



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

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## DECISION AND RATE ORDER

EB-2018-0049

## LAKEFRONT UTILITIES INC.

Application for rates and other charges to be effective January 1, 2019

**BEFORE:** Allison Duff  
Presiding Member

Michael Janigan  
Member

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December 20, 2018

# 1 INTRODUCTION AND SUMMARY

Through this Decision and Order, the Ontario Energy Board (OEB) approves elements<sup>1</sup> of the incentive rate-setting mechanism (IRM) application filed by Lakefront Utilities Inc. (Lakefront Utilities) on August 13, 2018, 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 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 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 total bill increase before taxes of \$0.40 for a residential customer consuming 750 kWh, effective January 1, 2019.

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.<sup>2</sup> This is the last year of Lakefront Utilities' transition period and, accordingly, 2019 is the final year in which Lakefront Utilities' rates will be adjusted upwards by more than the mechanistic adjustment alone. Lakefront Utilities has transitioned to a fully fixed structure. There is

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<sup>1</sup> In the IRM application, as originally filed, Lakefront Utilities requested approval for standby charges for specific classes of customers that install load displacement generation and require the utility to provide reserve capacity. Through Procedural Order No.1, the OEB indicated that prior to hearing 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?" After considering the written submissions of the parties, on November 20, 2018, the OEB issued its Decision on the Preliminary Question and Procedural Order No. 2 and, as set out therein, determined that the request to establish standby charges is out of scope for an IRM application.

<sup>2</sup> OEB Policy – "A New Distribution Rate Design for Residential Electricity Customers." EB-2012-0410, April 2, 2015

no longer a variable usage rate for this class of customer. This policy change does not affect the total revenue that distributors collect from residential customers.

## 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 13, 2018 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 September 5, 2018. ECNG Energy L.P., Northumberland Hills Hospital, and the Vulnerable Energy Consumers Coalition responded to the Notice and became parties to the proceeding. OEB staff also participated in the proceeding. Cost awards were allowed for Lakefront Utilities request for standby charges.

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.

This Decision does not address rates and charges approved by the OEB in previous proceedings which are not part of the scope of an IRM proceeding (such as specific service charges and loss factors). No further approvals are required to continue to include these items on a distributor's Tariff of Rates and Charges.

## 4 PRICE CAP ADJUSTMENT

Lakefront Utilities seeks to increase its rates, effective January 1, 2019, based on a mechanistic rate adjustment using the OEB-approved *inflation minus X-factor* formula applicable to Annual Index IR applications.

The components of the Annual IR Index adjustment formula applicable to Lakefront Utilities are set out in Table 4.1, below. Inserting these components into the formula results in a 1.35% increase to Lakefront Utilities' rates:  $1.35\% = 1.50\% - (0.00\% + 0.15\%)$ .

**Table 4.1: Annual Index IR Adjustment Formula**

Components		Amount
Inflation Factor <sup>3</sup>		1.50%
X-Factor	Productivity <sup>4</sup>	0.00%
	Stretch (0.00% – 0.60%) <sup>5</sup>	0.15%

The inflation factor of 1.50% applies to all Price Cap IR applications for the 2019 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,

<sup>3</sup> For 2019 Inflation factor see Ontario Energy Board 2019 Electricity Distribution Rate applications - Updates November 23, 2018.

<sup>4</sup> Report of the OEB – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, Issued November 21, 2013, corrected December 4, 2013.

<sup>5</sup> The stretch factor groupings are based on the Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2017 Benchmarking Update”, prepared by Pacific Economics Group LLC., August 2018.

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 2019 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 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 1.35% rate 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, 2019.

The adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes.<sup>6</sup>

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<sup>6</sup> 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, smart metering entity charge, 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.

## 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.<sup>7</sup>

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

Table 5.1, below, outlines the revenue-to-cost ratios for which the applicant seeks approval for the 2019 rate year.

**Table 5.1: Revenue-to-Cost Ratios**

<b>Rate Class</b>	<b>2018 Ratio (%)</b>	<b>Proposed 2019 Ratio (%)</b>
RESIDENTIAL SERVICE CLASSIFICATION	96.01	97.95
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	120.00	120.00
SENTINEL LIGHTING SERVICE CLASSIFICATION	115.49	115.49
STREET LIGHTING SERVICE CLASSIFICATION	206.25	119.25

<sup>7</sup> Report of the OEB – “Application of Cost Allocation for Electricity Distributors.” EB-2007-0667, November 28, 2007; and, Report of the Board – “Review of Electricity Distribution Cost Allocation Policy.” EB-2010-0219, March 31, 2011

## Findings

The OEB agrees that the proposed adjustments for the 2019 rate year are consistent with OEB's findings in its decision for Lakefront Utilities' 2017 rates.<sup>8</sup> 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 host-RTSRs to distributors embedded within the host's distribution system.

Lakefront Utilities is fully embedded within Hydro One Network 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, as set out in Table 6.1.

