PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

July 5, 2021 **VIA E-MAIL**

Christine E. Long
Board Secretary and Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Long:

Re: EB-2021-0039 – Lakefront Utilities Inc. 2021 Rates Cost of Service
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark C Garner Digitally signed by Mark C Garner
Date: 2021.07.05 15:19:08 -04'00'

Mark Garner
Consultants for VECC/PIAC

Email copy:
Adam Giddings, Director of Regulatory Finance
agiddings@lusi.on.ca

REQUESTOR NAME	**VECC**
TO:	**LAKEFRONT UTILITIES INC.**
DATE:	**July 5, 2021**
CASE NO:	**EB-2020-0039**
APPLICATION NAME	**2021 Cost of Service Rates**

1.0 PLANNING

1.1 Capital

1.1-VECC -1

Reference: Exhibit 2, pages 31-, Appendix B, DSP, Table 2-11

a) LUI significantly underspent its planned capital budget in both 2018 (47% completed) and 2019 (63% completed). Please explain the reasons for these shortfalls in planned capital additions.

b) Please confirm or correct that LUI underspent on its planned capital expenditures for the period 2017 through to 2020 by $1,060,000.

c) Table 2-11 at page 40 of the current DSP states that for each year 2016 through 2020 LUI has “Complete” DSP implementation progress. Please explain what “complete” means and how it was measured.

1.1-VECC -2

Reference: Exhibit 2, Table 2-1, page 15

a) Please show the amount of capital contributions by the associated category (i.e., contributions associated with the System Access, Renewal Service or General Plant categories).

b) What are the capital contributions in 2021? In responding, please specify as to how LUI books contributions (i.e., as accrued or upon payment).

1.1-VECC -3

Reference: Exhibit 2, Appendix 2-AA

a) Please amend Appendix 2-AA to include 2020 Actuals (if not already presented) and add a column showing 2021 July 1 (6 month) actual costs incurred.

1.1-VECC -4

Reference: Exhibit 2, page 46

a) It is explained that LUI experienced two major outages in July 2020 as the result of defective equipment at Victoria St. substation and the Brook Rd. Substation. Please explain the nature of these failures.

b) Please confirm (or correct) that the Brook Road substation had a transformer replaced in 2015 due to water ingress.

c) Please confirm (or correct) that the Brook Road Station Termination Pole and underground primary cables were installed by or before 2020 as per the prior Distribution Plan (EB-2016-0089, Exhibit 2, page 119 of 501).

d) Please confirm that the Victoria Station Rebuild project as outlined in the prior DSP was completed (see EB-2016-0089, Exhibit 2, page 160 of 501).

1.1-VECC -5

Reference: Exhibit 2, Appendix B, DSP page 67 (PDF191)

a) LUI explains that voltage conversion (4.16kV to 27.6kV) is an objective of this DSP. At the completion of this DSP (December 2026) how many kilometers of 4.16kV plant are expected to remain in-service?

b) What performance metrics does the plan include to ensure the objective of replacing the 4.16kV system is achieved?

1.1-VECC -6

Reference: Exhibit 2, Appendix B, DSP page 67 (PDF191)

a) During the term of the proposed DSP (2020-2026) does LUI have any plans for any new offices or garage buildings?

b) Does LUI have any plans to commission a study for such buildings any time during this DSP period?

1.1-VECC -7

Reference: Exhibit 2,

a) We are unable to locate any 2021 Material Project Assessment Forms. Has LUI provided detailed project descriptions for each of the material projects in the test year – i.e., for those system renewal projects shown in Appendix 2-AA? If so please provide that reference.

1.1-VECC -8

Reference: Exhibit 2, Appendix B, DSP, page 89

a) Please explain what the $40,000 in IT hardware refers to.

1.1-VECC -9

Reference: Exhibit 2, Appendix B, DSP, page 89 / EB-2016-0089

a) Please confirm (or correct) that the Victoria Station to King St. project included as a major investment in 2022 ($160k), was also included in the previous DSP (EB-2016-0089, Exhibit 2, page 253). If correct please explain why this project was not completed under the prior DSP.

1.1-VECC -10

Reference: Exhibit 2, Appendix B, DSP, page 89 / EB-2016-0089

a) LUI is proposing to spend approximately $1.1 million more in capital investments over the next five-year rate plan. Furthermore, LUI spent less than it had planned over the last plan period. Please explain why a more aggressive distribution system plan is necessary and why it is more likely than in the past period that the proposed capital plan will more closely be executed.

1.2 OM&A

1.2-VECC -11

Reference: Exhibit 1, page 61

a) Please reconcile <u>Table 1.21:Total Compensation</u> with the equivalent years in Appendix 2-K.

1.2-VECC -12

Reference: Exhibit 1, pdf page 391& 427/Appendix 2-JA

a) Please reconcile the “customer billing and collecting” amounts for 2018, 2019 and 2020 as reported in the Financial Statements ($465,722, $504,153 and $528,441 respectfully) with the equivalent figures in Appendix 2-JA ($489,721, $531,084 and $554,625).

1.2-VECC -13

Reference: Exhibit 4, Appendix 2-JA

a) Please explain why, given LUI is proposing to increase its capital expenditures as compared to previous years, it still requires an increase of almost 60% in maintenance OM&A as compared to the Board approved amount in 2017. In other words, why does the increase in new capital assets not lead over the plan period to lower maintenance costs?

1.2-VECC -14

Reference: Exhibit 4, Appendix 2-K

a) Please amend Appendix 2-K so as to add rows to show for each year the total compensation capitalized and the amount expensed in each year.

b) Please explain why Appendix 2-D (Overhead Expense) has not been populated.

1.2-VECC -15

Reference: Exhibit 4, Appendix 2-JC / page 30

a) Please explain how the 2022 bad debt forecast of $53,779 was derived.

1.2-VECC -16

Reference: Exhibit 4, Appendix 2-JC / page 30

Table 4.14: Summary of Professional Fees and Dues

Expense	Increase (Decrease)
Professional Fees	62,944
Dues	(12,240)
IT Services	38,903
Total	**$89,607**

a) For each year 2021 and 2022 please provide a breakdown and description for the “Professional Fees & Dues” by their material (i.e., 50k +) components.

1.2-VECC -17
Reference: Exhibit 4, Appendix 2-JA / pages 13, 46-47

a) Please identify any amounts shown in Appendix 2-JA in 2020 or 21 which are for the cost of preparing this application in either 2020 and 2021 and for which recovery is being sought in the proposed rates in 2022 and beyond.

1.2-VECC -18
Reference: Exhibit 4, pages 22, 45

a) Does LUI sole source its insurance needs from MEARIE?
b) If yes, when was the last time LUI tendered for its insurance needs?

1.2-VECC-19
Reference: Exhibit 4, page 27

a) Please provide the total annual incremental costs (as compared to 2017) for OEB required cybersecurity responsibilities.

1.2-VECC -20
Reference: Exhibit 4, page 47

Table 4.24: Regulatory Costs specific to the 2022 Cost of Service

Cost of Service Expense	Amount
Legal	$25,000
Intervenor and OEB Costs	$25,000
Customer Engagement	$10,000
Consultant	$20,000
ACA/DSP	$166,000
Miscellaneous	$6,000
Total	**$252,000**
Amortized over 5 Years	**$50,400**

a) For Table 4.24 please provide the actual amounts incurred to date.

2.0 REVENUE REQUIREMENT

2.1 Are all elements of the revenue requirement reasonable, and have they been appropriately determined in accordance with OEB policies and practices?

2.1-VECC-21 (Other Revenue)

Reference: Exhibit 3, pages 37 and 42
Exhibit 8, pages 15-16

Preamble: The Application states (page 42): "*As part of the review of Customer Service Rules (EB-2017-0183), LUI has taken into consideration the proposed amendments to the Distribution System Code, Standard Supply Service Code, Unit Submetering, and Gas Distribution Access Rule. In light of these proposed amendments, LUI has adjusted its budgeted revenue for the proposed changes*."

a) For each of the years 2019-2022 please provide breakdown of the actual/forecast Specific Service Charge revenue from each individual charge. For 2022 please show separately the additional assumed revenues from: i) the $2/month fee for paper bills and i) the new charge for Duplicate Invoices (per Exhibit 8, page 15).

b) Exactly how has LUI adjusted its budgeted revenue for 2021 and 2022 in order to take into consideration the amendments described in the preamble?

2.1-VECC-22 (Other Revenue)

Reference: Exhibit 3, page 40

a) For each rate class please provide the number of LUI customers that currently receive paper bills.

b) With respect to the additional $41,580 from the proposed $2 per month charge for customers continuing to request bill prints, please provide a schedule that sets out the assumed number of customers requesting paper bills by rate class.

2.1-VECC-23 (Cost of Capital)

Reference: Exhibit 5, page 4

a) LUI makes the following statement at the above reference: "*Further, Lakefront reserves the right to seek approval of a mechanism to adjustment the embedded ROE in future years if the 2022 deemed3 return on equity is materially impacted by COVID-19*". Please explain what is contemplated by this statement. Specifically explain what mechanism LUI is proposing.

2.1-VECC-24 (Cost of Capital)
Reference: Exhibit 5, page 5

Table 5.1: Lakefront Utilities Inc. vs. OEB Capital Structure

Capital Element	LUI Capital Ratio	OEB Capital Ratio	Variance
Long-term debt	44.58%	56.00%	(11.42%)
Short-term debt	8.84%	4.00%	4.84%
Common equity	46.58%	40.00%	6.58%
Preferred shares	0.00%	0.00%	0.00%
Total	100.00%	100.00%	0.00%

a) For the 2022 test year please show the derivation of Table 5.1 and with reference to Appendix 2-OB showing the 2022 test year debt instruments.

b) Please confirm (or correct) that LUI is drawing down $900k each year on its TD loan and that the effect of that will be that LUI will over leveraged by the end of the current rate plan.

2.1-VECC-25 (Cost of Capital)
Reference: Exhibit 5, page 6
LUI_2022_Chapter_2_Appendices_20210430.XLSM

a) Please explain why Appendix 2-OA (shown as Table 5.4)shows a long-term debt rate of 3.05% whereas Appendix 2-OB shows a calculated rate of 3.03%.

2.1-VECC-26 (Cost of Capital)
Reference: Exhibit 5, page 13

In 2019, LUI entered into an intercompany agreement with Lakefront Utility Services Inc. which details that the interest charged on intercompany debt is 3.72% and is based on the OEB's current deemed long-term debt rate from Lakefront's 2017 Cost of Services (see attachment H).

a) Please why this loan is not shown in Appendix 2-OA.
b) Please explain why it is necessary for LUI to borrow from Lakefront Utility Services Inc. (LUSI) for the purpose of covering the timing differences between the collection from billed customers to the payment to the IESO. Specifically, please explain why this cost is not covered as part of the working capital allowance.
c) What was the annual interest cost of this loan in 2019, 2022 and to-date in 2022?

2.2 Has the revenue requirement been accurately determined based on these elements?

2.3 Is the proposed shared services cost allocation methodology and the quantum appropriate?

2.3-VECC -27

Reference: Exhibit 4, page 34

a) LUI is one of a very small number of utilities that operate virtually through an affiliate. Please explain why LUI operates in this manner and what benefits this form of operational structure provides ratepayers.

b) Of the approximately 17 FTE/employees shown in Appendix 2-K how many spend 100% of their time working for LUI?

2.3-VECC -28

Reference: Exhibit 4, page 27

a) The 2022 Shared Service Costs (Appendix 2-N) show that the total price for LUSI services is $2,503,932. Please explain what portion of this cost is expensed in 2022 and what portion is capitalized.

b) Please provide the same information for the 2021 actual amounts of $2,409,355.

