for 2015 for both the GDP and the number of peak hours were the averages for the previous 9 years.
- c) Below is a summary of the actual figures for 2015 for both GDP and the number of peak hours and a comparison to the average.

Peak Number of Hours			
Month	Average	Actual	Difference
January	345	336	(9)
February	313	304	(9)
March	340	352	12
April	331	336	5
May	340	320	(20)
June	340	352	12
July	343	352	9
August	334	320	(14)
September	325	336	11
October	345	336	(9)
November	331	336	5
December	329	352	23

GDP			
Month	Average	Actual	Difference
January	140	150	10
February	140	150	10
March	140	150	10
April	141	151	10
May	141	151	10
June	141	151	10
July	141	152	11
August	141	152	11
September	141	152	11
October	141	153	12
November	142	153	11
December	142	153	11

d) Below is a link to the data and source that was used:

[http://climate.weather.gc.ca/climate\\_data/daily\\_data\\_e.html?hlyRange=1993-10-31%7C2016-08-15&dlyRange=1992-12-02%7C2016-08-15&mlyRange=2003-10-01%7C2006-12-01&StationID=7870&Prov=ON&urlExtension=\\_e.html&searchType=stnName&optLimit=specDate&StartYear=1840&EndYear=2016&selRowPerPage=25&Line=0&searchMethod=contains&Month=1&Day=14&txtStationName=Cobourg&timeframe=2&Year=2015](http://climate.weather.gc.ca/climate_data/daily_data_e.html?hlyRange=1993-10-31%7C2016-08-15&dlyRange=1992-12-02%7C2016-08-15&mlyRange=2003-10-01%7C2006-12-01&StationID=7870&Prov=ON&urlExtension=_e.html&searchType=stnName&optLimit=specDate&StartYear=1840&EndYear=2016&selRowPerPage=25&Line=0&searchMethod=contains&Month=1&Day=14&txtStationName=Cobourg&timeframe=2&Year=2015)

#### **4.0 OPERATING COSTS (EXHIBIT 4)**

##### **VECC – CQ 37**

##### **Reference: Staff #51 and VECC #28**

Preamble: In response to VECC #28 and Staff #51 Lakefront has provided a revised LRAMVA model and LRAM claim.

a) Set out below are issues identified with the revised LRAM claim:

i. The lost Revenue Calculations for each year do not appear to include impacts of: i) the New Construction program or ii) the Home Assistance program.

ii. The values used for the CDM included in the 2012 Rebasing Load Forecast do not appear to be correct (Staff #51). According to the EB-2011-0250 Settlement Agreement the total should be 2,572,581 kWh. The break down by customer class was provided in response to VECC #15 (Round #2) from that proceeding as copied below.

Please address each of the issues noted above and explain why the LRAM claim is appropriate as filed or revise the claim as required.

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##### **Lakefront Utilities Response**

- i. LUI removed the program results for 2011 and 2012 since they had already been approved in LUI's 2012 Cost of Service.
- ii. LUI has corrected the inputs at Tab 2 of the LRAMVA Workform to reflect EB-2011-0250 Settlement Agreement. However, it's our understanding that the 2011-2012 savings should be excluded from the model since they have already been approved.



**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.

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**Lakefront Utilities Response**

See response to VECC QC-37 above.

## 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.

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### Lakefront Utilities Response

Lakefront Utilities notes that the capital expenditures in 2016 primarily include:

- Victoria St. Station rebuild
- Boom and Box for single bucket truck

The 2017 capital expenditures primarily include:

- Durham St. Station rebuild

The above capital projects for 2016 and 2017 will be outsourced to a third party and consequently Lakefront wages capitalized will not be significant.

However, in 2015 Lakefront's capital projects included the following:

- Completion of 28kV conversion related to end of life assets:
  - Meredith Crescent
  - Hamilton Avenue
  - Hawthorne Avenue
  - Parkwood Drive
  - Thomas Street
  - Maplewood Boulevard

The scope of these projects included the rebuilding of the overhead distribution that was in poor condition and had reached the end of its life.

- Replacement of a failed transformer at the Brook Road substation.

The 2015 capital projects were performed by Lakefront staff which was reflected in the amount of OM&A capitalized.