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Ontario

BY E-MAIL

November 1, 2017

John Pickernell
Manager Applications Administration
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Pickernell:

Re: Lakefront Utilities Inc.
2018 IRM Distribution Rate Application
OEB Staff Interrogatories
OEB File No. EB-2017-0057

In accordance with Procedural Order #1, please find attached OEB Staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Lakefront Utilities Inc.'s responses to interrogatories are due by November 8, 2017.

Yours truly,

Original Signed By

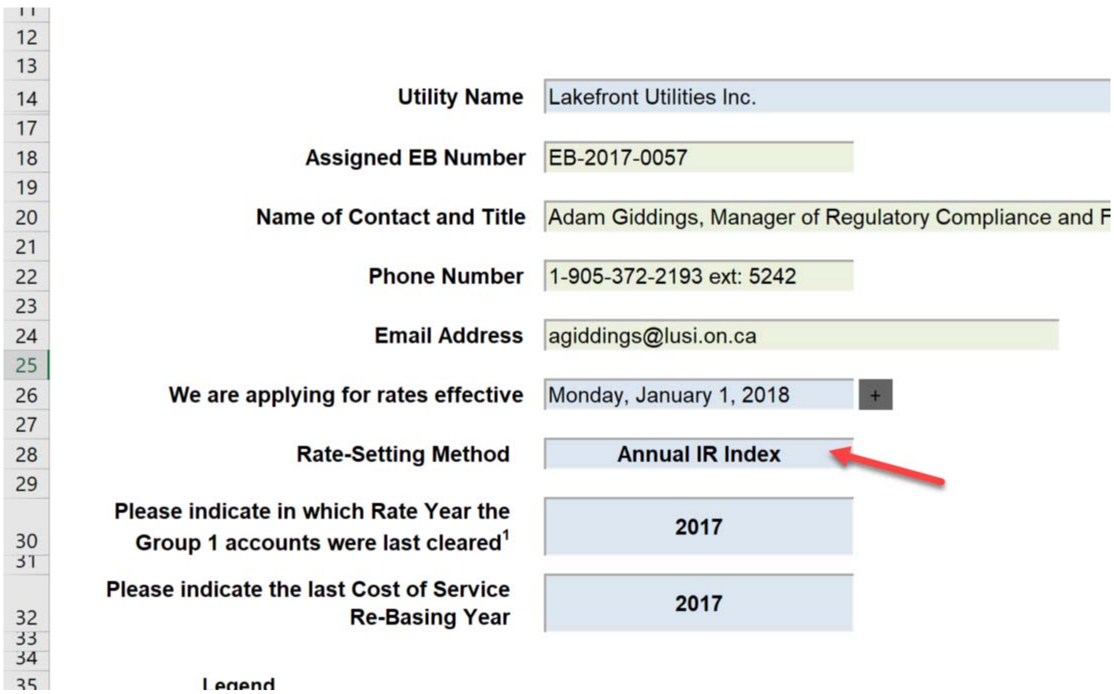
Katherine Wang
Incentive Rates & Accounting

Encl.

Lakefront Utilities Inc.
EB-2017-0057

Staff IR-1
Ref: IRM model – Tab 1: Rate-Setting Method

As indicated in the Manager's Summary, Lakefront Utilities selected the Price Cap Incentive Rate-setting (Price Cap IR) option to adjust its fixed and volumetric 2018 rates. However, in Tab 1 of the 2018 IRM model that filed by Lakefront Utilities, the "Annual IR Index" was selected in cell F28 for Rate-setting method. OEB staff has updated the model accordingly. Please confirm the "Price Cap IR" option should be selected in Tab 1 as Rate-setting method.



14	Utility Name	Lakefront Utilities Inc.
18	Assigned EB Number	EB-2017-0057
20	Name of Contact and Title	Adam Giddings, Manager of Regulatory Compliance and F
22	Phone Number	1-905-372-2193 ext: 5242
24	Email Address	agiddings@lusi.on.ca
26	We are applying for rates effective	Monday, January 1, 2018
28	Rate-Setting Method	Annual IR Index
30	Please indicate in which Rate Year the Group 1 accounts were last cleared[1]	2017
32	Please indicate the last Cost of Service Re-Basing Year	2017
35	Legend	

Staff IR-2
Ref: Account 1588 and Account 1589

1) In the Utilsmart and Northstar Reconciliation tab of the Utilsmart and Northstar Reconciliation spreadsheet, the Actual kWh less Billing kWh reconciling item of 1,255,465 appears to be the difference in actual versus approved loss factor.
    a. Please confirm this.
    b. Please explain how this aforementioned difference in loss factor was determined.
    c. Please indicate what Lakefront Utilities' billing and actual loss factors are.
    d. Please confirm this amount does not relate to billed quantities, but rather that the purchased quantities are different from the billed quantities. If so, please treat this item as a unique reconciling item and update the Global Adjustment Analysis Workform accordingly.

