



**Lakefront
Utilities
Inc.**

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

May 20, 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, Phase 2 Interrogatories
dated May 5, 2025**

Dear Ms. Marconi:

In accordance with Procedural Order No. 3 Phase 2 Interrogatories submitted by OEB Staff on May 5th, 2025, Lakefront Utilities Inc. ("Lakefront") submits responses in the above proceeding. The requested OEB Staff and intervenors have been copied on this filing.

Should you have any questions, please feel free to contact us at regulatory@lusi.on.ca.

Respectfully submitted,

A handwritten signature in blue ink, consisting of a large, stylized 'D' followed by a 'W'. The signature is fluid and cursive.

Danielle Wakelin
Manager of Regulatory Compliance
Lakefront Utilities Inc.

Phase 2 Staff Interrogatories-1

Ref. 1: Manager's Summary, p. 21

Ref. 2: OEB Letter: Errata for December 14, 2023 Decision and Rate Order, EB-2023-0035, May 24, 2024

Preamble:

[2025 Manager's Summary](#)

[EB-2023-0035](#)

[OEB Letter May 24, 2024](#)

In Ref. 1, Lakefront Utilities states the following:

LUI proposes that in this application that a modified calculation be employed to true up this error and the following split outlined in Table 5 be used for the 2024 OEB disposition. This is based on the premise that LUI discontinued the collection in July 2024. Of the \$743K as per modified disposition below LUI has collected \$811K to date. The over collection will be finalized when LUI applies for the 2024 1595 disposition in our 2027 COS application.

In the May 2024 OEB letter, the OEB agreed with Lakefront Utilities' proposed approach to address the error which is to change the sunset date to June 30, 2024 for both the Rate Rider for Disposition of Deferral/Variance Accounts (2024) and the Rate Rider for Disposition of Capacity Based Recovery Account (2024).

Question(s):

a) Given that the approved revised sunset date for the rate riders is June 30, 2024, please explain why both rate riders were discontinued in July 2024?

LUI Response:

Although the approved revised sunset date for the rate riders was set as June 30, 2024, the practical application of these rate riders resulted in their effective discontinuation on July 1, 2024, due to billing cycle timing. Specifically, the rate riders applied to customer bills are aligned with complete billing periods rather than precise calendar dates.

Therefore, any customer billing cycles ending after June 30, 2024, which would typically be issued on July 1, 2024, did not include the rate riders, effectively discontinuing their application as of July. This billing practice ensures consistency and clarity for customers and avoids the administrative complexity that would result from mid-cycle rate changes.

In summary, while the sunset date officially marked the end of June, the billing methodology and cycle-based implementation caused the practical cessation of the rate riders' charges to customers to occur on July 1, 2024.

LUI Response:

