



Lakefront  
Utilities  
Inc.

October 15, 2019

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

**Attention: Ms. Judy But**  
**Regarding: OEB Staff Interrogatories – EB-2019-0050**

Dear Mrs. But,

Please find attached accompanying responses to OEB Staff questions in the above proceeding.

Should the board have questions regarding this matter please contact Adam Giddings at [agiddings@lusi.on.ca](mailto:agiddings@lusi.on.ca) or Dereck Paul at [dpaul@lusi.on.ca](mailto:dpaul@lusi.on.ca)

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Adam Giddings', is written over a light blue horizontal line.

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

Cc: Dereck C. Paul

**Lakefront Utilities Inc.**

**2020 IRM Application**

**EB-2019-0050**

**Applicant's Responses to OEB Staff Questions**

## Staff Question-1

Ref: 2020 IRM rate generator model, Tab 1

### Pre-amble:

Lakefront Utilities provided the following responses in Tab 1. OEB staff has boxed in red the responses that require clarification:

Rate-Setting Method	Annual IR Index
1. Select the last Cost of Service rebasing year	2017
2. Select the year that the balances of Accounts 1588 and 1589 were last approved for disposition (e.g. If 2017 balances were approved for disposition in the 2019 rate application, select 2017)	2016
3. Select the year that the balances of the remaining Group 1 DVAs were last approved for disposition	2016
4. Select the earliest vintage year in which there is a balance in Account 1595 (e.g. If 2016 is the earliest vintage year in which there is a balance in a 1595 sub-account, select 2016)	2012
5. Did you have any Class A customers at any point during the period that the Account 1589 balance accumulated (i.e. from the year the balance was last disposed to the year requested for disposition)?	Yes
6. Did you have any customers classified as Class A at any point during the period where the balance in Account 1580, Sub-account CBR Class B accumulated (i.e. from the year the balance was last disposed to the year requested for disposition)?	No
7. Retail Transmission Service Rates: Lakefront Utilities Inc. is:	Transmission Connected

### Questions:

- Please revise the rate setting option to “Price Cap” as it is currently showing “Annual IR Index”.
- The following questions relate to questions 2 and 3:

Please explain why Lakefront Utilities selected “2016” as the last year in which Accounts 1588/1589 and remaining Group 1 balances were disposed.

This appears to be inconsistent with past OEB decisions for Lakefront Utilities, summarized as follows:

- In the 2017 COS proceeding (EB-2016-0089), group 1 DVA balances were disposed as of December 31, 2015.
- In the 2018 IRM proceeding (EB-2017-0057), Lakefront Utilities withdrew the request to dispose of its 2016 group 1 DVA balances. A third party

audit on Account 1588/1589 balances up to December 31, 2017 (including 2016 and 2017 balances) was required to be submitted in the next rates proceeding.

- In the 2019 IRM proceeding (EB-2018-0049), the OEB did not approve the disposition of group 1 DVA balances as of December 31, 2017 and ordered a second audit to confirm accuracy of Account 1588/1589 balances.

If “2016” was provided in error, please confirm whether the selection should be “2015”. If not, please explain.

- c. Lakefront Utilities’ response to question 6 confirms that there were no Class A customers during the period in which Account 1580 balances accumulated. However, Lakefront Utilities provided 2017 Class A consumption for partial year Class A customers in Tab 6.2a of the IRM rate generator model. Please review accuracy of the selection to question 6 in Tab 1.
- d. Please confirm whether Lakefront Utilities’ selection as a “transmission connected” distributor was correct, as OEB staff understands the distributor is fully embedded in Hydro One’s distribution system.

### **Lakefront Utilities Response**

- a) 2020 IRM rate generator model was updated to “Price Cap”.
- b) Lakefront updated Question #2 and Question #3 on Tab 1. Information Sheet to “2015”.
- c) Lakefront Utilities updated Question #6 on Tab 1. Information Sheet to “Yes”.
- d) Lakefront Utilities updated Question #7 on Tab 1. Information Sheet to “Fully Embedded”.

## Staff Question-2

Ref: 2020 IRM rate generator model, Tab 6 (Class A consumption)

Application, Section 3.2.5.2, p. 21

### Pre-amble:

OEB staff identified the following issues with respect to the classification of transition customers and the presentation of full-year Class A volumes in Tab 6.

- There are discrepancies in the classification of customer #9 in Tables 3-a and 3-b.
- It is unclear whether customer #11 was a transition customer in 2017 or 2018.
- Table 3-b requires full-year Class A volumes to be aggregated by rate class and not by customer.

### Questions:

- a. For customer #9, please confirm whether this customer is classified under the “GS 50 to 2,999 kW” or “GS 3,000 to 4,999 kW” rate class. In Table 3-a, customer #9 is classified under “GS 50 to 2,999 kW”, but in Table 3-b, it is shown as “GS 3,000 to 4,999 kW”. Please confirm the correct rate classification for customer #9 and revise Tables 3-a and 3-b, accordingly.
- b. In the application, Lakefront Utilities stated it had 10 customers that transitioned from Class B to A for global adjustment in 2017. There was no mention of any customers that transitioned in 2018.
  - i. Please clarify whether customer #11 was a transition customer in 2018. If yes, please provide the Class B volumes for the periods: January to June 2017, July to December 2017, and January to June 2018 in Table 3-a.
  - ii. If customer #11 was not a transition customer in 2017 or 2018, please explain why it was included in Table 3-a.
  - iii. Please correct the class a/b selections for customer #11 in Table 3-a.
- c. Please review the response provided in cell 487 of Tab 6 and populate the full-year 2018 Class A volumes (kWh and kW) by rate class in Table 3-b.
- d. As Lakefront Utilities indicated it had 10 transition customers in 2017, please provide the respective 2016 volumes for these transition customers in Tab 6 of the IRM rate generator. Please also confirm that the 2016 data provided in Tab 6 is consistent with RRR filings.

