



Lakefront  
Utilities  
Inc.

October 14, 2020

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-2020-0036**

Dear Ms. But,

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

Lakefront confirms that there is no confidential information in any of the supporting documentation.

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', with a stylized flourish at the end.

Adam Giddings, CPA CA  
Director of Regulatory Finance  
Lakefront Utilities Inc.

Cc: Dereck C. Paul

**Lakefront Utilities Inc.**

**2021 IRM Application**

**EB-2020-0036**

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

## Staff Question-1

Ref 1: Rate Generator Model, Tab 3 (LV Account Balance)

Ref 2: EB-2019-0050, IRM Rate Generator, Tab 3

Since the 2017 cost of service proceeding, the Account 1550 principal balance has increased from \$807,548 (2018) to \$1,606,198 (2019). With projected interest charges included up to December 31, 2020, Account 1550 has a debit balance of \$1,669,153. Although there has been no disposition of Group 1 balances since its last cost of service proceeding, the Account 1550 balance remains the largest Group 1 account balance.

- a) Please provide a quantitative analysis showing actual charges billed to customers and low voltages charges paid to Hydro One in 2017, 2018 and 2019.
- b) Does Lakefront Utilities' assess its 2019 closing balance for Account 1550 to be reasonable? Please explain.

## Lakefront Utilities Response

- a) Below is a quantitative analysis showing the actual charges billed to customers and low voltage charges paid to Hydro One.

Year	Actual Charges Billed to Customers	Low Voltage Charges Paid to Hydro One	Variance
2017	\$308,676	\$700,226	\$391,550
2018	\$335,983	\$601,305	\$265,322
2019	\$304,521	\$837,849	\$533,328

- b) Lakefront notes that the amount included in Lakefront's 2017 Cost of Service filing to calculate the low voltage charge was \$313,004. As noted above, the actual low voltage charges paid to Hydro One are significantly higher than \$313,004, as summarized below.

Year	Actual Charges Billed to Customers	Low Voltage Charges Paid to Hydro One
Average	\$316,393	\$713,127
2017 Cost of Service	\$313,004	\$313,004
Variance	\$3,389	\$400,123

Based on the above analysis, Lakefront assess that the 2019 balance is reasonable.

## **Staff Question-2**

Ref 1: Rate Generator Model, Tab 3 (CBR Class A Balance in RRR 2.1.7)

Account 1580 (sub-account CBR Class A) should have a nil balance. However, the 2.1.7 RRR balance reported for this account is \$9.37 as of December 31, 2019.

- a) Please explain why there is a balance of \$9.37 recorded in 2.1.7 RRR for Account 1580 (sub-account CBR Class A) as of December 31, 2019.
- b) Please explain what the interest amount of \$9.41 in the DVA continuity for Account 1580 (sub-account CBR Class A) relates to, as the principal balance for this account is nil as of December 31, 2019.

## **Lakefront Utilities Response**

- a) The balance of \$9.37 recorded in account 2.1.7 RRR is interest.
- b) The interest balance results from timing between filing Class A with IESO and invoicing customers.

**Staff Question-3**

Ref 1: Rate Generator Model, Tab 3, revised Oct 7, 2020 (Attachment)

Please review the 2015 principal adjustments column in Tab 3 of the Rate Generator Model (attachment) as updated by OEB staff. OEB staff entered \$63,811 in the 2015 principal adjustments column for Account 1580 sub-account CBR Class B, as this approved balance relates to the 2015 rate year.

It appears that Lakefront may have entered \$63,811 as a principal adjustment in the 2016 rate year column, as the applicable cell in the 2015 principal adjustments column was blacked out in the DVA continuity schedule.

- a) Please confirm whether Lakefront Utilities agrees with the proposed update in Tab 3 of the Rate Generator Model.

**Lakefront Utilities Response**

Lakefront agrees with the proposed update in Tab 3 of the Rate Generator Model.

#### Staff Question-4

Ref 1: GA Analysis Workform, Tab "GA 2016" (Note 2)

Ref 2: Rate Generator Model, Tab 4 (2016 consumption)

In Note 2 of Tab "GA 2016", there are discrepancies in the 2016 RPP and non-RPP volumes reported in the GA Analysis Workform and Tab 4 of the Rate Generator Model (RGM).

	GA Analysis Workform (non-RPP kWh, excl WMP)	RGM, Tab 4 metered consumption (non-RPP kWh, excl WMP)	% Difference
2016	128,847,964	133,964,971	-3.8%
	GA Analysis Workform (RPP kWh)	RGM, Tab 4 metered consumption (RPP kWh, calculated)	% Difference
2016	108,603,547	103,486,539	4.9%

- a) Please confirm there were no non-RPP class A volumes in 2016.
- b) Please explain why the total 2016 non-RPP volumes from the GA Analysis Workform (128,847,964 kWh) are 3.8% lower than the 2016 non-RPP volumes in Tab 4 of the Rate Generator Model (133,964,971 kWh).
- c) Please explain why the 2016 RPP volumes from the GA Analysis Workform (108,603,547 kWh) are 4.9% higher than the 2016 RPP volumes in Tab 4 of the Rate Generator Model (103,486,539 kWh).
- d) Please confirm accuracy of the calculated loss factor in 2016. Should the calculated loss factor be 1.0228 in 2016, or 3.19% lower than the approved loss factor of 1.0565 (rather than 0.7% higher)?
- e) Please advise whether RRR 2.1.5.4 needs to be amended based on the discrepancies in 2016 RPP and non-RPP volumes identified in the GA Analysis Workform and Rate Generator Model.

## Lakefront Utilities Response

- a) Lakefront confirms that there were no non-RPP Class A volumes in 2016.
- b) The 2016 RPP volume of 108,603,547 kWh from the GA Analysis Workform agrees to table 1b on 2.1.5 in the RRR filing for December 31, 2016. Further, the total metered consumption included on the GA Analysis Workform of 237,451,511 kWh agrees to table 3b on 2.1.5 in the RRR filing for December 31, 2016.

Lakefront also notes that the 2016 volumes recorded on the GA Analysis Workform agree to the GA Analysis Workform filed with the 2020 IRM filing (EB-2019-0050).

The 2016 volumes were updated in 2.1.5 RRR for December 31, 2016 in August 2019. Lakefront believes the Rate Generator Model included the previous 2016 consumption data and has not been updated for the 2.1.5 revision.

- c) See above. The 2016 RPP volume of 103,486,539 kWh included in the Rate Generator Model was updated by Lakefront in 2019 but has not been updated by the OEB in the Rate Generator Model.
- d) The calculated loss factor of 1.0228 is not accurate and is based on incorrect data. Lakefront confirms that the calculated loss factor of 1.0635 is accurate.
- e) RRR 2.1.5.4 does not need to be amended.

### Staff Question-5

Ref 1: GA Analysis Workform, Tab "GA 2019" (Note 2)

Ref 2: Rate Generator Model, Tab 4 (2019 consumption)

In Note 2 of Tab "GA 2019", there are discrepancies in the 2019 RPP and non-RPP volumes reported in the GA Analysis Workform and Tab 4 of the Rate Generator Model (RGM).

	GA Analysis Workform (non-RPP kWh, excl WMP)	RGM, Tab 4 metered consumption (non-RPP kWh, excl WMP)	% Difference
2019	136,543,890	128,231,390	6.5%
	GA Analysis Workform (RPP kWh)	RGM, Tab 4 metered consumption (RPP kWh, calculated)	% Difference
2019	110,491,127	118,803,627	-7.0%

- a) Please explain why the total 2019 non-RPP volumes from the GA Analysis Workform (136,543,890 kWh) are 6.5% higher than the 2019 non-RPP volumes in Tab 4 of the Rate Generator Model (128,231,390 kWh).
- b) Please confirm accuracy of the 2019 volumes for non-RPP class A and B customers in Note 2 of Tab "GA 2019". Please revise the entries as applicable.
- c) Please explain why the 2019 RPP volumes from the GA Analysis Workform (110,491,127 kWh) are 7% lower than the 2019 RPP volumes in Tab 4 of the Rate Generator Model (118,803,627kWh).
- d) Please confirm accuracy of the calculated loss factor of 1.0422 in 2019, as shown in Tab "GA 2019".
- e) Please advise whether RRR 2.1.5.4 needs to be amended based on the discrepancies in 2019 RPP and non-RPP volumes identified in the GA Analysis Workform and Rate Generator Model.

## Lakefront Utilities Response

- a) The 2019 RPP volume of 110,491,127 kWh from the GA Analysis Workform agrees to table 1b on 2.1.5 in the RRR filing for December 31, 2019. Further, the total metered consumption included on the GA Analysis Workform of 247,035,018 kWh agrees to table 3b on 2.1.5 in the RRR filing for December 31, 2019.

The 2019 volumes were updated in 2.1.5 RRR for December 31, 2019 in August 2020. Lakefront believes the Rate Generator Model included the previous 2019 consumption data and has not been updated for the 2.1.5 revision.