DVAYear	2024												
Sum of Amount													
		202401	202402	202403	202404	202405	202406	202407	202408	202409	Grand Total		
RETAIL													
02-100-1595-2410													
RESIDENTIAL - DVA 2024	\$	(3.23)	\$ (39,771.67)	\$ (46,095.69)	\$ (43,699.68)	\$ (39,375.69)	\$ (36,201.83)	\$ (40,368.63)	\$ (10,046.20)	\$ (1.62)	\$ (255,564.24)		
02-100-1595-2411													
GS<50 - DVA 2024	\$	(4.18)	\$ (23,317.07)	\$ (21,436.16)	\$ (20,858.59)	\$ (18,748.27)	\$ (17,990.89)	\$ (18,793.58)	\$ (309.40)		\$ (121,458.14)		
02-100-1595-2412													
GS 50-2999 - DVA 2024			\$ (65,558.71)	\$ (63,908.69)	\$ (64,195.85)	\$ (63,483.57)	\$ (65,587.99)	\$ (67,778.13)			\$ (390,512.94)		
02-100-1595-2413													
GS 3000-4999 - DVA 2024			\$ (10,607.46)	\$ (11,273.12)	\$ (10,994.86)	\$ (11,100.04)	\$ (9,362.24)	\$ (10,580.40)			\$ (63,918.12)		
02-100-1595-2414													
USL - DVA 2024			\$ (363.13)	\$ (363.49)	\$ (363.49)	\$ (363.49)	\$ (363.49)	\$ (363.49)			\$ (2,180.58)		
02-100-1595-2415													
SENTINEL - DVA 2024			\$ (12.75)	\$ (25.09)	\$ (26.05)	\$ (25.57)	\$ (25.57)	\$ (25.57)	\$ (0.89)		\$ (141.49)		
02-100-1595-2416													
STREETLIGHT - DVA 2024			\$ (633.95)	\$ (633.95)	\$ (633.95)	\$ (633.95)	\$ (633.95)	\$ (633.95)			\$ (3,803.70)		
02-100-1595-2417													
RESIDENTIAL - DVA 2024 - CLASS B	\$	0.14	\$ 1,807.51	\$ 2,095.47	\$ 1,984.92	\$ 1,789.64	\$ 1,645.62	\$ 1,835.24	\$ 459.21	\$ 0.08	\$ 11,617.83		
02-100-1595-2418													
GS<50 - DVA 2024 - CLASS B	\$	0.18	\$ 1,013.73	\$ 932.25	\$ 906.84	\$ 815.10	\$ 782.12	\$ 817.17	\$ 13.66		\$ 5,281.05		
02-100-1595-2419													
GS 50-2999 - DVA 2024 - CLASS B			\$ 1,561.19	\$ 1,518.18	\$ 1,489.66	\$ 1,473.24	\$ 1,509.92	\$ 1,574.87			\$ 9,127.06		
02-100-1595-2421													
USL - DVA 2024 - CLASS B			\$ 15.66	\$ 15.69	\$ 15.69	\$ 15.69	\$ 15.69	\$ 15.69			\$ 94.11		
02-100-1595-2422													
SENTINEL - DVA 2024 - CLASS B			\$ 0.49	\$ 0.94	\$ 0.97	\$ 0.96	\$ 0.96	\$ 0.96	\$ 0.03		\$ 5.31		
02-100-1595-2423													
STREET LIGHTING - DVA 2024 - CLASS B			\$ 22.75	\$ 22.75	\$ 22.75	\$ 22.75	\$ 22.75	\$ 22.75			\$ 136.50		
Grand Total	\$	(7.09)	\$ (135,843.41)	\$ (139,150.91)	\$ (136,351.64)	\$ (129,613.20)	\$ (126,188.90)	\$ (134,277.07)	\$ (9,883.59)	\$ (1.54)	\$ (811,317.35)		

Phase 2 Staff Interrogatories-2

Ref. 1: Chapter 3 Filing Requirements for Electricity Distribution Rate Applications Filed in 2024 for Rates Taking Effect in 2025

Ref. 2: Lakefront Utilities 2025 IRM Rate Generator Model, April 28, 2025

Preamble:

[2025 IRM Rate Generator April 20, 2025](#)

Page 10 of the Chapter 3 Filing Requirements states, “The opening principal amounts as well as the opening interest amounts for Group 1 balances, shown in the continuity schedule, must reconcile with the last applicable, approved closing balances.”

Additionally, page 13 of the Chapter 3 Filing Requirement states, “All distributors are required to complete and submit the GA Analysis Workform for each year that has not previously been approved by the OEB for disposition”.

In the DVA continuity schedule of Ref. 2, Lakefront Utilities reported a credit principal adjustment of \$146,203 to Account 1588 and a credit principal adjustment of \$24,258 to Account 1589 in 2023.

Question(s):

a) Please provide the continuity schedule for Accounts 1588 and 1589 starting 2015 – 2021.

LUI Response:

The following is the continuity schedule as provided in the OEB Inspection Report for Lakefront Utilities Inc. Follow-Up Inspection of Group 1 Deferral and Variance Accounts 1588 and 1589 February 2025, filed.

