



Lakefront
Utilities
Inc.

October 13, 2017

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

Attention: Ms. Katherine Wang
Regarding: GA Analysis Workform Follow-up Questions – Part 2

Dear Ms. Wang,

Please find attached accompanying responses to the follow-up questions regarding the primary review of Lakefront's GA analysis work form.

Should the board have questions regarding this matter please contact Adam Giddings at agiddings@lusi.on.ca or Dereck Paul at dpaul@lusi.on.ca

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Adam Giddings".

Adam Giddings, CPA CA
Manager of Regulatory Compliance and Finance
Lakefront Utilities Inc.

Cc: Dereck C. Paul

Lakefront Follow Up Questions Part 3

- 1) There was a discrepancy in Follow Up Question #1a and Follow Up Question Part 2 #1a. Please confirm that the RPP/non-RPP ratio for determining GA charge for Account 1589 is based on Utilismart and not Northstar.

Lakefront Utilities Response

Lakefront confirms that the RPP/non-RPP ratio for determining the GA charge Account 1589 is based on Utilismart and a portion of Northstar. The calculation is detailed in the attached excel file.

2) For reconciling item 7

- a. The difference is for consumption used to calculate the GA expense at the actual GA rate recorded in Account 1589. Please explain why the reconciling item isn't the difference between Northstar consumption at the actual GA rate and the Utilismart consumption at the actual GA rate.
- b. In response to follow up question 3iii, Lakefront uses total volume per Utilismart and runs an IT system query.
 - i. Please provide more details on where the information from the IT system query is obtained.
 - ii. Please explain how and why the non-RPP consumption data is different than that from Northstar besides differences between the loss factor billed (for consumption in Northstar) and actual loss factor (for total RPP and non-RPP purchased consumption from IESO in Utilismart)..
- c. In response to follow up question 3iii, the non-RPP consumption from Utilismart sums to 120,273,676 kWh. Compared to the RRR 133,964,971 kWh unadjusted for losses, the calculated loss factor would be 0.9. Please explain how there can be a negative loss factor.

Lakefront Utilities Response

- a) Lakefront Utilities revised the calculation for the reconciling items. The adjustment is summarized in the attached excel workbook, tab - "GA Analysis Workform Adjustment".
- b) The process for calculating the RPP/Non-RPP split, the IT system query, and the difference between the Utilismart data and Northstar is detailed in the attached excel workbook.
- c) A reconciliation between the Utilismart data and Northstar is included in the attached excel workbook, tab – "Utilismart and Northstar Reconc".

Based on the reconciliation prepared by Lakefront, it appears that the consumption data used to prepare the split between RPP and non-RPP is incorrect as there was some retailer consumption data classified as RPP. Consequently, Lakefront has recalculated the estimated 1589 balance based on the correct consumption data and has included the calculated on tab "Adjusted 1589 Balance".

Note: Please note that all customers were billed the correct rates as specified in Lakefront's Decision and Rate Order.

- 3) In the GA Analysis Workform, cell J58 is not applying the correct formula. Please revise this cell.

Lakefront Utilities Response

The cell has been corrected.

- 4) Please confirm the following understanding regarding Account 1595 (2012).
 - a. The approved amount of \$416k for Account 1562 was appropriately debited from Account 1562 and credited to Account 1595 (2012).
However, in 2013, this disposition entry was entirely reversed. The rate rider refunded pertaining to the approved amount was still appropriately recorded in Account 1595 (2012) and Account 1563.
 - b. The July 2012 APH FAQ #6 was being followed, except for the reversal of the disposition journal entry.

Lakefront Utilities Response

Lakefront Utilities confirms that the above is correct.

Lakefront Utilities have noted the above issues with account 1589 and account 1595(2012) and have engaged their auditors to thoroughly audit the balances in 2017.