



**Lakefront  
Utilities  
Inc.**

207 Division Street, P.O. Box 577, Cobourg, ON K9A 4L3 • [www.lakefrontutilities.com](http://www.lakefrontutilities.com) • Tel: 905-372-2193

April 28, 2025

BY RESS and EMAIL

Ms. Nancy Marconi  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
PO Box 2319  
Toronto, ON M4P 1E4

**Re: EB-2024-0038 - Lakefront Utilities Inc. Incremental Capital Module  
Application for 2025 Electricity Distribution Rates and Charges:  
Response to Procedural Order No. 3 dated April 24, 2025**

Dear Ms. Marconi:

In accordance with Procedural Order No. 3 issued on April 24, 2025, Lakefront Utilities Inc. ("Lakefront") submits updated evidence related to the 2016 to 2023 Group 1 Deferral and Variance Accounts (DVAs), specifically addressing the OEB's directive outlined in item 1.

As detailed in the OEB Inspection Report dated February 2025 as submitted, Lakefront acknowledges previous regulatory accounting and settlement errors identified through OEB staff inspections conducted in December 2022 and February 2025. Specifically, these inspections found:



**APPENDIX 1  
SUMMARY OF ADJUSTMENTS TO BALANCES AS OF  
DECEMBER 31, 2023**

		<b>Account 1588</b>	<b>Account 1589</b>
<b>Principal</b>	Revised annual transactions		
	2016	(347,841)	(412,501)
	2017	16,556	261,036
	2018	158,035	(123,556)
	2019	91,275	123,474
	2020	95,666	385,034
	2021	149,079	(308,934)
	2022	238,892	7,677
	2023	175,125	242,454
	<b>Revised Principal Balance as of Dec 31, 2023</b>	<b>576,786</b>	<b>174,683</b>
	Balance as of Dec 31, 2023 per GL	171,775	(1,217,915)
	<b>Adjustment Required to Principal Balance</b>	<b>405,011</b>	<b>1,392,598</b>
<b>Interest</b>	<b>Revised Interest Balance as of Dec 31, 2023</b>	<b>46,208</b>	<b>(75,727)</b>
	Balance as of Dec 31, 2023 per GL	11,623	(151,982)
	<b>Adjustment Required to Interest Balance</b>	<b>34,585</b>	<b>76,255</b>
<b>Total Principal and Interest Adjustments</b>		<b>439,597</b>	<b>1,468,853</b>

Lakefront has fully implemented corrective actions by accurately reallocating Global Adjustment (GA) costs based on actual RPP and non-RPP consumption volumes, adopting proper accrual accounting methods, and strengthening internal control measures to address identified weaknesses. Despite ongoing challenges, including data discrepancies and control issues highlighted by OEB staff, Lakefront has resolved these issues, ensuring all final adjustments comply with regulatory requirements.



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The evidence now submitted reflects:

Revised calculation of true-up adjustments in line with the OEB's Accounting Procedures Handbook and related guidelines.

Alignment of unbilled revenue with actual billed consumption, correcting previous inaccuracies in variance account reporting.

Comprehensive explanation of principal adjustments, accurately reflecting corrected balances to ensure compliance and accountability.

Lakefront has made necessary corrections and adjustments to Accounts 1588 and 1589, ensuring that all balances brought forward for disposition in this proceeding are accurate and verifiable. We further confirm that the updated IRM Rate Generator Model submitted with this correspondence reflects the OEB Inspection and Enforcement findings.

		2024			
Account Descriptions	Account Number	Principal Disposition during 2024 - instructed by OEB	Interest Disposition during 2024 - instructed by OEB	Closing Principal Balances as of Dec 31, 2022 Adjusted for Disposition during 2024	Closing Interest Balances as of Dec 31, 2022 Adjusted for Disposition during 2024
<b>Group 1 Accounts</b>					
LV Variance Account	1550	(300,618)	(6,492)	(467,895)	(10,986)
Smart Metering Entity Charge Variance Account	1551	(30,177)	(2,022)	(21,576)	(388)
RSVA - Wholesale Market Service Charge <sup>5</sup>	1580	535,227	37,189	(257,931)	(5,067)
Variance WMS – Sub-account CBR Class A <sup>5</sup>	1580	0	0	0	0
Variance WMS – Sub-account CBR Class B <sup>5</sup>	1580	(21,715)	(1,801)	30,215	(187)
RSVA - Retail Transmission Network Charge	1584	430,418	29,593	135,346	2,960
RSVA - Retail Transmission Connection Charge	1586	68,275	5,527	213,519	4,410
RSVA - Power <sup>4</sup>	1588			576,786	46,208
RSVA - Global Adjustment <sup>4</sup>	1589			174,683	(75,727)
Disposition and Recovery/Refund of Regulatory Balances (2021) <sup>3</sup>	1595			0	0
Disposition and Recovery/Refund of Regulatory Balances (2022) <sup>3</sup>	1595			475,739	374,753
Disposition and Recovery/Refund of Regulatory Balances (2023) <sup>3</sup>	1595			(10,567)	41,551
Disposition and Recovery/Refund of Regulatory Balances (2024) <sup>3</sup>	1595				
<i>Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility.</i>	1595			0	0
RSVA - Global Adjustment requested for disposition	1589	0	0	174,683	(75,727)
Total Group 1 Balance excluding Account 1589 - Global Adjustment requested for disposition		681,410	61,993	673,634	453,254
Total Group 1 Balance requested for disposition		681,410	61,993	848,318	377,527
LRAM Variance Account (only input amounts if applying for disposition of this account)	1568			0	0
Impacts Arising from the COVID-19 Emergency, Sub-account Forgone Revenues from Postponing Rate Implementation <sup>6</sup>	1509			0	0
Total Group 1 balance including Account 1568 and Account 1509 requested for disposition		681,410	61,993	848,318	377,527

Lakefront Utilities Inc. appreciates the review and consideration of the matters addressed in this application. Should you have any questions, please feel free to contact us at [regulatory@lusi.on.ca](mailto:regulatory@lusi.on.ca).



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Respectfully submitted.

A handwritten signature in blue ink, consisting of the letters 'DW' in a stylized, cursive font.

Danielle Wakelin  
Manager of Regulatory Compliance  
Lakefront Utilities Inc.