3.0 LOAD FORECAST, COST ALLOCATION AND RATE DESIGN

3.1 Are the proposed load and customer forecast, loss factors, conservation and demand management adjustments and resulting billing determinants appropriate, and, to the extent applicable, are they an appropriate reflection of the energy and demand requirements of Lakefront Utilities' customers?

3.1-VECC -29

Reference: Exhibit 3, pages 6 and 9-10
Load Forecast Model, Tab 3 (Consumption by Rate Class) and Tab 4 (Customer Growth)

Preamble: At page 6 the Application states: "*Total customers and connections are annual averages calculated by adding the beginning counts as of January 1st and the ending counts as of December 31st and dividing in half.*"

a) Are the historical customer count numbers set out in Tab 3 of the Load Forecast Model based on the customer count as of the beginning or end of each month?

b) Please confirm that the historical annual average customer counts for each class set out in Tab 4 are based on the average of the January and December values for the year concerned.
   i. If the customer counts are based on the values as of the beginning of each month, please confirm that the quote in the Preamble is incorrect.
   ii. If the customer counts are based on the values as of the end of each month, please confirm that the quote in the Preamble is incorrect.

c) If available, please provide the end of June 2021 customer/connection count for each rate class.

d) Does LUI have any customers that are Market Participants?
   i. If yes, please indicate the number of Market Participants in each customer class.
   ii. If yes, please confirm that the customer counts described in pages 22-27 include these Market Participants.
   iii. If not included, please revise the historical and forecast customer counts so as to include these Market Participants.

3.1-VECC-30

Reference: Exhibit 3, pages 8 and 10-11
Load Forecast Model, Tab 6 (WS Regression Analysis)

a) Do the historical Wholesale Purchase values set out in Tab 6 (Column C) include: i) Fit and microFIT purchases by LUI and ii) purchases by Market Participant customers (if applicable)?
   i. If yes, please break these values out using columns D and E in Tab 6.
   ii. If not, please revise Tab 6 accordingly and provide a revised regression model and load forecast for 2021 and 2022.

3.1-VECC-31

Reference: Exhibit 3, pages 16-17
Load Forecast Model, Tab 6 (WS Regression Analysis) and
Tab 6.1 (Regression Analysis)

Preamble: The Application states (page 16): "*Lakefront has noted the following trend in total system load for April to June 2020 as shown in Figure 3.12. As indicated, Lakefront has replaced the actual total system load for April to June 2020 with the average from 2011 to 2019 thereby removing any load impacts resulting from COVID-19 on the load forecast*."

The Application states (page 17): "*In the absence of not updating the usage for April, May, and June, the impact to the revenue deficiency as calculated in Exhibit 6 is approximately $4,000 negative impact to customers. That is, by updating the actuals in April to June to the historical average, the revenue deficiency has increased by approximately $4,000*."

a) Please provide a revised version of Figure 3.12 that also includes: i) the 2019 purchases by month and ii) the average of the 2011-2019 purchases by month.

b) Why was the adjustment made using the historical averages for April to June as opposed to more recent values (e.g., 2019)?

c) An inspection of Figure 3.12 suggests that the actual purchases for September 2020 were below "normal". Why was the adjustment only made for the months of April to June and not for other months such as September?

d) Please re-do the regression model for wholesale purchases using only the data for 2011-2019 and provide: i) the resulting regression equation, ii) the regression statistics (similar to Table 3.9) and iii) the resulting purchased power forecast for 2020, 2021 and 2022.

e) Please confirm that with respect to the reference from page 17, updating the actuals in April to June to the historical average has decreased (not increased) the revenue deficiency. If not, please explain why not.

3.1-VECC-32

Reference: Exhibit 3, page 15
3.1-Staff-31

Preamble: Staff-31 inquires as to the reasonableness of the negative coefficient for the “number of customers” variable

a) Could this result be due the impact of CDM programs over the 2011-2020 period which have not been accounted for in the modelling?
   i. If not, please explain why not.
   ii. Please complete the following table based on LUI’s reported CDM results and provide the supporting OPA/IESO Reports.