## **Lakefront Utilities Response**

- a) Lakefront confirms that Customer #9 in Table 3-a should be classified under GS 3000 to 4999 kW". Table 3-a has been updated.
- b) Lakefront clarifies that customer #11 was a transition customer in 2018. Class B volumes for customer #11 was entered for the periods January to June 2017, July to December 2017, and January to June 2018 in Table 3-a. The correct Class A/B selections were updated for customer 11 in Table 3-a.
- c) Lakefront reviewed the response provided in cell 487 and left as "11". The full-year 2018 Class A volumes were updated in Table 3-b.
- d) The 2016 volumes for the transition customers were updated in Tab 6 of the IRM rate generator and confirms the data provided in Tab 6 is consistent with RRR filings.

Lakefront notes that the transition customer (customer #11) did not start operations until May 2017 and therefore consumption data for 2016 and January to June 2017 is minimal.

### Staff Question-3

Ref: 2020 IRM rate generator model, Tab 6.2a (CBR)

#### Pre-ample:

In Tab 6.2a, Lakefront Utilities did not provide data in Cell E19 “total consumption, less WMP” for the 2017 year. However, RRR 2.1.5 shows 235,405,060 kWh for 2017.

An extract is re-produced below:

Allocation of Total Consumption (kWh) between Current Class B and Class A/B Transition Customers

		Total	2018	2017
Total Consumption Less WMP Consumption	A	249,435,209	249,435,209	
Less Class A Consumption for Partial Year Class A Customers	B	34,527,411	-	34,527,411
Less Consumption for Full Year Class A Customers	C	72,320,747	72,320,747	-
<b>Total Class B Consumption for Years During Balance Accumulation</b>	<b>D = A-B-C</b>	<b>142,587,051</b>	<b>177,114,462</b>	<b>-</b>
All Class B Consumption for Transition Customers	E	33,732,456	-	33,732,456
<b>Transition Customers' Portion of Total Consumption</b>	<b>F = E/D</b>	<b>23.66%</b>		

#### Questions:

- Please confirm whether 2017 kWh volumes should be 0 (Cell E19 of Tab 6.2a) boxed above, when RRR 2.1.5 shows 235,405,060 kWh. Please update the rate generator model accordingly.
- If Tab 6.2a should include 2016 kWh volumes based on your response to Question-1 c) above, please provide the volume data and confirm that the 2016 volumes entered into the green shaded cells are consistent with RRR filings.

### Lakefront Utilities Response

- Lakefront confirms that the 2017 kWh volume should be 235,405,060 kWh and Tab 6.2a in the rate generator model has been updated.
- Tab 6.2a should include 2016 kWh volumes and Lakefront has updated Tab 6.2a and confirms that the volumes entered are consistent with RRR filings.

## Staff Question-4

Ref: 2020 IRM rate generator model, Tab 12 (RTSR Historic)

### Pre-amble:

In Tab 12, it appears that Line Connection and Transformation Connection revenues were switched, as the historic sub-transmission RTSR rates were highlighted in red.

An extract is re-produced below:

Hydro One	Network			Line Connection			Transformation Connection			Total Connection
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	43,591	\$3.1942	\$ 139,237	43,591	\$1.7493	\$ 76,253	43,591	\$0.7710	\$ 33,608	\$ 109,861
February	39,473	\$3.1942	\$ 126,084	39,473	\$1.7493	\$ 69,050	39,473	\$0.7710	\$ 30,433	\$ 99,483
March	36,842	\$3.1942	\$ 117,682	36,842	\$1.7493	\$ 64,449	36,842	\$0.7710	\$ 28,406	\$ 92,854
April	35,911	\$3.1942	\$ 114,707	35,911	\$1.7493	\$ 62,819	35,911	\$0.7710	\$ 27,687	\$ 90,507
May	38,751	\$3.1942	\$ 123,779	38,751	\$1.7493	\$ 67,787	38,751	\$0.7710	\$ 29,877	\$ 97,664
June	39,561	\$3.1942	\$ 126,367	39,561	\$1.7493	\$ 69,205	39,561	\$0.7710	\$ 30,502	\$ 99,707
July	43,243	\$3.1942	\$ 138,127	43,243	\$1.7493	\$ 75,645	43,243	\$0.7710	\$ 33,340	\$ 108,985
August	43,068	\$3.1942	\$ 137,569	43,068	\$1.7493	\$ 75,339	43,068	\$0.7710	\$ 33,206	\$ 108,545
September	45,583	\$3.1942	\$ 145,600	45,583	\$1.7493	\$ 79,738	45,583	\$0.7710	\$ 35,144	\$ 114,882
October	35,502	\$3.1942	\$ 113,401	35,758	\$1.7493	\$ 62,552	35,758	\$0.7710	\$ 27,570	\$ 90,122
November	39,161	\$3.1942	\$ 125,087	39,161	\$1.7493	\$ 68,504	39,161	\$0.7710	\$ 30,193	\$ 98,697
December	38,969	\$3.1942	\$ 124,474	38,969	\$1.7493	\$ 68,168	38,969	\$0.7710	\$ 30,045	\$ 98,213
<b>Total</b>	479,654	\$ 3.1942	\$ 1,532,112	479,911	\$ 1.7493	\$ 839,508	479,911	\$ 0.7710	\$ 370,011	\$ 1,209,519

### Question:

Please revise the entries for Line Connection and Transformation Connection, and confirm that the rates calculated are consistent with Hydro One Sub-transmission rates billed for the respective periods.

## Lakefront Utilities Response

Lakefront has revised the entries for Line Connection and Transformation Connection and the confirms that the rates calculated are consistent with Hydro One Sub-transmission rates billed for the respective periods.



