



**Lakefront
Utilities
Inc.**

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

June 18, 2025

BY EMAIL

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Mr. Murray,

**Re: Lakefront Utilities Inc. – 2027 Cost of Service Application
Request for “Very Small Utility” Streamlined Process**

Lakefront Utilities Inc. (“LUI”) submits this letter to request that its 2027 Cost of Service (“COS”) application be processed under the Ontario Energy Board’s “Very Small Utility” (“VSU”) streamlined filing procedures, notwithstanding that LUI serves approximately 11,100 customers, which exceeds the formal 5,000-customer threshold.

Background and Purpose of Request

In March 2024, the OEB introduced a VSU track to reduce the burden on distributors serving fewer than 5,000 customers. Key features include:

- A \$50,000 materiality threshold for variance explanations in all revenue requirement components (versus larger thresholds for bigger utilities).
- A one-day Issues Meeting prior to a full interrogatory process, followed by an OEB facilitated settlement conference.
- Use of a tailored “VSU DSP Sample” in place of a full ten-year Distribution System Plan.

Over the past year, the OEB has granted three exceptions to this size cap: Tillsonburg Hydro Inc. (EB-2023-0053), Northern Ontario Wires Inc. (EB-2024-0046), and Hydro Hawkesbury Inc. (EB-2024-0031). These exceptions allowed the utilities to proceed under the VSU process despite serving between 6,000 and 8,000 customers. Each pilot demonstrated procedural efficiencies while maintaining robust regulatory oversight.



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Rationale for LUI's Participation in the VSU Pilot

LUI respectfully submits that it shares the same characteristics and constraints that motivated the VSU initiative:

- **Resource Limitations:** LUI's relatively small regulatory team lacks the capacity to mount a full-scale COS filing without disproportionate internal and external costs.
- **Focus on Material Issues:** As a smaller distributor, LUI's rate base and OM&A variances are typically well below the thresholds that drive material customer rate impacts; the \$50,000 VSU threshold aligns with our scale of operations.
- **Demonstrated Precedent:** The OEB's three recent pilot exceptions confirm that VSUs' streamlined processes can be effectively extended to slightly larger utilities on a case-by-case basis.

Proposed Streamlined Process

To mirror the prior exceptions, LUI proposes to:

1. **Request a one-day Issues Meeting** in advance of the formal interrogatory phase;
2. **Engage in a facilitated settlement conference** immediately following, with written submissions to follow;
3. **Apply the \$50,000 materiality threshold** in variance narratives for capital, OM&A, rate base, and DVA balances; and
4. **File the OEB's VSU DSP Sample** (including the VSU Information Requirements checklist) in lieu of a full ten-year DSP.

By granting LUI VSU pilot status, the Board will empower a leaner, more cost-effective regulatory process that remains fully compliant with the OEB's objectives for transparency, prudence, and customer protection. LUI confirms it will continue to meet all substantive filing requirements and will fully participate in the Issues Meeting and settlement conference.

We appreciate the Board's consideration of this request and stand ready to discuss any aspect further at the Board's convenience.

Yours truly,

A handwritten signature in black ink, appearing to read 'Dereck C. Paul'.

Dereck C. Paul
President & CEO
Lakefront Utilities Inc.