



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

DECISION AND RATE ORDER

EB-2017-0057

Lakefront Utilities Inc.

Application for rates and other charges to be effective January 1, 2018

BEFORE: Lynne Anderson
Presiding Member

Allison Duff
Member

Originally Issued on December 14, 2017

Revised on April 6, 2018

1 INTRODUCTION AND SUMMARY

Through this Decision and Order, the Ontario Energy Board (OEB) approves the incentive rate-setting mechanism (IRM) application filed by Lakefront Utilities Inc. (Lakefront Utilities) on August 11, 2017, as amended during the course of the proceeding.

Lakefront Utilities serves about 10,000 mostly residential and commercial electricity customers in the Town of Cobourg and the Village of Colborne. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licenced and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the OEB's [Chapter 3 Filing Requirements for Incentive Rate-Setting Applications](#) (Filing Requirements).

Lakefront Utilities' application is based on a Price Cap Incentive Rate-setting option (Price Cap IR) with a five-year term. The Price Cap IR option involves the setting of rates through a cost of service (COS or rebasing) application in the first year. Mechanistic price cap adjustments, based on inflation and the OEB's assessment of the distributor's efficiency, are then approved through IRM applications in each of the ensuing four (adjustment) years.

As a result of the OEB's findings in this Decision, there will be a monthly bill decrease of \$0.09 for a residential customer consuming 750 kWh, effective January 1, 2018.

Lakefront Utilities has also applied to change the composition of its distribution service rates. Residential distribution service rates currently include a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.¹ Accordingly, the fixed monthly charge for 2018 has once again been adjusted upward in this Decision by more than the mechanistic price cap adjustment alone. The variable usage rate is commensurately lower. This policy change does not affect the total revenue that distributors collect from residential customers.

¹ OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers", EB-2012-0410, April 2, 2015

2 THE PROCESS

The OEB follows a standardized and streamlined process for hearing IRM applications filed under Price Cap IR. In each adjustment year of a Price Cap IR term, the OEB prepares a Rate Generator Model that includes information from the distributor's past proceedings and annual reporting requirements. A distributor will then review and complete the Rate Generator Model and include it with its application. During the course of the proceeding, the Rate Generator Model will also be updated or corrected, as required.

The Rate Generator Model updates base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances.

Lakefront Utilities filed its application on August 11, 2017, under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) and in accordance with the Filing Requirements.

Notice of Lakefront Utilities' application was issued on October 17, 2017. No parties or persons applied for intervenor status or cost eligibility. OEB staff participated in the proceeding.

The application was supported by pre-filed written evidence and a completed Rate Generator Model. During the course of the proceeding, the applicant responded to interrogatories and, where required, updated and clarified the evidence. Final submissions on the application were filed by Lakefront Utilities and OEB staff.

3 ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Lakefront Utilities' proposals relating to each of them:

- Price Cap Adjustment
- Revenue-to-Cost Ratio Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Residential Rate Design

In the final section, the OEB addresses the steps to implement the final rates that flow from this Decision.

4 PRICE CAP ADJUSTMENT

Lakefront Utilities seeks to increase its rates, effective January 1, 2018, based on a mechanistic rate adjustment using the OEB-approved *inflation minus X-factor* formula applicable to Price Cap IR applications.

The components of the Price Cap IR formula applicable to Lakefront Utilities are set out in Table 4.1, below. Inserting these components into the formula results in a 1.05% increase to Lakefront Utilities' rates: $1.05\% = 1.20\% - (0.00\% + 0.15\%)$.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation Factor ²		1.20%
X-Factor	Productivity ³	0.00%
	Stretch (0.00% – 0.60%) ⁴	0.15%

The inflation factor of 1.20% applies to all Price Cap IR applications for the 2018 rate year.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that will vary among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors with a tangible incentive to improve efficiency or else experience declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Price Cap IR applications for the 2018 rate year.

The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The

² Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors”, EB-2010-0379, December 4, 2013

³ Ibid.

⁴ The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2016 Benchmarking Update”, prepared by Pacific Economics Group LLC., July 15, 2017

stretch factor assigned to any particular distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. The stretch factor assigned to Lakefront Utilities is 0.15%.

Findings

The OEB finds that Lakefront Utilities' request for a 1.05% Price Cap IR adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Lakefront Utilities' new rates shall be effective January 1, 2018.

The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.⁵

5 REVENUE-TO-COST RATIO ADJUSTMENTS

A revenue-to-cost ratio measures the relationship between the revenues that a distributor expects to receive from a class of customers and the level of costs allocated to that class. Generally, an increase to the revenue-to-cost ratio of one rate class will result in a decrease to the ratio of one or more of the other rate classes. A distributor may seek to adjust its revenue-to-cost ratios during an IRM term, in accordance with OEB-established target ranges, if the adjustment was approved by the OEB in a previous proceeding.⁶

In this application, Lakefront Utilities proposes an increase to the revenue-to-cost ratios for Residential Service Class and Unmetered Scattered Load Service Class customers. The additional revenues from these adjustments would be used to reduce the revenue-to-cost ratios for Street Lighting Service Class customers.

⁵ Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: 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, and retail service charges.

⁶ Report of the OEB – “Application of Cost Allocation for Electricity Distributors”, EB-2007-0667, November 28, 2007; and, Report of the OEB – “Review of Electricity Distribution Cost Allocation Policy”, EB-2010-0219, March 31, 2011

Table 5.1, below, outlines the revenue-to-cost ratios for which the applicant seeks approval for the 2018 rate year.

Table 5.1: Revenue-to-Cost Ratios

Rate Class	2017 Ratio (%)	Proposed 2018 Ratio (%)
RESIDENTIAL SERVICE CLASSIFICATION	92.85	94.77
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	103.03	103.03
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION	104.44	104.44
GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION	109.72	109.72
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	118.61	120.00
SENTINEL LIGHTING SERVICE CLASSIFICATION	115.49	115.49
STREET LIGHTING SERVICE CLASSIFICATION	294.25	206.25

Findings

The OEB agrees that the proposed adjustments for the 2018 rate year are consistent with OEB's findings in its decision for Lakefront Utilities' 2017 rates.⁷ Lakefront Utilities' revenue-to-cost ratios are approved, as set out in Table 5.1 above.

6 RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers to recover the amounts they pay to a transmitter, a host distributor or both for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) approved by the OEB to distributors connected to the transmission system. Host distributors charge

⁷ Decision and Order, EB-2016-0089, December 8, 2016

host-RTSRs to distributors embedded within the host's distribution system.

Lakefront Utilities is fully embedded within Hydro One Networks Inc.'s distribution system and is requesting approval to adjust the RTSRs that it charges its customers to reflect the rates that it pays for transmission services included in Table 6.1.

Table 6.1: Hydro One Networks Inc. Sub-Transmission Host-RTSRs⁸

Current Applicable Sub-Transmission Host-RTSRs (2017)	per kWh
Network Service Rate	\$3.19
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.77
Transformation Connection Service Rate	\$1.75

Findings

Lakefront Utilities' proposed adjustment to its RTSRs is approved. Lakefront Utilities' RTSRs were adjusted to reflect the current host-RTSRs.

Cost differences resulting from the approval of new host-RTSRs will be captured in Accounts 1584 and 1586 for future disposition.

7 GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.⁹ OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of \$0.001 per kWh, unless a distributor

⁸ Decision and Order, EB-2016-0081, December 21, 2016

⁹ Group 1 accounts track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

justifies why balances should not be disposed.¹⁰ If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2016 actual year-end total balance for Lakefront Utilities' Group 1 accounts including interest projected to December 31, 2017 is a credit of \$574,890. This amount represents a total credit claim of \$0.0024 per kWh, which exceeds the disposition threshold. Lakefront Utilities proposed the disposition of this credit amount over a one-year period in its IRM application as originally filed on August 11, 2017.

Upon reviewing the Global Adjustment (GA) Analysis Workform the Lakefront Utilities filed with its application, OEB staff asked Lakefront Utilities a series of preliminary questions in relation to certain balances reported in the GA Analysis Workform (the workform). In the workform, Lakefront Utilities included a reconciling item, "Consumption – IESO compared to Billed", in the amount of \$1,563,022 (as adjusted during the course of the proceeding). The explanation for this item states:

Breakdown of Global Adjustment amount per the monthly IESO invoice is determined based on the data downloaded from Utilismart.¹¹ The Global Adjustment billed to customers is based on the monthly consumption data per Northstar.¹²

In its response to an OEB staff interrogatory,¹³ Lakefront Utilities explained that when it apportions the total consumption between regulated price plan (RPP) and non-RPP customers for the purposes of settlement with the IESO, it uses the Utilismart data. To bill non-RPP customers, the consumption comes from the Northstar billing system. This creates an inconsistency given the two different sources of data.

Lakefront Utilities also indicated that it has not included consumption data of 9,078,790 kWh for retailers as the query used to extract the consumption data from the Northstar billing system did not factor in the volumes for customers with retailers. As such, retailer consumption data was not included in the apportioning of consumption between RPP and non-RPP customers.

In its response to interrogatories from OEB staff, Lakefront Utilities withdrew its request to dispose of the Group 1 deferral and variance accounts. OEB staff submitted that

¹⁰ Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009

¹¹ Utilismart is Lakefront Utilities' wholesale settlement system.

¹² Northstar is Lakefront Utilities' CIS billing system.

¹³ Lakefront Utilities' response to OEB staff interrogatory-2 part 2) c

Lakefront Utilities should engage a third-party auditor, at its expense, to perform an audit of the December 31, 2017 balances in Accounts 1588 and 1589.

As part of its reply letter, Lakefront Utilities confirmed that it plans to engage a third-party auditor to perform an audit of the December 31, 2017 balances in Accounts 1588 and 1589.¹⁴

OEB staff also submitted that Lakefront Utilities should undertake a review and update its business processes relating to RPP settlement with the IESO and have such business processes confirmed for accuracy by a third-party auditor, at its expense. OEB staff further submitted that the results of the audit, together with the report summarizing the review and update of its RPP settlements business processes, should be filed with the OEB as part of a future rate application.

Findings

The OEB accepts Lakefront Utilities' withdrawal of its proposal to dispose of the December 31, 2016 balances in the Group 1 deferral and variance accounts. It is critical that balances are accurate before they are disposed. The OEB requires Lakefront Utilities to have a third-party audit of the December 31, 2017 balances in Accounts 1588 and 1589, and of the settlement process Lakefront Utilities uses for these accounts. Lakefront Utilities shall file the audit report in its next rate application.

8 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB's residential rate design policy stipulates that distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period, beginning in 2016.¹⁵ The OEB requires that distributors filing IRM applications affecting 2018 rates continue with this transition by once again adjusting their distribution rates to increase the fixed monthly service charge and decrease the variable charge consistent with the policy.

The OEB expects an applicant to apply two tests to evaluate whether mitigation of bill impacts for customers is required during the transition period. Mitigation usually takes the form of a lengthening of the transition period. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to

¹⁴ Lakefront Utilities' response to OEB staff interrogatory-2 part 7)

¹⁵ As outlined in the Policy cited at footnote 1 above.

calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption is at the 10th percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

In responding to an interrogatory from OEB staff, Lakefront Utilities confirmed that its distribution rates are transitioning to fixed rates over four years, with two years remaining.

Lakefront Utilities submits that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$2.75. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

Findings

The OEB finds that the proposed 2018 increase to the monthly fixed charge is calculated in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers show that no mitigation is required. The OEB agrees that a four year transition to fixed rates is appropriate. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

9 OTHER MATTERS

In addition to the matters discussed previously, Lakefront Utilities sought approval for the following rates and charges¹⁶ in its application:

- Continuance of the micro-FIT monthly Charge
- Continuance of the Smart Meter Entity Charge
- Continuance of the Specific Services charges and Loss Factors as approved in Lakefront Utilities' 2017 Cost of Service Application (EB-2016-0089)
- Continuance of Rate Riders and Adders for which the sunset date has not yet been reached.

¹⁶ Lakefront Utilities' 2018 IRM Application, EB-2017-0057, August 11, 2017, page 4-5

These rate and charges were approved by the OEB in previous proceedings. No further approval is required in this Decision to include these on Lakefront Utilities' Tariff of Rates and Charges.