		Account 1588	Account 1589
Principal	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
	Revised Principal Balance as of Dec 31, 2023	576,786	174,683
Interest	Balance as of Dec 31, 2023 per GL	171,775	(1,217,915)
	Adjustment Required to Principal Balance	405,011	1,392,598
	Revised Interest Balance as of Dec 31, 2023	46,208	(75,727)
Interest	Balance as of Dec 31, 2023 per GL	11,623	(151,982)
	Adjustment Required to Interest Balance	34,585	76,255
Total Principal and Interest Adjustments		439,597	1,468,853

b) Please provide an updated GA Analysis Workform for 2023 to reflect the principal adjustments reported in 2023 in Ref. 2.

LUI Response:

Please reference the GA Analysis worksheet in our attached file “LUI IESO RPP Settlement Workbook 2023 Final.”

Phase 2 Staff Interrogatories-3
Ref. 1: Manager's Summary, p. 41
Preamble:

In Ref. 1, Lakefront Utilities states the following:
LUI has determined that it owes the IESO \$1.9M. It also has determined that it needs to collect back from our customers \$722K in 1588 and \$198K in GA. These values have been incorporated into Sheet 3 of the IRM generator. In addition, LUI has determined that outstanding interest in the amount of a credit of \$29K is owed.

Question(s):

a) Please provide a breakdown of the amounts owing to the IESO.

LUI Response:

RPP Revenue Prices	2016	2017	2018	2019	2020	2021	2022	2023	Total
RPPT1	\$ 18,675.07	-\$ 14,617.68	\$ 26,359.36	\$ 5,587.61	\$11,657.07	\$ 57,110.92	\$2,701.57	\$ 9,095.07	\$ 116,568.99
RPPT2	\$ 2,733.42	\$ 10,113.93	\$ 39,293.58	\$ 10,487.13	\$ 1,948.70	\$ 21,809.28	\$3,801.02	\$ 4,822.19	\$ 95,009.24
RPPTOUMID	\$ 29,729.32	-\$ 74,241.93	\$ 84,813.91	\$ 56,960.08	\$16,473.72	\$102,550.20	\$1,005.00	\$ 25,701.31	\$ 242,991.60
RPPTOUFF	\$ 76,684.33	-\$ 94,644.56	\$250,911.16	\$ 95,259.11	\$59,395.34	\$399,791.74	-\$9,708.33	\$ 24,475.65	\$ 802,164.44
RPPTOON	\$ 41,800.10	-\$131,657.48	\$129,232.54	\$124,494.26	\$ 3,838.40	\$107,522.57	\$3,258.10	\$ 54,770.96	\$ 333,259.45
RPPULOMID	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52.84	\$ 52.84
RPPULOUFF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-\$ 42.86	-\$ 42.86
RPPULON	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313.10	\$ 313.10
RPPULOVN	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101.74	\$ 101.74
Total RPP For Settlement	\$169,622.24	-\$305,047.72	\$530,610.55	\$292,788.20	\$93,313.23	\$688,784.71	\$1,057.35	\$119,290.00	\$1,590,418.55

b) Has Lakefront Utilities settled with the IESO yet for the amounts owing?

LUI Response:

No, LUI has not settled with the IESO yet.

i. If not, why not and please provide the plan of settling the amounts with the IESO.

LUI Response:

We have been waiting to confirm the final balances approved by the Ontario Energy Board (OEB), which will be provided in the final rate decision for this application. Once these final balances are confirmed, we will approach the Independent Electricity System Operator (IESO) for settlement instructions.

Phase 2 Staff Interrogatories-4

Ref. 1: Manager's Summary, p. 44

Ref. 2: Lakefront Utilities 2025 IRM Rate Generator Model, April 28, 2025

Ref. 3: Instructions for DVA Continuity Schedule – 2025 Rates, pp. 6-9

Preamble:

In Ref. 1, Lakefront Utilities states that it had one customer transition from Class A to Class B as of July 2021, and subsequently from Class B to Class A, as of July 2022.

In Tab 6 of Ref. 2, Lakefront Utilities reported no transition customers between Class A and Class B during the period the Accounts 1589 and 1580 balance accumulated. Additionally, Lakefront Utilities reported nil information in 3b.

Question(s):

a) Please reconcile the above two conflicting statements and provide an updated Continuity Schedule to report the appropriate information for the Class A customers and transition customers following the instructions provided in Ref. 3.

LUI Response:

Lakefront Utilities acknowledges the discrepancy between the statement provided in Ref. 1 and the information reported in Tab 6 of Ref. 2 regarding customer transitions between Class A and Class B.

Upon further review, Lakefront Utilities confirms that the statement in Ref. 1 indicating a customer transition from Class B to Class A in July 2022 was made in error. In fact, no customers transitioned from Class B to Class A during the period in which the balances in Accounts 1589 and 1580 accumulated.

Section 3b, accurately reflects the customer classification activity relevant to the balances recorded in the DVA accounts.

Given this clarification, Lakefront Utilities confirms that no updates are required to the previously submitted Continuity Schedule, and this reporting error does not affect the DVA disposition amounts or the calculation methodology originally submitted.

Lakefront Utilities apologizes for the confusion and appreciates the opportunity to correct the record.

Phase 2 Staff Interrogatories-5

Ref. 1: Lakefront Utilities 2025 IRM Rate Generator Model, April 28, 2025

Preamble:

On December 10, 2024, the OEB set its new Rural or Remote Electricity Rate Protection (RRRP) charge at \$0.0015 kWh. There was no change to the Wholesale Market Service rate. The Rate Generator Model noted in Ref. 1 does not reflect an updated RRRP charge.

Regulatory Charges

Effective Date of Regulatory Charges		January 1, 2024	January 1, 2025
Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014	0.0015
Standard Supply Service - Administrative Charge (if applicable)	\$/kWh	0.25	0.25

Question(s):

a) In Tab 18 of Ref. 1 please make the necessary update for the updated RRRP charge. As applicable, please ensure the update is reflected in other tabs.

LUI Response:

Lakefront kindly requests OEB Staff to make the required changes due to restricted access on the generator model.

Phase 2 Staff Interrogatories-6

Ref. 1: Lakefront Utilities 2025 IRM Rate Generator Model, April 28, 2025

Preamble:

On November 1, 2024, the OEB issued a letter regarding 2025 UTRs and Hydro One Sub-Transmission Rates. The OEB determined to use UTRs to calculate 2025 Retail Service Transmission rates (RTSR) to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. The OEB also directed distributors to update their 2025 application with Hydro One Networks Inc.'s host RTSRs.

UTRs

Uniform Transmission Rates		Unit		2023 Jan to Jun		2023 Jul to Dec		2024 Jan to Jun		2024 Jul to Dec		2025	
Rate Description				Rate				Rate				Rate	
Network Service Rate		kW	\$	5.60	\$	5.37	\$	5.78	\$	6.12		\$	6.37
Line Connection Service Rate		kW	\$	0.92	\$	0.88	\$	0.95	\$	0.95		\$	1.00
Transformation Connection Service Rate		kW	\$	3.10	\$	2.98	\$	3.21	\$	3.21		\$	3.39

Hydro One Sub-Transmission Rates

Hydro One Sub-Transmission Rates		Unit		2023		2024		2025	
Rate Description				Rate		Rate		Rate	
Network Service Rate		kW	\$		4.6545	\$		4.9103	\$ 5.3280
Line Connection Service Rate		kW	\$		0.6056	\$		0.6537	\$ 0.6882
Transformation Connection Service Rate		kW	\$		2.8924	\$		3.3041	\$ 3.4894
Both Line and Transformation Connection Service Rate		kW	\$		3.4980	\$		3.9578	\$ 4.1776

Question(s):

a) In Tab 11 of Ref. 1 please make the necessary updates as well as confirm the accuracy of the resulting RTSRs following these updates.

LUI Response:

The necessary changes are made and confirmed for accuracy.

Phase 2 Staff Interrogatories-7

Ref. 1: Lakefront Utilities 2025 IRM Rate Generator Model, April 28, 2025

Preamble:

On September 13, 2024, the OEB published the Q4 2024 prescribed accounting interest rate applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question(s)

a) In Tab 3 of Ref. 1 please make the necessary updates to reflect the Q4 2024 OEB-prescribed interest rates of 4.40% for the Rate Generator Model.

LUI Response:

The necessary changes are made in Tab 3 as reflected in the formulas indicated in column BQ.