



**EB-2018-0049**

**Lakefront Utilities Inc.**

**Application for electricity distribution rates and standby  
charges effective January 1, 2019**

**DECISION ON PRELIMINARY QUESTION AND PROCEDURAL ORDER  
NO. 2  
November 20, 2018**

Lakefront Utilities Inc. (Lakefront Utilities) filed an incentive rate-setting mechanism (IRM) application with the Ontario Energy Board (OEB) on August 13, 2018 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) seeking approval for changes to its electricity distribution rates to be effective January 1, 2019.

Lakefront Utilities also requested approval for standby charges for specific classes of customers that install load displacement generation and require Lakefront Utilities to provide reserve capacity to back up their facilities when the load displacement generation is not available.

On October 22, 2018, the OEB issued Procedural Order No. 1 which indicated that prior to proceeding to hear Lakefront Utilities' IRM application, the OEB would first allow for written submissions in order to make a determination on the following preliminary question:

Should the OEB consider Lakefront Utilities' request for standby charges in an IRM application?

The OEB received submissions from ECNG Energy L.P. (ECNG), Northumberland Hills Hospital (NHH), OEB staff, and the Vulnerable Energy Consumers Coalition (VECC), and an initial and reply submission from Lakefront Utilities.

## Findings

The OEB finds that Lakefront Utilities' request to establish a standby rate is out of scope for an IRM application. Requests for standby rates should be included in a cost of service application in which cost allocation and rate design proposals can be considered with supporting documentation.

This finding relating to the scope of an IRM application is consistent with the Chapter 3 IRM Filing Requirements which state: "the IRM process is not the appropriate way for a distributor to seek relief on issues which are specific to only one or a few distributors, more complicated relative to issues typical of an IRM application, or potentially contentious".<sup>1</sup> The OEB acknowledges that the standby rates issue is not unique or specific to Lakefront Utilities, yet it is more complicated relative to issues typical in an IRM application as it involves deriving and establishing a new customer rate for inclusion on the Tariffs of Rates and Charges. In contrast, standby rates are specifically identified within the OEB's Chapter 2 Cost of Service Filing Requirements.<sup>2</sup>

Lakefront Utilities' submissions focused on the merits of the issue, including the need and precedent for establishing standby rates for distributors. The OEB acknowledges the importance of this emerging issue for distributors, especially for Lakefront Utilities with two customers considering behind the meter electricity generation. Lakefront Utilities' application has highlighted the urgency for the OEB to complete its industry-wide consultation of the generic issue in EB-2015-0043, a proceeding that began in 2015.

Through the disposition of the preliminary question, the OEB has narrowed the scope of Lakefront Utilities' application for the purpose of the interrogatory process and cost award process. Procedural Order No. 1 granted ECNG, NHH, and VECC intervenor status and determined that NHH and VECC were eligible to apply for cost awards only in relation to Lakefront Utilities' request for standby charges. Despite the change in scope, these parties maintain intervenor status in this proceeding.

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<sup>1</sup> Filing Requirements for Electricity Distribution Rate Applications issued July 12, 2018, Chapter 3, p. 30.

<sup>2</sup> Filing Requirements for Electricity Distribution Rate Applications issued July 12, 2018, Chapter 2, p. 47.

It is necessary to make provision for the following matters related to this proceeding. The OEB may issue further procedural orders from time to time.

**IT IS THEREFORE ORDERED THAT:**

1. OEB staff and intervenors shall request any information and material from Lakefront Utilities that is in addition to Lakefront Utilities' evidence and that is relevant to the hearing by written interrogatories filed with the OEB and delivered to Lakefront Utilities and all other parties by **November 22, 2018**.
2. Lakefront Utilities shall file with the OEB complete written responses to the interrogatories and deliver them to intervenors by **November 29, 2018**.
3. Any written submission by OEB staff and intervenors shall be filed with the OEB and delivered to all other parties by **December 5, 2018**.
4. Lakefront Utilities may file a written reply submission with the OEB and deliver it to intervenors by **December 11, 2018**.

All filings to the OEB must quote the file number, EB-2018-0049 and be made electronically in searchable/unrestricted PDF format through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice/>. 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 <http://www.oeb.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

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.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Vince Mazzone at [Vince.Mazzone@oeb.ca](mailto:Vince.Mazzone@oeb.ca) and OEB Counsel, Richard Lanni at [Richard.Lanni@oeb.ca](mailto:Richard.Lanni@oeb.ca).

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**DATED** at Toronto, **November 20, 2018**

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary