

Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an Application by Lakefront Utilities Inc. “LUI” for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity, effective January 1, 2022.

INTERROGATORIES

On Behalf of

Cobourg Taxpayers Association

Exhibit 1 – Administrative Document, Figure 1.32

The graph indicates that **100%** of the groups consulted felt that they understood the capital and operating budget drivers either “Well” or “Very Well”. To what do you attribute this outstanding level of understanding even though the groups consulted were largely untechnical?

Exhibit 1 – Administrative Document, Page 82

“As part of the process when a customer installs LDG, LUI consults with the customer to determine whether the supply of power from the distribution system will be needed when the generation is not running.”

Is there a legal or regulatory requirement that Lakefront be notified when a customer installs LDG? If so, please provide details of the relevant requirement. If not, how will Lakefront be made aware of a plan to install LDG?

Exhibit 1 – Administrative Document, Figure 1.35

Please provide the questions from which the survey responses are displayed. How many customers responded to the survey? What percentage of potentially affected customers responded? What efforts were made to maximize the response rate?

Exhibit 1 – Administrative Document, Page 83

“Further, the groups representing low-income customers were disheartened to discover that if Lakefront were not able to be kept whole through the standby rate, other rate classes of customers would eventually experience rate increases to make up the difference, effectively subsidizing those customers with load displacement projects.”

- What specific groups “representing low- income customers” were consulted?
- Did these groups have the technical competence to understand the intricacies of the rationale for standby charges? If so, how was their level of competence verified?
- How were the representatives of low-income customers selected?
- What definition of “low-income” was used?
- How many low-income customers do the representatives represent?
- What efforts did the low-income representatives make to ensure that they actually represented to views of those whom they purport to represent?
- Were representatives of other than low-income customers (medium and high-income customers) consulted? If yes, did they concur with the low-income representatives? If no representatives for other than low-income customers were consulted, why not?

Exhibit 1 – Administrative Document, Page 83

“As indicated above, 67% of customers either agree or strongly agree with the proposed standby rate.”

Is this 67% of all LUI’s customers or 67% of all industrial customers or 67% of industrial customers who plan to install LDG or...? Is this 67% of all those surveyed or 67% of those who responded to the survey?

Exhibit 1 – Administrative Document, Page 277 – 286 (Standby Rate 2022)

There are several mentions of off-grid customers (presumably residential customers). However, standby charges are only proposed for larger industrial users. Why not for all customers?

In the US, the number of residential customers with LDG is rapidly increasing. Tesla with their PowerWall® (<https://www.tesla.com/powerwall>) and other suppliers are actively marketing LDG. Are any of Lakefront’s residential customers currently using or planning to use such devices?

Exhibit 4 – Operating Expenses (general)

Climate change is mentioned in passing on page 19 but there does not appear to be any quantification of the expected impacts nor any allowance for them. Experts warn that severe weather events will be much more common in the future.

- What analysis has Lakefront conducted to account for these likely additional expenses?
- What is the result of Lakefront’s analysis of these additional costs?
- Have additional costs been included in expected expenses? If not, why not?

In 2018 Lakefront sent crews to Westchester County in New York to help restore power.

“In March, Lakefront Utilities Inc. responded to a request for assistance from New York State to help restore power in the wake of the nor’easter that wreaked havoc on northeastern, mid-Atlantic and southeastern United States. The storm caused widespread power outages that left more than one million people without power. LUI sent a small crew of three to Westchester County, who worked up to 16-hour days alongside crews from multiple other electric utilities to repair the damaged distribution infrastructure.”

<https://www.lakefrontutilities.com/wp-content/uploads/2019/07/Town-of-Cobourg-Holdings-Inc-2018-annual-report.pdf>

In 2019 Lakefront sent crews to provide assistance with the recovery from hurricane Dorian.

“Lakefront Utilities Inc. (LUI), the Town of Cobourg electric utility, in collaboration with its partner Tal Trees Power Services Corp., an affiliate of Spark Power, has sent an electric line crew to Florida to assist with the expected emergency impact of Hurricane Dorian.”

<https://www.lakefrontutilities.com/2019/08/30/lakefront-utilities-staff-head-to-florida-to-provide-hurricane-assistance/>

- Was Lakefront compensated for these expenses? If so, what was the amount of compensation?
- What was the actual cost of providing these crews?
- What allowances have been budgeted for future assistance to other utilities? If not, why not?
- How are the costs and compensation received (if any) reflected in reported OM&A or other expenses?

There are several mentions of additional cybersecurity related expenses (page 59 and others) but little about what has actually been implemented:

- Does LUI conduct periodic tests of recoverability using a simulated ransomware or other cybersecurity attack? If not, why not?

- Does LUI have a documented plan for recovery from failures of critical elements of their IT infrastructure?
- Are backups of critical data and procedures manuals maintained offsite?
- Are procedures in place to periodically test sufficiency of backup procedures and media?
- Has LUI taken steps to secure their SCADA infrastructure from cyber attacks?

Exhibit 4 – Operating Expenses, Table 4.15

Management and executive compensation are shown as \$0. Is it correct to assume that the 2.96 management/executive FTEs and their compensation is lumped with that of the total staff of 16 to 18? How many actual people are included in the 2.96 FTEs?

Exhibit 8 – Rate Design

The CTA has several questions regarding the impact of implementation of standby charges as proposed by Lakefront:

- Have you determined the number of customers who would be affected by your proposed? If so, how was the number determined?
- What is the expected impact on Lakefront’s revenue over the duration of the current CoS decision?
- Lakefront indicated that several customers had concerns about the proposed standby charges.
 - Please summarize their concerns.
 - How have you modified your proposed standby charges to address their concerns?
 - Do they find your revised proposal acceptable?
- Are there any current regulations controlling “behind the meter” generation?
- Please provide details of your analysis of future growth in LDG projects.
- Who will be responsible for installing the additional metering required to implement your proposed standby charges? Will Lakefront or the customer be responsible for any costs? Please provide details of the anticipated costs, if any.
- How will you ensure that all customers with LDG will be subjected to the new charges?
- From the perspective of Lakefront’s costs what are the fundamental differences between local generation that results in a fluctuating load subject to a standby charge and a fluctuating load that results from varying production levels? Are these fluctuating or intermittent load customers being charged sufficiently to defray their costs to Lakefront? Please provide details of your relevant analysis.
- LUI wrote: “...requires Lakefront Utilities Inc. to provide back-up service.”. Does this mean that the customer **desires** a backup service or that LUI is **required** by statute or otherwise to provide a backup service?
- Does LUI currently provide a contracted backup service to any customers? If so, how many?
- Has the provision of a backup service been discussed at a LUI Board Meeting? If so, please provide details of the discussion.

- Is the hypothetical situation described in the Standby Workbook actually Northumberland Hills Hospital? Is their system actually installed and commissioned?
- The proposed standby charge is very low compared to the usual customer alternatives such as a diesel generator. Please provide the analysis that LUI used to determine the appropriate standby charge.