10 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model, applicable supporting models, and a Tariff of Rates and Charges (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with Lakefront Utilities' last COS decision, and to ensure that the 2017 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2016, are as reported by Lakefront Utilities to the OEB. The Rate Generator Model was adjusted, where applicable, to correct any discrepancies.

The Rate Generator Model incorporates the rates set out in the following table.

Table 10.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	\$0.0003
Wholesale Market Service (WMS) billed to Class A and B Customers	\$0.0032
Capacity Based Recovery (CBR) billed to Class B Customers	\$0.0004

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate generic order. The RRRP rate was set by the OEB on June 22, 2017.¹⁷ The WMS and CBR rates were set by the OEB on December 15, 2016.¹⁸

¹⁷ Decision and Order, EB-2017-0234, June 22, 2017

¹⁸ Decision and Order, EB-2016-0362, December 15, 2016

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Lakefront Utilities Inc.'s new distribution rates shall be effective January 1, 2018.
2. The Tariff of Rates and Charges set out in Schedule A shall be deemed *draft* until the parties have complied with the subsequent procedural steps.
3. Lakefront Utilities Inc. shall review the Tariff of Rates and Charges set out in Schedule A and shall file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, within **7 days** of the date of issuance of this Decision and Rate Order.
4. This Tariff of Rates and Charges will be considered final if Lakefront Utilities Inc. does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to item 3. Lakefront Utilities Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.
5. If the OEB receives a submission from Lakefront Utilities Inc. to the effect that inaccuracies were found or information was missing pursuant to item 3, the OEB will consider the submission prior to issuing a final Tariff of Rates and Charges.
6. In its next rate application, Lakefront Utilities Inc. shall file the audit report of a third-party audit of the December 31, 2017 balances in Accounts 1588 and 1589, and of the settlement process Lakefront Utilities Inc. uses for these accounts.

All filings to the OEB must quote the file number, EB-2017-0057 and be made electronically through the OEB's web portal at <http://www.pes.ontarioenergyboard.ca/eservice/> in searchable/unrestricted PDF format. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at https://www.oeb.ca/oeb/Documents/e-Filing/RESS_Document_Guidelines_final.pdf. If the web portal is not available parties may email their documents to the address below.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS

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

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

DATED at Toronto, December 14, 2017

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2017-0057

DATED: December 14, 2017

Lakefront Utilities Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0057

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. Class B consumers are defined in accordance with O. Reg. 429/04. 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	\$	19.32
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0039
Low Voltage Service Rate	\$/kWh	0.0014
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0049

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Lakefront Utilities Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0057

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. Class B consumers are defined in accordance with O. Reg. 429/04. 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	\$	24.21
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0083
Low Voltage Service Rate	\$/kWh	0.0012
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0057
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0044

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Lakefront Utilities Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0057

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. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. 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.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

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	\$	85.07
Distribution Volumetric Rate	\$/kW	3.4089
Low Voltage Service Rate	\$/kW	0.4933
Retail Transmission Rate - Network Service Rate	\$/kW	2.2735
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7799

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Lakefront Utilities Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2017-0057

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. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. 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.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

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	\$	5,861.80
Distribution Volumetric Rate	\$/kW	2.1063
Low Voltage Service Rate	\$/kW	0.5819
Retail Transmission Rate - Network Service Rate	\$/kW	2.5428
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.0994

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Lakefront Utilities Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2018
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EB-2017-0057

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. Class B consumers are defined in accordance with O. Reg. 429/04. 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)	\$	14.59
Distribution Volumetric Rate	\$/kWh	0.0217
Low Voltage Service Rate	\$/kWh	0.0015
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0064
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0055

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
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. Class B consumers are defined in accordance with O. Reg. 429/04. 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.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	5.00
Distribution Volumetric Rate	\$/kW	11.3955
Low Voltage Service Rate	\$/kW	0.3893
Retail Transmission Rate - Network Service Rate	\$/kW	1.7231
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.4048

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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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. Class B consumers are defined in accordance with O. Reg. 429/04. 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)	\$	2.81
Distribution Volumetric Rate	\$/kW	7.3264
Low Voltage Service Rate	\$/kW	0.3814
Retail Transmission Rate - Network Service Rate	\$/kW	1.7147
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.3760

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0003
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 & 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 (with the exception of wireless attachments)	\$	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	1.0441
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0341