## Staff Question-5

Ref: 1595 workform, Tab 2016

EB-2016-0089, Settlement Proposal 2017 COS EDDVAR Model, Tab 2 (DVA Continuity Schedule)

### Pre-amble:

OEB staff identified the following issues in Tab 1595 (2016):

- The residual balance from both components of the 1595 (2016) account balance: 1) total group 1 balance (excluding 1589) and 2) account 1589 (GA) have exceeded 10% of the approved amounts for disposition. However, the supporting tables populated in step 3 only relate to the riders to recover group 1 DVA balances.
- The rate rider “RSVA – Global Adjustment” was not selected (in step 2).
- Lakefront Utilities explains that its billing system revenues agree with the total rate rider dollars collected and returned. However, there is a significant difference between actual and forecast load in calculating the GA rider for the GS 3,000 to 4,999 kW rate class, which raises questions regarding the accuracy of either the billing determinants used to calculate the rate riders or the actual billing determinants for this specific rate class.

### Questions:

- a. Please confirm that Lakefront Utilities recovered the Account 1589 GA balance through a separate rate rider. If yes, please confirm whether the “Group 1 DVA account (excluding GA) – non WMP” rate rider (per step 2) was selected in error.

An extract from step 2 showing the rate rider selection of “Group 1 DVA account (excluding GA) – non WMP” is boxed below:

Select Rate Rider(s) Applicable for 1595 Recovery Period by indicating “Yes” in column G

Rate Rider - Group 1 DVA Accounts (Excluding Global Adjustment)		Yes
Rate Rider - Group 1 DVA Accounts (Excluding Global Adjustment) - Non-WMP		Yes
Rate Rider - RSVA - Global Adjustment		No
Rate Rider - RSVA - Group 2 Accounts (If a separate Group 2 rate rider was created)		No
Other 1		No
Other 2		No
Other 3		No

Please revise the rate class selection to “RSVA – Global Adjustment” as appropriate, and re-populate the table in step 3.

- b. In the step 3 tables for both rate rider groups, actual billed consumption was 40,390 kW for the GS 3,000 to 4,999 kW class in 2016. However, forecast consumption for the GS 3,000 to 4,999 kW class was approved to be 80,916 kW

to dispose of the group 1 DVA balance (excluding GA) and 80,896 kW to dispose of the GA balance in 2016.

An extract of the step 3 tables from 1595 (2016) is re-produced below:

RATE RIDER - GROUP 1 DVA ACCOUNTS (EXCLUDING GLOBAL ADJUSTMENT)  
Rate Rider Recovery Period (Months)

12

Data used to calculate rate rider (Data to agree with Rate Generator Model and OEB Decision as applicable for the vintage year) versus actuals

Rate Class	Unit	Allocated Balance to Rate Class as Approved by OEB	Denominator Used in Rider Calculation as Approved by OEB (annualized)	Calculated Rate Rider as Approved by OEB	Projected Consumption over Recovery Period	Billed Consumption (kWh/kW) that the rider was applied against**
RESIDENTIAL SERVICE CLASSIFICATION	kWh	\$90,046	75,057,500	\$0.0008	75,057,500	71,784,954
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	\$24,596	35,122,857	\$0.0007	35,122,857	31,317,252
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION	kW	\$98,390	294,243	\$0.2685	321,713	296,756
GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION	kW	\$8,925	80,916	\$0.1103	80,916	40,390
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	\$437	624,286	\$0.0007	624,286	608,700
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	\$33	62	\$0.5305	62	66
STREET LIGHTING SERVICE CLASSIFICATION	kW	\$907	3,412	\$0.2658	3,412	2,923
microFIT SERVICE CLASSIFICATION						
<b>TOTAL</b>		<b>\$181,314</b>				

\*\*Data for billed consumption should not be materially different from data submitted in RRR 2.1.5.4 filings. Please refer to RRR 2.1.5.4 filings to ensure billed consumption data is reasonably accurate.

There may be differences due to unbilled revenue accruals, recovery period dates, or other factors. However, any substantial deviations between billed consumption that the rider was applied against and billed consumption reported in RRR can be an indicator of rider misallocations or errors in the data used in the workform.

RATE RIDER - GROUP 1 DVA ACCOUNTS (EXCLUDING GLOBAL ADJUSTMENT) - NON-WMP  
Rate Rider Recovery Period (Months)

12

Data used to calculate rate rider (Data to agree with Rate Generator Model and OEB Decision as applicable for the vintage year) versus actuals

Rate Class	Unit	Allocated Balance to Rate Class as Approved by OEB	Denominator Used in Rider Calculation as Approved by OEB (annualized)	Calculated Rate Rider as Approved by OEB	Projected Consumption over Recovery Period	Billed Consumption (kWh/kW) that the rider was applied against**
RESIDENTIAL SERVICE CLASSIFICATION	kWh	(\$25,843)	4,273,833	(\$0.0060)	4,273,833	3,433,980
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	(\$39,595)	6,599,167	(\$0.0060)	6,599,167	4,881,845
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION	kW	(\$533,910)	284,086	(\$2,2314)	284,086	284,086
GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION	kW	(\$75,217)	80,896	(\$0.9298)	80,896	40,390
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	(\$303)	50,500	(\$0.0060)	50,500	58,783
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	(\$15)	2	(\$7.0000)	2	110
STREET LIGHTING SERVICE CLASSIFICATION	kW	(\$7,521)	3,413	(\$2.2036)	3,413	2,923
microFIT SERVICE CLASSIFICATION						
<b>TOTAL</b>		<b>(\$782,204)</b>				

- i. Please explain why the 2016 actual billed consumption for the GS 3,000 to 4,999 kW class was significantly lower than originally forecast for each of the two rate riders.

## Lakefront Utilities Response

- a) Lakefront confirms that it recovered the Account 1589 GA balance through a separate rate rider. Lakefront also confirms that the “Group 1 DVA account (excluding GA) – non WMP” rate rider was selected in error.

Lakefront has revised the rate class selection to “RSVA – Global Adjustment” and re-populated the table in step 3.