- b) Lakefront confirms that the volumes for non-RPP Class and B customers in Note 2 of Tab "GA 2019" are accurate.
- c) See above. The 2019 RPP volume of 118,803,627 kWh included in the Rate Generator Model was updated by Lakefront in 2020 but has not been updated by the OEB in the Rate Generator Model.
- d) Lakefront confirms that the calculated loss factor of 1.0422 in 2019, as shown in Tab "GA 2019" is accurate.
- e) RRR 2.1.5.4 does not need to be amended.

### **Staff Question-6**

Ref 1: 1595 Analysis Workform, Tabs "2014 and pre-2014(1)"

Ref 2: EB-2019-0050, Lakefront Responses to OEB Staff Questions (#5), October 15, 2019

In Tab "2014 and pre-2014(1)":

- a) Please select the 2012 year in the drop-down box, if Lakefront Utilities confirms that the analysis of 1595 account balances relate to sub-account 1595(2012).
- b) Please explain why the residual balance in subaccount 1595 (2012) was not cleared in the 2017 cost of service proceeding.
- c) Please clarify what the residual balance of \$100,353 within group 1 and 2 accounts still includes.

### **Lakefront Utilities Response**

- a) Lakefront has selected 2012 in the drop-down box of 1595 Analysis Workform on Tab "2014 and pre-2014".
- b) As noted, the rate rider for 1595 (2012) was effective until April 30, 2016. Lakefront's 2017 cost of service proceeding included 2015 actuals and therefore since the rate rider had not reached its sunset date, the balance for 1595 (2012) was not included in the 2017 cost of service proceeding.
- c) As noted by the OEB, amounts originally approved for disposition are based on forecasted consumption or number of customers. The residual balance is the result of variances between forecasted consumption and number of customers and actuals.

## **Staff Question-7**

Ref 1: Application, p. 7 (Status Update on Audit)

Ref 2: EB-2019-0050, Decision and Rate Order, p. 8

At the time of Application, Lakefront Utilities indicated that the OEB audit on the utility's RPP settlement processes has not yet commenced.

- a) If Lakefront Utilities has not received the OEB audit report in time for integration in this proceeding, please confirm its plans to implement any recommendations resulting from the OEB audit in its 2022 rate application.
- b) When Lakefront Utilities receives the results of the OEB audit, please confirm that it will consider all adjustments to be made to the applicable account balances and reflect the changes in the re-filed RRRs, DVA continuity schedule and related Workforms (including Account 1589 and Account 1595). As well, please confirm it will endeavor to implement the necessary changes to its RPP settlements.

## **Lakefront Utilities Response**

- a) Lakefront's 2022 rate application will include 2020 actual balances. Consequently, DVAD balances included in the 2022 rate application will be at December 31, 2020. It is unlikely that the audit will be completed prior to December 31, 2020 to reflect the revised balances. Lakefront considers it has the following options:
  - i) Lakefront plans to file its 2022 rate application in April 2021 and will consider a prior period adjustment to the DVAD balances, depending on the outcome of the DVAD audit. Therefore, any audit adjustments would be reflected in the 2020-year end balances and would be reflected in the 2022 rate application.
  - ii) If the total DVAD balance is immaterial then Lakefront would not have a DVAD disposition in the 2022 rate application. Consequently, any audit adjustments would be irrelevant to the rates calculated in the 2022 rate application and Lakefront would record any potential DVAD adjustments in 2021.
- b) Lakefront confirms that it will consider all adjustments to be made to the applicable account balances and reflect the changes in the re-filed RRRs, DVA continuity schedule and related Workforms. Lakefront will also endeavor to implement any potential changes to its RPP settlements.

## Staff Question-8

Ref: All models filed with 2021 IRM application

- a) Based on Lakefront Utilities' responses to the above questions, please re-file all applicable models, workforms and/or appendices to reflect updates.
- b) If there are any updates to RRR balances, please confirm that Lakefront Utilities will submit a revision request to the OEB's Performance Analytics & Reporting Group and notify the case manager when the RRR amendment is complete.
- c) Please summarize all updates to the application, model(s) and/or appendices submitted in this proceeding.

## Lakefront Utilities Response

- a) All applicable models, workforms and/or appendices have been re-filed.
- b) Lakefront confirms there were no updates to RRR balances.
- c) Below is a summary of all updates to the application, model(s) and/or appendices submitted in this proceeding.

OEB Staff Question	Updates
Staff Question #1	No effect on application, models, and reports
Staff Question #2	No effect on application, models, and reports
Staff Question #3	Model updated by OEB Staff
Staff Question #4	No effect on application, models, and reports
Staff Question #5	No effect on application, models, and reports
Staff Question #6	Lakefront has selected 2012 in the drop-down box of 1595 Analysis Workfrom on Tab "2014 and pre-2014"
Staff Question #7	No effect on application, models, and reports
Staff Question #8	No effect on application, models, and reports