Impact of Historical CDM (kWh)					
Calendar Year/ CDM Program Year	2011	Columns for Each Subsequent Year up to 2021			2022
2011 CDM Program Impacts					
Actual CDM impacts for each year to 2020 – one row per year					
Total					

3.1-VECC-33

Reference: Exhibit 3, page 19
Load Forecast Model, Tab 7 (Weather Sensitive Class) and Tab 8 (kW and Non-Weather Sensitive)

Preamble: The Application states: “*From Table 3.15 LUI used the average kWh per customer for the 2021 Bridge and 2022 Test Year and multiplied by the forecasted average customer in that rate class for the 2021 Bridge and 2022 Test Year. The non-weather billed consumption by rate class is illustrated in Table 3.16*.”

a) The Application states that the customer class forecasts for 2022 are based on the estimated average use per customer multiplied by the forecast number of customers. However, in Tabs 7 and 8 of the Load Forecast Model, the customer class forecasts are based on each class’ share of the 2020 purchases. Please clarify whether the description in the Application is correct.

b) Given the acknowledged impacts of COVID-19 on 2020 sales (per page 17):

   i. Why, in the Load Forecast model, were customer class shares based on 2020 values?

   ii. How would the 2020 forecast by customer class change if 2019 was used instead?

3.1-VECC-34

Reference: Exhibit 8, pages 7-8
Appendix 2-R

a) What is the basis for LUI's understanding that utilities embedded with Hydro One are to incorporate a supply facilities loss factor of 0.0045?

3.2 Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?

3.2-VECC-35

Reference: Exhibit 7, page 9

Preamble: The Application states:
"*Street Lighting, Sentinel Load, and Unmetered Scattered Load: A services weighting factor of 0 is proposed for these customer classes as the costs incurred to provide services for these customer classes are the responsibility of the Town of Cobourg, excluding unmetered scattered load*."

a) The Cost Allocation Model (Tab I6.2) indicates that there are two Street Light customers. Are both of these customers responsible for the costs of their Services assets? If yes, is this through a capital contribution such that LUI owns the Services assets or do the Street Light customers own the assets?

b) Are Sentinel and USL customers responsible for the costs of their Services assets? If yes, is this through a capital contribution such that LUI owns the Services assets or do these customers own the assets?

3.2-VECC-36

Reference: Exhibit 7, page 10-12

Preamble: The Application states:

"*Account 5315 consists of staff wages related to billing customers. Consequently, there is a greater amount of costs attributed to residential customers considering the amount of bills produced. Further, there is more staff time allocated to residential customers for inputting time of use rates, bill testing, etc. Conversely, it is reasonable to have minimal costs allocated to GS 3000-4999 because there is only one customer and therefore there are only 12 bills produced in a month and less staff time*."

a) The Cost Allocation Model (Tab I6.2) indicates that there are two Street Light customers. However, Table 7.3 assumes there are only 12 Street Light bills per year – consistent with a customer count of one. Please reconcile.

b) With respect to the allocation of Account 5315, please explain how the number of bills produced impacts the amount of time required to i) input rates and ii) test the bills for each customer class. (i.e., why wouldn't the input time be the same regardless of the number of customers such that on a per bill basis the cost would be less for classes with a larger customer count?).

c) With respect to the allocation of Accounts 5320 and 5330, please explain why Tables 7.5 and 7.6 only attribute Bad Debt to the Residential and GS<50 classes whereas the Cost Allocation Model (Tab I6.2) also attributes Bad Debt to the GS 50-2999 class. Also please reconcile the relative weightings for the Residential and GS<50 classes used in Tables 7.5 and 7.6 with those in Tab I6.2 (i.e., the latter uses a significantly higher weight for the GS<50 class).

d) It is noted that in Table 7.3 there do not appear to be any costs related to Canada Post (i.e., for mailing bills). Are these costs included and if so where and what is the annual cost?

e) With respect to Table 7.7 (i.e., fees paid to ERTH for printing bills), please provide a breakdown of the number of printed bills per month for each class associated with the $55,773.