- b) Lakefront confirms that the actual billing determinants for the rate class GS 3000 to 4999 kW is correct. Lakefront confirms that the forecast load used in calculating the rate rider in EB-2015-0085 of 80,894 kW has since been revised in Lakefront’s RRR filing. This is further evidence by the actual amount used in EB-2019-0050 of 42,405 kW.

## Staff Question-6

Ref: Application, p. 20

1595 workform, Tab 2012

EB-2011-0250, Decision and Order, Proposed Settlement Agreement, p. 43 of 104

EB-2016-0089, Settlement Proposal 2017 COS EDDVAR Model, Tab 2 (DVA Continuity Schedule)

### Pre-amble:

Lakefront Utilities is seeking to dispose of its residual debit balance of \$99,264 from the 1595 (2012) account balance. As noted in the application, Lakefront Utilities seeks to dispose of this residual balance in 1595 (2013) as the IRM rate generator model did not include the applicable line for 2012.

Although the residual balance is within +/-10% of the approved balances for disposition, OEB staff seeks clarification on the accuracy of the principal amounts included in the 1595 (2012) workform.

An extract of 2012 approved amounts by rate class is shown in the 2017 COS EDDVAR model:

Total		-\$738,250.00								\$20,037.00	
		2012									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-12	Transactions' Debit/ (Credit) during 2012	Board-Approved Disposition during 2012	Principal Adjustments <sup>2</sup> during 2012	Closing Principal Balance as of Dec-31-12	Opening Interest Amounts as of Jan-1-12	Interest Jan-1 to Dec-31-12	Board-Approved Disposition during 2012		
Group 1 Accounts											
LV Variance Account	1550	-\$103,328	\$28,300	-\$97,021		\$21,993	-\$6,255	-\$671	-\$4,387		
Smart Metering Entity Charge Variance Account	1551	\$0				\$0	\$0				
RSVA - Wholesale Market Service Charge	1580	-\$504,282	-\$320,209	-\$265,389		-\$559,102	\$1,859	-\$7,727	\$1,765		
RSVA - Retail Transmission Network Charge	1584	\$48,565	-\$45,001	\$25,510		-\$21,946	\$776	\$257	\$893		
RSVA - Retail Transmission Connection Charge	1586	\$46,010	-\$12,619	\$30,668		\$2,723	\$778	\$332	\$1,055		
RSVA - Power (excluding Global Adjustment)	1588	\$146,077	-\$12,819	-\$432,018	\$737,547	\$1,302,823	\$19,424	\$7,648	\$20,711		
RSVA - Global Adjustment	1589	-\$505,816	-\$562,867	-\$107,816		-\$960,867	-\$10,540	-\$10,589	-\$7,608		
Disposition and Recovery/Refund of Regulatory Balances (2008)	1595	\$0				\$0	\$0				
Disposition and Recovery/Refund of Regulatory Balances (2009)	1595	-\$674,503	-\$14,688			-\$689,191	\$682,727	-\$6,607			
Disposition and Recovery/Refund of Regulatory Balances (2010)	1595	\$0				\$0	\$0				
Disposition and Recovery/Refund of Regulatory Balances (2011)	1595	\$186,302	-\$232,049			-\$45,747	\$2,423	\$24,934			
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	\$0	-\$903,772			-\$903,772	\$0	-\$66,668			
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	\$0				\$0	\$0				
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	\$0				\$0	\$0				
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595										
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		-\$1,360,975	-\$2,075,724	-\$846,066	\$737,547	-\$1,853,086	\$691,192	-\$59,091	\$12,429		
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		-\$855,159	-\$1,512,857	-\$738,250	\$737,547	-\$892,219	\$701,732	-\$48,502	\$20,037		
RSVA - Global Adjustment		1589	-\$505,816	-\$562,867	-\$107,816	\$0	-\$960,867	-\$10,540	-\$10,589	-\$7,608	

An extract of the entries in 1595 (2012) are shown below:

Components of the 1595 Account Balances:		Principal Balance Approved for Disposition	Carrying Charges Balance Approved for Disposition	Total Balances Approved for Disposition
Total Group 1 and Group 2 Balances excluding Account 1589 - Global Adjustment		-\$1,040,957	-\$49,785	-\$1,090,742
Account 1589 - Global Adjustment		-\$107,816	-\$7,608	-\$115,424
Total Group 1 and Group 2 Balances		-\$1,148,773	-\$57,393	-\$1,206,166

**Questions:**

- a. Please confirm whether there were explicit approvals in the 2012 COS Settlement Agreement (EB-2011-0250) on the principal and carrying charges by account. If yes, please provide the specific reference and list the approvals by account.
- b. For the principal and interest balances entered into 1595 (2012):
  - i. Please confirm accuracy of the approved amounts entered into the 1595 (2012) workform.
  - ii. Please reconcile the approved balances in the 1595 (2012) workform to what was approved by account.

**Lakefront Utilities Response**

- a) Lakefront Utilities referenced "Lakefront\_SettlementProposal\_20120426" – specifically page 44.

Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	GS < 50 KW	GS 50 - 2999 KW	GS 3,000 - 4,999	USL	Sentinel Lighting	Streetlight	Total
1550	\$ (101,408)	kWh	(29,638)	(14,251)	(48,884)	(7,821)	(290)	(32)	(493)	(101,408)
1580	\$ (263,623)	kWh	(77,048)	(37,047)	(127,079)	(20,330)	(755)	(83)	(1,281)	(263,623)
1584	\$ 26,403	kWh	7,717	3,710	12,728	2,036	76	8	128	26,403
1586	\$ 31,723	kWh	9,271	4,458	15,292	2,446	91	10	154	31,723
1588 Excl GA	\$ (411,307)	kWh	(120,211)	(57,801)	(198,270)	(31,720)	(1,178)	(129)	(1,968)	(411,307)
1588 - Global Adjustment	\$ (115,424)	kwh - Non RPP	(6,876)	(3,397)	(87,798)	(15,717)	(582)	(64)	(960)	(115,424)
1590	\$ 292	Proportion to Disposition	86	41	137	26	1	0	2	292
1595-2008	\$ (70)	Proportion to Disposition	(20)	(10)	(33)	(6)	(0)	(0)	(0)	(70)
<b>Subtotal - RSVA</b>	<b>\$ (833,414)</b>		<b>\$ (216,720)</b>	<b>\$ (104,295)</b>	<b>\$ (433,908)</b>	<b>\$ (71,085)</b>	<b>\$ (2,639)</b>	<b>\$ (289)</b>	<b>\$ (4,478)</b>	<b>\$ (833,414)</b>
1508	\$ 9,421	Dx Revenue	4,829	1,371	2,404	222	88	13	494	9,421
1518	\$ 45,145	# of Customers	30,421	3,896	449	4	271	190	9,914	45,145
1548	\$ 41,118	# of Customers	27,707	3,549	409	3	247	173	9,029	41,118
1521	\$ (21,303)	kWh	(6,226)	(2,994)	(10,269)	(1,843)	(61)	(7)	(103)	(21,303)
1582	\$ 18,587	kWh	5,432	2,612	8,980	1,433	53	6	90	18,587
1562	\$ (416,304)	Dx Revenue	(213,410)	(60,564)	(106,219)	(9,819)	(3,879)	(572)	(2,841)	(416,304)
1592	\$ (49,420)	Dx Revenue	(25,334.13)	(7,189.67)	(12,609.39)	(1,165.58)	(460.53)	(67.90)	(2,592.80)	(49,420)
<b>Subtotal - Non RSVA, Variable</b>	<b>\$ (372,755)</b>		<b>\$ (176,580)</b>	<b>\$ (59,320)</b>	<b>\$ (116,875)</b>	<b>\$ (10,965)</b>	<b>\$ (3,741)</b>	<b>\$ (265)</b>	<b>\$ (5,010)</b>	<b>\$ (372,755)</b>
<b>Total to be Recovered</b>	<b>\$ (1,206,169)</b>		<b>\$ (393,300)</b>	<b>\$ (163,615)</b>	<b>\$ (550,782)</b>	<b>\$ (82,050)</b>	<b>\$ (6,380)</b>	<b>\$ (554)</b>	<b>\$ (9,488)</b>	<b>\$ (1,206,169)</b>
	<b>\$ (1,090,748)</b>									
	<b>\$115,421</b>									
Balance to be collected or refunded (Excluding Global Adjustment)	\$ (1,090,745)		\$ (386,423)	\$ (160,219)	\$ (462,984)	\$ (66,333)	\$ (5,798)	\$ (490)	\$ (8,498)	\$ (1,090,745)
Number of years for Variable	4									
Balance to be collected or refunded per year, Variable	\$ (272,686)		\$ (96,606)	\$ (40,055)	\$ (115,746)	\$ (16,583)	\$ (1,449)	\$ (123)	\$ (2,124)	\$ (272,686)
<b>Class</b>			<b>Residential</b>	<b>GS &lt; 50 KW</b>	<b>GS 50 - 2999 KW</b>	<b>GS 3,000 - 4,999</b>	<b>USL</b>	<b>Sentinel Lighting</b>	<b>Streetlight</b>	
Deferral and Variance Account Rate Riders, Variable (Excluding Global Adjustment)			\$ (0.0013)	\$ (0.0011)	\$ (0.3812)	\$ (0.3495)	\$ (0.0020)	\$ (0.5624)	\$ (0.6354)	
Billing Determinants			kWh	kWh	kW	kW	kWh	kW	kW	
Global Adjustment Balance to be collected or refunded	\$ (115,424)		\$ (6,876)	\$ (3,397)	\$ (87,798)	\$ (15,717)	\$ (582)	\$ (64)	\$ (960)	\$ (115,424)
Number of years for Variable	4									
Balance to be collected or refunded per year, Variable	\$ (28,856)		\$ (1,719)	\$ (849)	\$ (21,950)	\$ (3,929)	\$ (146)	\$ (16)	\$ (248)	\$ (28,856)
<b>Class</b>			<b>Residential</b>	<b>GS &lt; 50 KW</b>	<b>GS 50 - 2999 KW</b>	<b>GS 3,000 - 4,999</b>	<b>USL</b>	<b>Sentinel Lighting</b>	<b>Streetlight</b>	
Global Adjustment Rate Rider			\$ (0.0002)	\$ (0.0002)	\$ (0.0723)	\$ (0.0828)	\$ (0.0002)	\$ (0.0733)	\$ (0.0740)	
Billing Determinants			kWh	kWh	kW	kW	kWh	kW	kW	

<http://www.rds.oeb.ca/HPECMWebDrawer/Record?q=CaseNumber=EB-2011-0250&sortBy=recRegisteredOn-&pageSize=400>

Lakefront also used file "Amended 2012 EDDVAR CoS Filing Final-1" filed December 5, 2011 as part of EB-2011-0250. The file lists the specific principal and carrying charges by account.

The breakdown of principal and interest for accounts 1521 and 1562 were difficult to obtain, however the totals of \$21,303 and \$416,305 agreed to the table provided above. The breakdown for accounts 1521 and 1562 were obtained from Lakefront's 2013 IRM filing:

<http://www.rds.oeb.ca/HPECMWebDrawer/Record?q=CaseNumber=EB-2012-0144&sortBy=recRegisteredOn-&pageSize=400>

- b) Lakefront confirms that the amounts entered into 1595 (2012) workform are correct.

A reconciliation of the accounts based on the information provided in a) is as follows:

Account	Description	Principal	Interest	Total
1550	LV Variance Account	(97,021)	(4,387)	(101,408)
1580	RSVA - Wholesale Market Service Charge	(265,389)	1,765	(263,624)
1584	RSVA - Retail Transmission Network Charge	25,510	893	26,403
1586	RSVA - Retail Transmission Connection Charge	30,668	1,055	31,723
1588	RSVA - Power (excluding Global Adjustment)	(432,018)	20,711	(411,307)
1590	Recovery of Regulatory Asset Balances	14,919	(14,627)	292
1595-2008	Disposition and Recovery of Regulatory Balances (2008)	(3,552)	3,483	(69)
1508	Other Regulatory Assets - Sub-Account - Other	9,158	263	9,421
1518	Retail Cost Variance Account - Retail	43,281	1,865	45,146
1548	Retail Cost Variance Account - STR	36,223	4,894	41,117
1521	Special Purpose Charge Assessment Variance Account	(21,125)	(172)	(21,297)
1582	RSVA - One-time	30,359	(11,772)	18,587
1562	Deferred Payments in Lieu of Taxes	(362,549)	(53,756)	(416,305)
1592	PILs and Tax Variance for 2006 and Subsequent Years	(49,420)	0	(49,420)
<b>Total Group 1 and Group 2 excluding 1589</b>		<b>(1,040,956)</b>	<b>(49,785)</b>	<b>(1,090,741)</b>
<b>1589</b>	<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>(107,816)</b>	<b>(7,608)</b>	<b>(115,424)</b>
<b>Total Group 1 and Group 2 Balances</b>		<b>(1,148,772)</b>	<b>(57,393)</b>	<b>(1,206,165)</b>

The total disposed of \$1,206,165 and breakdown between Group 1 and Group 2 of \$1,090,741 and account 1589 of \$115,424 agrees to the table provided in the Settlement Proposal for EB-2011-0250. Further, Lakefront confirms that the total principal of \$1,148,772 and interest of \$57,393 agrees to the General Ledger entry to record the disposition.

## Staff Question-7

Ref: 2020 IRM rate generator, Tab 20 (Bill impacts)

### Pre-amble:

In the bill impact tab, the RTSR rate changes for all rate classes exceed 4% from the previous year. As indicated in Tab 20, an explanation should have been provided in the application.

### Question:

Please explain the cause for the RTSR rate increases by rate class and quantify the reasons for the increase.

## Lakefront Utilities Response

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 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.

As indicated in the below analysis, the total billed is based on the forecast of Hydro One charges, which is forecasted to increase by \$153,233 for the Network Service Rate and \$200,836 for the Line and Transformation Connection Rate.

Network Service Rate									
Rate Class	Unit	2019 Rates (2019 IRM)			2020 Rates (2020 IRM)			Analysis	
		Loss Adjusted Billed	Forecast Wholesale Billing	Rate	Loss Adjusted Billed	Forecast Wholesale Billing	Rate	Loss Adjusted Billed	Forecast Wholesale Billing
Residential	kWh	74,204,111	\$447,929	\$0.0060	78,841,905	\$499,918	\$0.0063	6.25%	11.61%
GS<50 kW	kWh	33,090,206	\$183,638	\$0.0055	36,225,611	\$210,557	\$0.0058	9.48%	14.66%
GS 50-2999 kW	kW	310,016	\$686,228	\$2.2135	319,667	\$747,770	\$2.3392	3.11%	8.97%
GS 3000-4999 kW	kW	39,865	\$98,695	\$2.4757	42,405	\$110,944	\$2.6163	6.37%	12.41%
USL	kWh	636,920	\$3,969	\$0.0062	643,605	\$4,217	\$0.0066	1.05%	6.25%
Sentinel Lighting	kW	126	\$211	\$1.6776	124	\$220	\$1.7728	-1.33%	4.27%
Street Lighting	kWh	2,923	\$4,880	\$1.6695	2,923	\$5,157	\$1.7643	0.00%	5.68%
		108,284,167	\$1,425,550		116,076,240	\$1,578,783		7.20%	10.75%

Line and Transformation Connection Rate									
Rate Class	Unit	2019 Rates (2019 IRM)			2020 Rates (2020 IRM)			Analysis	
		Loss Adjusted Billed	Forecast Wholesale Billing	Rate	Loss Adjusted Billed	Forecast Wholesale Billing	Rate	Loss Adjusted Billed	Forecast Wholesale Billing
Residential	kWh	74,204,111	\$355,038	\$0.0048	78,841,905	\$423,751	\$0.0054	6.25%	19.35%
GS<50 kW	kWh	33,090,206	\$142,168	\$0.0043	36,225,611	\$174,420	\$0.0048	9.48%	22.69%
GS 50-2999 kW	kW	310,016	\$538,804	\$1.7380	319,667	\$622,100	\$1.9461	3.11%	15.46%
GS 3000-4999 kW	kW	39,865	\$81,722	\$2.0500	42,405	\$97,338	\$2.2954	6.37%	19.11%
USL	kWh	636,920	\$3,421	\$0.0054	643,605	\$3,892	\$0.0060	1.05%	13.77%
Sentinel Lighting	kW	126	\$173	\$1.3717	124	\$190	\$1.5360	-1.92%	9.83%
Street Lighting	kWh	2,923	\$3,927	\$1.3436	2,923	\$4,398	\$1.5045	0.01%	11.99%
		108,284,167	\$1,125,253		116,076,240	\$1,326,089		7.20%	17.85%

Lakefront Utilities Inc. does not have control over the Hydro One charges and therefore cannot provide an explanation for the increased charges.



**Staff Question-8**

Ref: Manager's Summary

In light of the fact that Lakefront Utilities indicated that it has fully implemented the OEB's February 21, 2019 accounting guidance for Accounts 1588 and 1589, please confirm whether it is seeking approval for final disposition of its 2018 Group 1 DVA balances (which is an accumulation of the following years' balance in 2016, 2017, and 2018) as part of the current proceeding.

**Lakefront Utilities Response**

As indicated on page 20, section 3.2.5, Lakefront Utilities is seeking approval for final disposition of its 2018 Group 1 DVA balances.