**Table 6.1: Hydro One Networks Inc. Sub-Transmission Host-RTSRs<sup>9</sup>**

<b>Current Approved Sub-Transmission Host RTSRs (2017)</b>	<b>per kW</b>
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. The RTSRs were adjusted based on the current host-RTSRs.

The differences resulting from the approval of new 2019 RTSRs will be captured in Accounts 1584 and 1586 for future disposition.

<sup>8</sup> Decision and Order, EB-2016-0089, December 8, 2016

<sup>9</sup> Decision and Order, EB-2016-0081, December 21, 2016

## 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.<sup>10</sup> 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 justifies why balances should not be disposed.<sup>11</sup> If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2017 actual year-end total balance for Lakefront Utilities' Group 1 accounts including interest projected to December 31, 2018 is a debit of \$2,002,764. This amount represents a total debit claim of \$0.0085 per kWh, which exceeds the disposition threshold. In spite of the debit amount exceeding the disposition threshold, Lakefront Utilities has not applied for disposition.

Lakefront Utilities indicated that it received a credit of \$2,099,600 in March 2018 from the IESO, relating to its 2017 commodity pass through account balances, Account 1588 RSVA Power and Account 1589 RSVA Global Adjustment. This credit offsets the total December 31, 2017 Group 1 account balance and accordingly Lakefront Utilities is not proposing to dispose of its Group 1 accounts.

In response to an OEB staff interrogatory,<sup>12</sup> Lakefront Utilities' indicated that it did not report its Class A kWh for the 2017 consumption months of July, August, September, 2017. As a result, it also could not report consumption for the month of December 2017. In the absence of this reporting, Lakefront Utilities was overcharged by the IESO for its Class B Global Adjustment.

Lakefront Utilities filed a third-party audit report of its balances in Account 1588 and 1589 with its application. The audit report was ordered by the OEB in its final decision on Lakefront Utilities' 2018 IRM application.<sup>13</sup> In response to an OEB staff interrogatory,<sup>14</sup> Lakefront Utilities indicated that it had identified the adjustment noted above on its own accord, after the third-party audit, and further noted that its auditors were informed of the adjustment after the release of the audit report. Lakefront Utilities also indicated that its auditor does not intend to restate its third-party audit report on

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<sup>10</sup> 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.

<sup>11</sup> Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

<sup>12</sup> Lakefront Utilities' response to OEB staff interrogatory #6b

<sup>13</sup> Decision and Rate Order, EB-2017-0057, December 14, 2018

<sup>14</sup> Lakefront Utilities' response to OEB staff interrogatory #6a



Lakefront Utilities' December 31, 2017 balances of Accounts 1588 and 1589 but instead will correct this error during the Lakefront Utilities' 2018 annual financial statement audit.

In its submission, OEB staff stated that it is unclear why Lakefront Utilities' external auditor was not aware of the Class A settlement error, and why Lakefront Utilities would not have notified the auditor about the error before the conclusion of the audit. OEB staff also stated that it is also unclear what the impact of the error would be to both the audit and non-audit adjustments on Lakefront Utilities' settlements with the IESO and whether any resulting settlement true-ups have been reflected within the December 31, 2017 Group 1 balances in the commodity pass-through accounts.

OEB staff submitted that the Group 1 balances should not be disposed. OEB staff further submitted that Lakefront Utilities should provide explanations to a number of questions set out in its submission as part of Lakefront Utilities' next rate application and that Lakefront Utilities should undertake another audit (either using an external audit firm or the OEB's Audit and Investigations unit) of the commodity pass-through accounts.

In its reply submission, Lakefront Utilities stated that the error was an isolated incident and is not indicative of its overall control process, and emphasized that the error was isolated to Class A customers. Lakefront Utilities indicated that its auditor will be reclassifying the 2017 balances in the 2018 financial statements and will provide full disclosure of the differences noted. In addition, during the 2018 financial statement audit, Lakefront Utilities' auditor will be increasing the audit testing associated with Accounts 1588 and 1589 and the process related to the settlement with the IESO.

Lakefront Utilities further replied that the third-party audit should be deferred until 2020. Lakefront Utilities stated that it believes that deferring the third-party audit will allow it to demonstrate in its 2020 IRM application that it has sufficient controls in place surrounding Accounts 1588 and 1589 and that the Class A settlement error was an isolated error. Lakefront Utilities' also submitted that it will provide explanations to OEB staff questions in its 2020 IRM application and that if any issues are noted by OEB staff in Lakefront Utilities' 2020 IRM filing, then Lakefront Utilities would support a recommendation of a third-party audit.

## Findings

The OEB will not approve disposition of the Group 1 balances as of December 31, 2017 in this proceeding. It is essential that balances are correct before they are disposed.

The OEB is concerned with the corrections made by Lakefront Utilities to Accounts 1588 and 1589 after the third-party audit conducted in 2018. The OEB would have expected the audit to be sufficient to verify the correct balances proposed for

disposition. The OEB cannot rely on the audit report that was filed on August 23, 2018 and agrees with OEB staff that an updated audit report related to the December 31, 2017 balances should be filed with Lakefront Utilities' 2020 IRM application.

In its 2020 IRM application, Lakefront Utilities should confirm that the scope of work for its updated audit, included a review of the IESO settlement process for Accounts 1588 and 1589. In addition, the updated audit report should indicate whether IESO debits or credits received after the respective December 31 year end, were considered.

In reply submission, Lakefront Utilities supported a subsequent third-party audit and review of its related controls. Lakefront Utilities indicated that it could ensure sufficient controls were in place to ensure accuracy and determine whether the Class A settlement error in 2017 was an isolated error. The OEB agrees. In the interim, the OEB encourages Lakefront Utilities to leverage OEB staff's knowledge and reporting guidance related to Accounts 1588 and 1589.

## 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.<sup>15</sup> This is the last year of Lakefront Utilities' transition period and, accordingly, 2019 is the final year in which Lakefront Utilities' rates will be adjusted upwards by more than the mechanistic adjustment alone. Lakefront Utilities has transitioned to a fully fixed structure.

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 \$4.00. The second is to 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 10<sup>th</sup> percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

Lakefront Utilities submits that the implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$2.82. The bill impacts arising

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<sup>15</sup> As outlined in the Policy cited at footnote 1 above.

from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

## Findings

The distributor has now completed its transition to a fully fixed rate structure.

The OEB finds that the proposed 2019 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 demonstrate that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final Rate Generator Model.

## 9 IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model, applicable supporting models, and a Tariff of Rates and Charges with an effective date of January 1, 2019 (Schedule A).

Model entries were reviewed in order to ensure that they are in accordance with Lakefront Utilities' last cost of service decision, and to ensure that the 2018 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2017, 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 9.1: 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, WMS

and CBR rates were set by the OEB on December 20, 2017.<sup>16</sup>

The Smart Metering Entity Charge is a component of the “Distribution Charge” on a customer’s bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB on March 1, 2018.<sup>17</sup>

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Lakefront Utilities Inc.’s new final distribution rates shall be effective January 1, 2019.
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, by **December 28, 2018**.
4. This Decision and Rate Order 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.
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 revising and issuing a final Tariff of Rates and Charges.
6. Lakefront Utilities Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

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<sup>16</sup> Decision and Order, EB-2017-0333, December 20, 2017.

<sup>17</sup> Decision and Order, EB-2017-0290, March 1, 2018.

## COST AWARDS

The OEB will issue a separate decision on cost awards once the following steps are completed:

1. Northumberland Hills Hospital and the Vulnerable Energy Consumers Coalition shall submit to the OEB and copy Lakefront Utilities Inc. their cost claims no later than **January 10, 2019**.
2. Lakefront Utilities Inc. shall file with the OEB and forward to Northumberland Hills Hospital and the Vulnerable Energy Consumers Coalition any objections to the claimed costs no later than **January 17, 2019**.
3. Northumberland Hills Hospital and the Vulnerable Energy Consumers Coalition shall file with the OEB and forward to Lakefront Utilities Inc. any responses to any objections for cost claims no later than **January 24, 2019**.
4. Lakefront Utilities Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

All filings to the OEB must quote the file number, EB-2018-0049 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](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. Those who do not have internet access are required to submit all filings on a USB flash drive in PDF format, along with two paper copies. Those who do not have computer access are required to file seven 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.

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

**DATED** at Toronto, December 20, 2018

**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-2018-0049**

**DATED: December 20, 2018**

**Lakefront Utilities Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date January 1, 2019**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2018-0049

## 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	\$	22.88
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Low Voltage Service Rate	\$/kWh	0.0014
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0060
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0048

## 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, 2019**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

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## 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	\$	24.54
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Distribution Volumetric Rate	\$/kWh	0.0084
Low Voltage Service Rate	\$/kWh	0.0012
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0043

### 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, 2019**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2018-0049

## **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.

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### **MONTHLY RATES AND CHARGES - Delivery Component**

Service Charge	\$	86.22
Distribution Volumetric Rate	\$/kW	3.4549
Low Voltage Service Rate	\$/kW	0.4933
Retail Transmission Rate - Network Service Rate	\$/kW	2.2135
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.7380

### **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, 2019**  
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## 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

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	5,940.93
Distribution Volumetric Rate	\$/kW	2.1347
Low Voltage Service Rate	\$/kW	0.5819
Retail Transmission Rate - Network Service Rate	\$/kW	2.4757
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.0500

### 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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## 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

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### MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per customer)	\$	14.79
Distribution Volumetric Rate	\$/kWh	0.0220
Low Voltage Service Rate	\$/kWh	0.0015
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0062
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0054

### 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.**  
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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)	\$	5.07
Distribution Volumetric Rate	\$/kW	11.5493
Low Voltage Service Rate	\$/kW	0.3893
Retail Transmission Rate - Network Service Rate	\$/kW	1.6776
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.3717

### 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)	\$	1.53
Distribution Volumetric Rate	\$/kW	4.0009
Low Voltage Service Rate	\$/kW	0.3814
Retail Transmission Rate - Network Service Rate	\$/kW	1.6695
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.3436

### **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)	\$	43.63
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