2) On page 66 of the application, it indicates that Lakefront reconciles estimates of RPP and non-RPP consumption to actuals on a monthly basis.
    a. Please confirm that the RPP/non-RPP split is initially based on estimates and then trued up to actual split.
    b. When Lakefront Utilities determines the actual RPP/non-RPP split does it calculate a ratio of total actual calendar month non-RPP consumption volumes vs. total actual calendar month volumes purchased (including both purchases from the IESO controlled grid and embedded generation volumes).
    c. If not, please clarify Lakefront Utilities' process in determining the actual RPP/non-RPP split. Also, please calculate the RPP/non-RPP split for each month in 2016 based on the approach indicated in part b. of this question.

3) The RPP/non-RPP consumption split used to calculate the GA for non-RPP recorded in the GL in the Expense tab excludes 9,078,790 kWh of consumption from retailer and missing RPP customers as per the Utilsmart and Northstar Reconciliation tab.
    a. Please explain why this consumption data is excluded from the RPP/non-RPP consumption split.
    b. The Adjusted 1589 tab in the Utilsmart and Northstar Reconciliation spreadsheet adjusts the GA expenses based on a revised RPP/non-RPP consumption ratio that includes missing consumption data. Please explain if Lakefront Utilities is proposing to make an adjustment to Account 1589 and Account 1588 for this.
    c. Please explain why Lakefront uses the consumption data from Utilsmart to determine the RPP/non-RPP consumption split and not the billing data from Northstar even though the billing data better represents the split that is being billed to customers.
    d. In the Utilsmart and Northstar Reconciliation tab, there is a reconciling item for generation from microFit and FIT. Please explain why this

generation factors into any of the sales volumes calculations when embedded generation volumes are a component of wholesale energy purchases.

e. Please confirm whether the embedded generation consumption is submitted to the IESO and whether Lakefront Utilities is charged the GA for embedded generation by the IESO.

4) The difference in GA revenues between the GA Analysis Workform and the GA revenues recorded in Lakefront Utilities' GL is due to the GA rate used. The annual non-RPP consumption (column I) of 135,414,613 kWh in the GA Analysis Workform agrees to consumption in the Revenue tab of the Utilsmart and Northstar Reconciliation spreadsheet. In the Revenue tab, the consumption is multiplied by the weighted average first estimate GA rate to calculate revenues. Please explain why a weighted average first GA rate is used as Lakefront bills on a calendar month basis and therefore, the first GA rate for the calendar month would apply.

5) With regards to the Dec. 31 balance in Account 1588, components that flow into Account 1588 (i to iv in table below) should all be based on actuals as at year end. Please complete the following table to a) indicate whether the component is based on estimates or actuals as at year end and b) quantify the adjustment pertaining to each component that is trued up from estimate to actual.

	Component	**a) Estimate or Actual**	**Notes/Comments**	**b) Quantify True Up Adjustment**
i	Revenues (i.e. is unbilled revenues trued up by year end)			
Ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)			
ijj	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)		Please confirm this is based on actual.	

iv	Expenses - GA RPP: Charge Type 148 with respect and RPP/non-RPP pro-ration percentages		Please confirm that this is based on the final actual RPP/non-RPP split from the Expenses tab in the Utilsmart and Northstar reconciliation spreadsheet.	
v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type		See question 6 below for further details.	

6) On page 66 of the application, a RPP settlement true up is included in the next month's IESO submission.
   a) Please confirm whether this true up is included in the December 31, 2016 year end balance or in the following year.
   b) If it is in the following year, please explain why there is no adjustment for the RPP settlement true up in the DVA Continuity Schedule for Account 1588 and revise the evidence as needed.

7) Lakefront Utilities indicated it has engaged its auditors to thoroughly audit the balances in Account 1589 and 1595 (2012). Please explain whether or not Lakefront Utilities is withdrawing its request to dispose Group 1 DVAs.

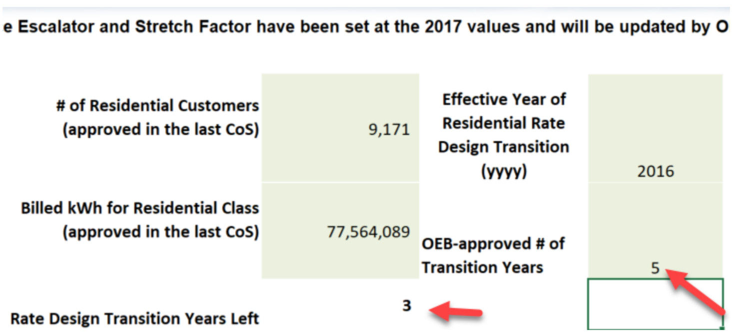
Staff IR-3
Ref: IRM model – Tab 3: Projected Interest

In tab 3 Continuity Schedule of the IRM model, the projected interest entered by Lakefront Utilities in column BQ was calculated using formula “BG * 1.1%”. Column BG is the closing principal balance as of December 31, 2016. However, as noted in the title of column BQ, the projected interest should be calculated based on December 31, 2016 balance adjusted for disposition during 2017. Therefore, the formula used in column BQ should be “BO * 1.1%. OEB staff has updated the model. Please confirm if the formula for the projected interest should be corrected to “BO * 1.1%”.

BQ	
	Projec
Projected Interest from Jan 1, 2017 to December 31, 2017 on Dec 31, 2016 balance adjusted for disposition during 2017 [2]	Projecte 1, 2018 t 31, 201 disp
7,938	
(37)	
(9,255)	
928	
683	
1,600	
11,844	
(25,747)	

Staff IR-4
Ref: IRM model – Tab 16: Total # of Transition Years

In tab 16 of the IRM model, the OEB-approved # of Transition Years that Lakefront Utilities entered in cell H13 is 5. However, as noted in the 2016 OEB-approved final IRM model, the total number of transition years was 4. Accordingly, OEB staff has updated the number of transition years to 5 in the 2018 IRM model. As a result, the rate design transition years left (cell F14) automatically changed from 3 to 2. Please confirm this change.


e Escalator and Stretch Factor have been set at the 2017 values and will be updated by O

# of Residential Customers (approved in the last CoS)	9,171	Effective Year of Residential Rate Design Transition (yyyy)	2016
Billed kWh for Residential Class (approved in the last CoS)	77,564,089	OEB-approved # of Transition Years	5
Rate Design Transition Years Left	3		

Staff IR-5
Ref: Revenue to Cost Ratio Adjustment Model – Tab 3: Rate Class

As per the approved 2017 Tariff of Rates and Charges, the two GS>50 kW rate classes of Lakefront Utilities are "General Service 50 to 2,999 kW" and "General Service 3,000 to 4,999 kW". In the 2018 Revenue to Cost Ratio Adjustment model, the two GS>50 kW rate classes entered in tab 3 are GS 50 to 2,499 kW and GS 2,500 to 4,999 kW. Please confirm these two rate classes should be the same as in the 2017 Tariff. OEB staff will update the Revenue to Cost Ratio Adjustment model.

Rate Group	Rate Class	Fixed Metric	Vol Metric
RES	sidential	Customer	kWh
GSLT50	General Service Less Than 50 kW	Customer	kWh
GSGT50	General Service 50 to 2,499 kW	Customer	kW
GSGT50	General Service 2,500 to 4,999 kW	Customer	kW
SL	Street Lighting	Connection	kW
Sen	Sentinel Lighting	Connection	kW
USL	Unmetered Scattered Load	Connection	kWh
NA	Rate Class 8	NA	NA

Staff IR-6
Ref: Revenue to Cost Ratio Adjustment Model – Tab 6

In tab 6 of the Revenue to Cost Ratio Adjustment model, the revenue to cost ratio entered for residential class for 2018 is 94.77%. On page 15 of the Draft Rate Order filed in Lakefront Utilities 2017 CoS EB-2016-0089 proceeding, it's noted that the revenue to cost ratio for residential class for year 2018 is 96.01%. Please provide explanation for the discrepancy in this ratio. If this revenue to cost ratio needs to be revised, please notify OEB staff for the necessary update in the Revenue to Cost Ratio Adjustment model.

Rate Class	Direction	Current Year 2017	Transition Year 1 2018	Tra
Residential	Change	92.85%	94.77%	
General Service Less Than 50 kW	No Change	103.03%	103.03%	
General Service 50 to 2,499 kW	No Change	104.44%	104.44%	
General Service 2,500 to 4,999 kW	No Change	109.72%	109.72%	
Street Lighting	Change	294.25%	206.25%	
Sentinel Lighting	No Change	115.49%	115.49%	
Unmetered Scattered Load	Change	118.61%	120.00%	

D) Proposed Revenue-to-Cost Ratios

Class	Proposed Revenue-to-Cost Ratios			Policy Range
	2017	2018	2019	
	%	%	%	%
Residential	92.85	96.01	97.32	85 - 115
GS < 50 kW	103.03	103.03	103.03	80 - 120
GS 50-2999 kW	104.44	104.44	104.44	80 - 120
GS 3000-4999 kW	109.72	109.72	109.72	80 - 120
Street Lighting	294.25	206.25	119.25	80 - 120
Sentinel Lighting	115.49	115.49	115.49	80 - 120
Unmetered Scattered Load (USL)	118.61	120.00	120.00	80 - 120