## Staff Question-9

Ref: Manager's Summary, p. 22

### Pre-ample:

Lakefront Utilities confirms that it has implemented the OEB's February 21, 2019 accounting guidance related to Accounts 1588 and 1589. It further indicates that a review of the historical balances, results of the review, and adjustments had occurred in 2017 during Lakefront Utilities' special purpose audit.

### Questions:

- a. Please explain how Lakefront Utilities was able to ensure that it had fully implemented the OEB's February 21, 2019 accounting guidance during its 2017 special purpose audit, when this accounting guidance was not available at that time.
- b. With respect to the process Lakefront Utilities employed in order to implement the OEB's February 21, 2019 accounting guidance:
  - i. Please confirm that Lakefront Utilities went back to each transaction and RPP settlement that was completed in each of 2016, 2017 and 2018 and compared how those transactions were recorded at that time, under the existing methodology, to how they would have been recorded had they used the OEB's February 21, 2019 accounting guidance.
  - ii. If not, please explain how Lakefront Utilities ensured that it appropriately implemented the OEB's February 21, 2019 accounting guidance across each month in 2016, 2017, and 2018.
  - iii. Please provide the analysis that was used to quantify the adjustments required to 2016, 2017 and 2018 as a result of implementing the OEB's February 21, 2019 accounting guidance.
- c. Is Lakefront Utilities confirming that the only adjustments that were required to the balances in Accounts 1588 and 1589 for 2016 and 2017 (as a result of implementing the OEB's February 21, 2019 accounting guidance) is limited to the adjustments presented in Baker Tilly's special purpose audit report?
- d. What year were the adjustments from the special purpose audit actually recorded in Lakefront Utilities' G/L?

- e. As the adjustments in the Baker Tilly special purpose audit report only relate to 2016 and 2017, were any adjustments required to 2018 as a result of implementing the OEB's February 21, 2019 guidance? If so, please provide the amount of each adjustment and also explain the nature of such adjustments.
- f. Have the adjustments that relate to 2018 been reflected in the DVA continuity schedule provided in the current proceeding? If so, please indicate where they have been included.

### **Lakefront Utilities Response**

- a) Lakefront clarifies that the revisions to its reconciliation process for Accounts 1588 and 1589 that occurred during its 2017 special purpose audit mirrored the OEB's accounting guidance issued in February 21, 2019 and therefore the accounting guidance issued by the OEB did not result in any adjustments to 2016, 2017, and 2018.
- b) Lakefront confirms that it went back to each transaction and RPP settlement that was completed in each of 2016, 2017, and 2018 to ensure that the transactions were recorded in accordance with the OEB's February 21, 2019 accounting guidance.

As noted above, Lakefront's revised processes implemented as a result of the 2017 special purpose audit resulted in adjustments to Accounts 1588 and 1589. Implementing the OEB's accounting guidance did not result in any additional adjustments to Accounts 1588 and 1589.

- c) Lakefront confirms that the only adjustment that were required to balances in Accounts 1588 and 1589 for 2016 and 2017 is limited to the adjustments presented in Baker Tilly's special purpose audit report. Lakefront's implementation of the OEB's February 21, 2019 accounting guidance did not result in further adjustments.
- d) The adjustments from the special purpose audit were recorded in Lakefront's GL in 2018.
- e) No adjustments were required to 2018 as a result of implementing the OEB's February 21, 2019 guidance.
- f) No adjustments were required in 2018.

## Staff Question-10

Ref: GA Analysis Workform (Tabs 2016, 2017 and 2018)

### Pre-ample:

For transparency purposes, the GA Analysis Workform submitted in the current year must correspond with the DVA continuity schedule.

### Questions:

Please update each year of the GA Analysis Workform to reflect the following:

- a. Cell C62 in 2016 GA Analysis Workform, and Cell C64 in 2017 and 2018 GA Analysis Workforms must correspond to the transaction during the year as per the DVA continuity schedule. As they currently do not, please update accordingly.
- b. Audit adjustments recorded as principal adjustments in the DVA continuity schedule should be presented as such in the GA Analysis Workform of each year. Please update accordingly.
- c. The reversal of the above principal adjustments should be recorded in the GA Analysis Workform in the year in which these adjustments were actually booked in Lakefront Utilities' G/L.
- d. In the GA Analysis Workform, Lakefront Utilities has proposed certain principal adjustments (such as the unbilled revenue accrual adjustment), however they do not appear to be reflected in the DVA continuity schedule. Please explain why they have been excluded. If they should be reflected in the DVA continuity schedule, please update accordingly.
- e. With respect to the unbilled revenue accrual differences (i.e Adjustment 2b in the GA Analysis Workform for each year), please provide an explanation in the space provided beside Adjustment 2b (for each year) that explains whether the year-end unbilled revenue accrual for the particular year was over- or understated.
- f. Please quantify and explain the difference between Lakefront Utilities' actual system loss factor and the approved loss factor for 2016, 2017, and 2018.
- g. It is not clear why Adjustment 9 in each of the 2016, 2017 and 2018 GA Analysis Workforms are presented as reconciling adjustments between the OEB's

expected GA calculation (in Note 4 of the GA Analysis Workform) and the actual GA for each year (Cell C62 for 2016 GA Analysis Workform, Cell C64 in the 2017 and 2018 GA Analysis Workforms). Please explain.