3.2-VECC-37
Reference: Exhibit 7, pages 24-26

a) Please explain why, with the exception of the Street Light and USL classes, the Revenue to Cost Ratios are being moved to approximately 100% for all classes (as opposed to making adjustments such that ratios are within the Board's policy ranges).

b) Why is the Street Light ratio only being increased to 90%? If the rationale is to mitigate the class' 2022 bill impacts, why isn't the ratio increased further over the 2023 to 2024 period?

3.3 Are Lakefront Utilities' proposals, including the proposed fixed/variable splits, for rate design appropriate?

3.3-VECC-38
Reference: Exhibit 8, page 5
Cost Allocation Model, Tab O2

a) The Maximum Fixed Charge values set out in Table 8.2 do not match the values for the Customer Unit Cost per Month – Minimum System with PLCC Adjustment values in Tab O2 from the Cost Allocation model (e.g., For the GS<50 class Table 8.2 has a value of $25.50 whereas Tab O2 has a value of $24.30). Please revise Table 8.2 as required and identify those customer classes where the 2021 fixed charge exceeds the maximum and LUI is proposing to increase it in 2022.

3.4 Are the proposed standby charges for customers in the General Service (GS) 50 to 2,999 kW or GS 3,000 to 4,999 kW classes who have load displacement generation or storage that require LUI to provide a backup service appropriate?

3.4-VECC-39
Reference: Exhibit 7, pages 18-19

a) Do any of LUI's GS 50-2999 or GS 3000-4999 customers currently have Load Displacement Generation?
b) If yes, how many customers and what customer class(es) are they in?
c) If yes, is the generation separately metered and, if so, who owns the meter?
d) Does the Load Forecast include any kW billing for Standby? If yes, please explain where/how in the Load Forecast the Standby bill kW have been captured.

3.5 Are the proposed Low Voltage Charges and Retail Transmission Service Rates appropriate?

3.5-VECC-40

Reference: Exhibit 8, page 7-8
RTSR Model, Tabs 3 & 7

a) Please confirm that the RRR data used in Tab 3 and the monthly billing data in Tab 7 are both based on 2020 actual data. If not confirmed, what is the basis for each?

3.5-VECC-41

Reference: Exhibit 8, page 17

a) Please confirm that the $264,000 annual increase in LV costs is based on the average annual increase from 2018 to 2020 (not 2019 to 2020 as stated in the Application).

b) For each of 2019 and 2020, how much of the increase in LV costs was due to a change in the billing determinants and how much was due to changes in the applicable rates?

3.6 Are the Retail Service Charges and Pole Attachment Charge appropriate?

3.6-VECC-42

Reference: Exhibit 8, page 9

a) Please confirm that the proposed 2022 Retail Service Charges are the same as those approved for 2021.

b) Please confirm the revenues from Retail Service Charges as forecast in Exhibit 3 are based on the approved 2021 rates.

3.7 Are the existing Specific Service Charges, the proposed Specific Service Charge for customers requiring a printed bill and the proposed Specific Service Charge for a duplicate invoice appropriate?

3.7-VECC-43

Reference: Exhibit 8, pages 13-14 and 16

a) With respect to Table 8.7, what activities with respect to the production of a print bill require the involvement of LUI's direct labour?

b) Are there any monthly activities that are unique to the production of e-bills?
    i. If yes, what are they, what is the estimated monthly cost for 2022 and does the cost vary with the number of e-bills issued?

c) Did LUI consider other approaches to incentivizing its customers to adopt e-billing, such as gift cards or other one-time rewards, as opposed to penalizing (via additional charges) those that want to continue to receive print bills?
   i. If not, why not?
   ii. If yes, what options were considered and why were they rejected?

d) It is noted that LUI proposes to not charge customers the Duplicate Invoice Fee is they indicate they are unable to use the on-line service to access past invoices (page 16). Why is LUI not proposing to offer a similar accommodation to customers who are unable to use on-line services to access their monthly bills?

3.7-VECC-44
Reference: Exhibit 1, page 75

a) Was the "Engage Coburg" survey with a response of 8 people the entirety of the customer engagement on the proposal for charging for printed bills?

b) Please list all the customer engagement LUI undertook with respect to the proposed charge for duplicate bills?

3.7-VECC-45
Reference: Exhibit 1, Appendix G – Survey – page 5/18 (PDF page 261) 261 / Exhibit 1, Appendix L – Redhead Media Survey – PDF page 457

a) 22.22% of Lakefront customers surveyed stated that Bill inserts and newsletters were the best method to reach them. The Redhead Media Survey also shows that 32% of surveyed customers prefer bill inserts as a means of communications. Given these findings what evidence has Lakefront that charging additional amounts for paper bills is desired by its customers?

b) What customer engagement did LUI undertake with respect to the proposed charge for duplicate bills?

3.7-VECC-46
Reference: Exhibit 1, Appendix L – Redhead Media Survey – PDF page 311

a) The Redhead Media survey reports a net 90% of customers are satisfied with the bills they receive from LUI. Given this result what is the impetus to change the manner in which bills are charged to customers?

3.7-VECC-47
Reference:

a) How many requests for duplicate bills did LUI receive in each of 2018, 2019, and 2020?

3.7-VECC -48
Reference: Exhibit 1, page 30

a) LUI's conditions of service are found at https://www.lakefrontutilities.com/conditions-of-service/ and are entitled "**Conditions of Service for Cornerstone Hydro Electric Concepts Association**" . These appear to be a generic set of conditions developed by the CHEC group. Please confirm these conditions of service are applicable to LUI and explain what modifications have been made to these conditions of service so as to apply to LUI. Why has LUI not named the conditions of service for the Utility?

3.8 Are rate mitigation proposals required for any rate classes?

4.0 ACCOUNTING

4.1 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

4.2 Are Lakefront Utilities' proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?

4.2-VECC -49
Reference: Exhibit 9, page 8

a) When did LUI discover it had made an error in the calculation of the LV charge?
b) Did LUI apply to the Board for an adjustment to the rate when it discovered this error? If not please explain why not.

5.0 OTHER
5.1 Is the proposed effective date (i.e., January 1, 2022) for 2022 rates appropriate?

5.2 Has Lakefront Utilities responded appropriately to the requirement to submit an Asset Condition Assessment as outlined in the approved EB-2016-0089 settlement proposal?

5.2-VECC -50

Reference: Exhibit 2, Appendix A – METSCO Asset Condition Assessment, Figure 02, page 10

a) Is this the first asset condition assessment completed with the assistance of a third party? If not please provide the previous asset condition assessment.

b) No health indices are provided for a large portion of Switchgear, Circuit Breakers, Station Service Transformers, Battery Banks and Chargers and Station Power Cables due to a lack of data. Please explain what steps are required of LUI to remedy the reasons for the inability to calculate Health Indices for the majority of these assets.

c) Did Metsco staff make any site visits to the utility or audit any of the information provided by LUI to Metsco?

d) How does Metsco "*confirm the integrity of its condition data set*" (page 24)

5.2-VECC -51

Reference: Exhibit 2, page 39 /, Appendix A – METSCO Asset Condition Assessment, pages 63-

a) The Metsco Asset Condition Assessment sets out a number of recommendations starting at page 63 of the Report. Please outline how LUI is addressing each of those recommendations.

5.3 Is the proposed method of addressing the impact of COVID-19 on Lakefront Utilities' operations for 2022 rates appropriate?

5.3-VECC -52

Reference: Exhibit 1, page 14

a) Please update Table 1 (Summary of Covid Expenses) to include the most recent monthly balances (i.e., June 31, 2021).

5.3-VECC -53
Reference: Exhibit 9, page 7-8

a) Please breakdown the balance of Covid Costs sought for recovery into the three categories listed at page 7 of Exhibit 9.

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