

TOWN OF COBOURG HOLDINGS INC.

# ANNUAL REPORT 2018



Lakefront  
Utility  
Services  
Inc.



Lakefront  
Utilities  
Inc.

# OUR COMPANY PROFILE

Town of Cobourg Holdings Inc. ("Holdco") was incorporated under the Business Corporation Act (Ontario) on April 12, 2000, and through its affiliates, is engaged in the distribution of electricity and associated business activities. The company serves over 10,300 residential and commercial customers across the Town of Cobourg and the Village of Colborne.

**Holdco serves its customers through two operations:**

## TOWN OF COBOURG HOLDINGS INC.

The Corporation of the Town of Cobourg is the majority shareholder of Holdco with the Township of Cramahe (Colborne) owning one share.

## LAKEFRONT UTILITIES INC. (LUI)



**Lakefront Utilities Inc.**

– Lakefront Utilities Inc. (LUI) – a regulated utility through which it distributes electricity and promotes energy conservation.

## LAKEFRONT UTILITY SERVICES INC. (LUSI)



**Lakefront Utility Services Inc.**

– Lakefront Utility Services Inc. (LUSI) – a non-regulated services company which provides services to municipalities related to the design, operation, and maintenance of water systems and high-speed dedicated data systems.



# A LETTER TO OUR CUSTOMERS

Town of Cobourg Holdings Inc. (Holdco) has a mandate to provide safe, reliable and cost-effective utility services to our customers in compliance with all applicable Acts, regulations and codes. Our services include electrical distribution, water treatment and supply, and the operation of a fibre optic network. Holdco's strong performance in 2018 was underpinned by the dedication of our staff at all levels of the organization, and by the commitment of the Directors who serve on our three boards. In 2018, several important milestones were reached.

Lakefront Utilities Inc. (LUI), our local electrical distribution company, continued to make investments in infrastructure to achieve sustained grid reliability. SCADA has been applied to operate the grid more strategically. Residents and business owners have benefited from the resulting dramatic reduction in outages.

Out of 61 utilities in Ontario, we now rank 7th among the most reliable. LUI also ranks highly among its peers on customer responsiveness and satisfaction. Operational costs per customer are ranked the 4th lowest, and residential rates the 8th lowest in the province.

Lakefront Utilities Services Inc. (LUSI), our waterworks department, has installed more than 4,000 radio frequency water meters over the last two years. In 2018, more water mains were flushed than ever before. Water operations are now on full mobile application, processing work orders electronically. A massive push on GIS information gathering has facilitated better planning and forecasting of water infrastructure. And, we successfully installed a polymer system that assists with turbidity and settlement as the Strathy water tower is refurbished in 2019.

We continued to build on our leadership in mobile customer engagement across the organization. We were leaders in developing a mobile application to add value to customers in real time, in a way that is personalized and useful. Increased customer awareness and engagement can help to reduce energy and water consumption, and enable a more sustainable, low-carbon economy that is affordable and reliable without harming the environment. We have managed conservation programs and developed solar generation facilities and charging stations to support sustainability.

Looking ahead, transformative changes are under way in the provision of utility services. Key challenges include managing both increased demand from the growing use of electric vehicles and the integration of renewable energy and alternative forms of generation and storage into the grid. Our operating environment also includes emerging technologies, heightened customer expectations, increased digitalization, and ever-growing concern about cybersecurity. We believe Holdco is well positioned to address these challenges and to adapt.



**Dereck C. Paul**

*President, Lakefront Group of Companies*

**Barry Gutteridge**

*Chair of Town of Cobourg Holdings Inc.*

Our employees and our Directors remain focused on Holdco's goal to be the utility company most admired by its customers, communities, and shareholders for its people, commitment, and performance.

We recognize that the benefits of reliable utility services are far reaching, contribute to the safety and comfort of our communities, and assist the successful operation of businesses and services. In 2019, we look forward to continued strong performance in serving our customers while providing our shareholders with an appropriate long-term financial return and a prudent annual dividend.

A handwritten signature in black ink, appearing to read "Derek C. Paul". The signature is stylized with a large loop at the end.

**Dereck C. Paul**

*President, Lakefront Group of Companies*

A handwritten signature in black ink, appearing to read "Barry Gutteridge". The signature is written in a cursive style.

**Barry Gutteridge**

*Chair of Town of Cobourg Holdings Inc.*



### **Corporate Mission**

We are a community-based corporation dedicated to the responsible management and delivery of safe, reliable integrated services.

### **Corporate Vision**

To be recognized as a company committed to innovation, prosperity and service excellence, valued by our customers and reinvesting in our community's future.

### **Values**

We are a team that is recognized for being honest, motivated, respectful and reliable.

TOWN OF COBOURG HOLDINGS INC.

# BOARD OF DIRECTORS



The Board of Directors of Holdco provide leadership by overseeing operations, approving business practices, policies, and strategic goals, and helping to guide management decisions. Holdco, its affiliates, Board of Directors, and management are committed to the highest standards of corporate governance and business ethics.

Although not publicly traded, the Directors and management team target compliance with the corporate governance guidelines of the Canadian Securities Act and the requirements of the Ontario Energy Board's Affiliate Relationship Code. The Board of Directors is made up of members fully independent of management.

## TOWN OF COBOURG HOLDINGS INC. BOARD OF DIRECTORS AND EXECUTIVES

Photo from Left to Right:

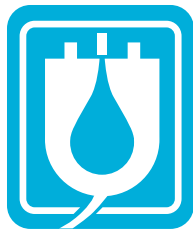
### FRONT ROW

Cramahe Mayor, Marc Coombs, Cobourg Mayor, Gil Brocanier

### BACK ROW

John Farrell, Vice Chair, Peter Chilibeck, Barry Gutteridge, Corporate Secretary, Susan Spicer, Tony Farren, President and CEO, Dereck Paul, Manager of Regulatory Compliance and Finance, Adam Giddings

# OUR COMPANIES



## Lakefront Utility Services Inc.

Lakefront Utility Services Inc. (LUSI) provides the human resources, administrative, financial, and operational services to Holdco and its subsidiaries, in compliance with applicable regulations.