### **Lakefront Utilities Response**

- a) GA Analysis Workform and DVA continuity schedule were updated accordingly to ensure that cell C62 in 2016 and cell C64 in 2017 and 2018 agree to the continuity schedule.
- b) The GA Analysis Workform was updated to reflect the audit adjustment.
- c) Reversal of above principal adjustments have been recorded in the 2018 GA Analysis Workform for 2018 which is the year in which these adjustments were actually booked in the Lakefront Utilities GL.
- d) The unbilled revenue items listed on the GA Analysis Workform are not principal adjustments and Lakefront has updated the GA Analysis Workform for 2016, 2017, and 2018 to indicate that no principal adjustment is necessary on the DVA Continuity. The amounts included on Note 5, 2a and 2b are already included in the amount calculated as "\$ Consumption of GA Rate Billed". While preparing its own internal reconciliation, Lakefront segregates the amounts associated with unbilled revenue and records the amounts in 2a and 2b. Lakefront also notes the GA Analysis Workform balances to nil for 2016, 2017, and 2018, a further indication that no principal adjustment is necessary.
- e) As noted in d), the amounts aren't unbilled revenue accrual differences. Lakefront notes the amounts listed in 2a and 2b for 2016, 2017, and 2018 have an immaterial impact on the GA Analysis.
- f) The difference between Lakefront Utilities actual system loss factor and the approved loss factor for 2016, 2017, and 2018 is as follows:

<b>Year</b>	<b>Calculated Loss Factor</b>	<b>Actual Loss Factor</b>	<b>Difference</b>
2016	1.0635	1.0565	0.70%
2017	1.0382	1.0441	-0.59%
2018	1.0440	1.0441	-0.01%

Lakefront does not consider the above differences to be material and notes that the differences are consistent with other LDCs.

- g) Lakefront prepares an extensive monthly reconciliation process based on a usage download from CIS, Northstar. Lakefront's process compares the data download from CIS, Northstar to the billed amounts in the appropriate GL.

The amounts recorded in Adjustment 9 are the totals of unreconciled miscellaneous amounts between the data download and Lakefront's GL. The totals are as follows:

2016 - \$3,135

2017 - \$8,277

2018 - \$15,422

Lakefront notes the above amounts are immaterial and have an immaterial impact on the GA Analysis Workform.

## Staff Question-11

Ref: Appendix 4: GA Methodology Description

- a. Lakefront Utilities has not populated the tables in question 1 of the appendix. OEB staff believes that once the utility addresses OEB staff questions 6 and 7 above, there will be amounts that need to be populated within these tables. Please update accordingly.
- b. In the response provided to question 11 (i.e. questions on CT 1142), Lakefront Utilities has indicated that they settle with the IESO based on actual consumption that it pulls from Northstar:
  - i. Does Lakefront Utilities bill consumption on a calendar month basis?
  - ii. Is Lakefront Utilities indicating that its Northstar system is capable of providing actual consumption for a particular month (RPP and Non-RPP) by the fourth day following the month end (i.e. all of January's actual consumption is known by the fourth day of February).
  - iii. Lakefront Utilities indicates that although it settles on actual consumption, it still performs a monthly true-up, but the resulting amounts are immaterial. Does Lakefront Utilities still record these monthly true-ups in its G/L? If no, please provide each monthly true-up for 2018.
  - iv. What was the true-up that was required related to Lakefront Utilities' December 2018 settlement with the IESO?
- c. In the response provided to question 12 (i.e. questions on CT 148), please clarify the following:
  - i. Does Lakefront Utilities initially accrue an amount in its G/L for CT 148 prior to the receipt of the actual invoice from the IESO? Please explain.
  - ii. Is Lakefront Utilities indicating that the monthly CT 148 charge from the IESO is split between RPP and Non-RPP using actual consumption for the particular month from Northstar?

## **Lakefront Utilities Response**

- a) Lakefront notes that OEB Staff questions #6 and #7 did not result in any changes to the table in question 1.
- b)
  - i) No, Lakefront Utilities does not bill consumption on a calendar month.
  - ii) Yes, the consumption amounts provided to the IESO as part of Lakefront's settlement process is from CIS Northstar and is the actual consumption for that particular month.
  - iii) Lakefront confirms that the monthly true-up is recorded in the GL.
  - iv) The true-up required related to Lakefront Utilities' December 2018 settlement with the IESO was \$1,623.16.
- c)
  - i) No, Lakefront does not accrue an amount in its GL for CT 148 prior to the receipt of the actual invoice from the IESO.
  - ii) Yes, the monthly CT 148 charge from the IESO is split between RPP and Non-RPP using actual consumption for the particular month from Northstar.



## Staff Question-12

Ref: All models filed with 2020 IRM application

- a. Based on Lakefront Utilities' response to the above questions, please re-file all applicable models, workforms, reports and/or appendices to reflect the updates.
- b. Please summarize all updates to the application, model(s) and/or reports submitted in this proceeding.

## Lakefront Utilities Response

- a) All applicable models, workforms, reports, and appendices have been refiled.
- b) Below is a summary of the updates to the application:

OEB Staff Question	Updates
Staff Question #1	a) Tab 1 - Rate-Setting Method updated to "Price Cap" b) Tab 1 - Question #2 and Question #3 updated to "2015" c) Tab 1 - Question #6 updated to "Yes" d) Tab 1 - Question #7 updated to "Fully Embedded"
Staff Question #2	a) Tab 6 - updated customer #9 to GS 3000 to 4999 kW customer classification b) Tab 6 - Class B volumes for customer 11 entered into Table 3-a c) No change to model d) 2016 volumes entered into Table 3-a and Table 3-b
Staff Question #3	a) Tab 6.2a - 2017 kWh volume entered b) Tab 6.2a - 2016 kWh volume entered
Staff Question #4	Tab 12 updated. Amounts for Line Connection and Transformation Connection were switched.
Staff Question #5	a) Revised rate class selection to "RSVA - Global Adjustment" and re-populated the table in step 3. b) No change to model.
Staff Question #6	No effect application, models, and reports.
Staff Question #7	No effect application, models, and reports.
Staff Question #8	No effect application, models, and reports.
Staff Question #9	No effect application, models, and reports.
Staff Question #10	Updates to GA Analysis Workform and DVA Continuity Schedule
Staff Question #11	No effect application, models, and reports.
Staff Question #12	No effect application, models, and reports.