LUSI provides customer-focused and cost-effective multi-utility services so that customers benefit from service advantages and economies of scale, scope, and cost savings.

LUSI also operates the water systems for the Town of Cobourg, Village of Colborne, and the Hamlet of Grafton, as well as offering fibre-optic high-speed dedicated data systems.



### LAKEFRONT UTILITY SERVICES INC. BOARD OF DIRECTORS

*Photo from Left to Right: Chair, Peter Chilibeck, Director, Marc Coombs, Director, Bill Pyatt*

### WATER DEPARTMENT



# WATERWORKS OF THE TOWN OF COBOURG

## YEAR IN NUMBERS

TOTAL REVENUE

**\$5,083,942**

NET INCOME

**\$982,634**

OTHER INCOME

**\$225,040**

WATER TOWERS

**2**

TOTAL KILOMETRES OF WATER SYSTEM MANAGED

**264 KM**

TOTAL SERVICE TERRITORY (URBAN)

**124 KM**

TOTAL NUMBER OF WATER METERS

**8,181**

TOTAL SHAREHOLDER EQUITY

**\$27,416,669**



## Lakefront Utilities Inc.

Lakefront Utilities Inc. (LUI) holds the Ontario Energy Board license to own and operate an electricity distribution system which delivers electricity to customers in the Town of Cobourg and Village of Colborne.

While LUI owns the wires, poles, transformers, and meters that bring electricity from the provincial electricity transmission grid to over 10,000 homes and businesses, the electrical system is operated by the employees of Lakefront Utility Services Inc. (LUSI).

Lakefront Utilities Inc. has ventured into renewable resources and generation. LUI has one solar installation in place, with plans to grow their generation portfolio.



### LAKEFRONT UTILITIES INC. BOARD OF DIRECTORS

*Photo from Left to Right:*  
Director, Gil Brocanier, Director, Manuela Ris-Schofield  
Chair, Barry Gutteridge, Director, David Tsubouchi

### ELECTRIC DEPARTMENT





**LAKEFRONT UTILITIES INC.**  
**YEAR IN NUMBERS**

DISTRIBUTION REVENUE

**\$4,438,593**

TOTAL SHAREHOLDER EQUITY

**\$4,626,487**

NET INCOME

**\$443,734**

OTHER INCOME

**\$489,446**

LUI EMPLOYEES

**16.66**

HOURS WITHOUT A LOST-TIME INJURY

**6,003**

INTEREST TO THE TOWN OF COBOURG

**\$507,500**

SERVICE AREA POPULATION

**24,300**

CUSTOMER SATISFACTION SCORE

**80.7%**

TOTAL KILOMETRES OF OVERHEAD LINE

**216 KM**

TOTAL KILOMETRES OF UNDERGROUND LINE

**60 KM**

SERVICE TERRITORY (URBAN)

**28 SQ./KM**

INBOUND CUSTOMER CALLS

**6,781**

LOWEST OPERATIONS, MAINTENANCE AND  
ADMINISTRATION COSTS IN ONTARIO

**4th**

FROM 2014-2017

DISTRIBUTION STATION TRANSFORMERS

**7**

# PUTTING SAFETY FIRST

## JOINT HEALTH & SAFETY COMMITTEE

The safety of LUSI employees and of the community is of the utmost importance to Holdco and drives all decisions made by the organization. Measurable goals and objectives are in place to ensure that a culture of safety is maintained at all levels of the organization. Representatives from different departments at LUSI form the Joint Health & Safety Committee which meets bi-monthly to review recent inspections, discuss outstanding business, and prepare for any changes to safety codes.

## SAFETY TRAINING

25 Department Safety Meetings  
15 Safety Orientation Meetings



## JOINT HEALTH & SAFETY COMMITTEE

Photo from Left to Right: Taylor Sutherland, Sue O'Neil, Kevin Bray, Paola Garcia, Cole Lemette-Johnston, John Nowee

## HOURS WORKED WITHOUT A LOST-TIME INJURY

LUSI was presented the Infrastructure Health and Safety Association President's Award on March 5, 2018 for having accumulated 250,000 employee hours worked without incurring a compensable injury. Total hours achieved without lost-time injury amounted to 326,606 from May 2013 to November 2018.



# LAKEFRONT PUBLIC SAFETY AWARENESS

In 2018, Lakefront conducted the Electrical Safety Public Awareness Survey. This bi-annual survey is a requirement of the Ontario Energy Board to measure public electrical safety awareness. Lakefront scored 83.3%, a significant improvement from 79% received during the 2016 survey. The 2018 score put Lakefront among the top 10 utilities in the province for public safety awareness.

The increase in safety awareness reflects Lakefront's efforts to promote and advance prevention. Lakefront is proud to have an integrated safety campaign which ranges from information and links on lakefrontutilities.on.ca, to seasonal social media campaigns, and various safety awareness events.



## Lakefront Sponsors Electricity Safety Program

As part of their commitment to increasing electrical safety, Lakefront Utilities Inc. sponsored an Electricity Safety Program for all elementary public schools in

Cobourg and Colborne. In 2018, more than 2,800 students attended presentations delivered by the Electricity Safety and Conservation Group that dealt with electrical safety in the school and at home. Students in younger grades learned key safety messages delivered by Wires the safety puppet, while the presentation for Grades 5 through 8 explored electrical hazards in the home, the dangers of electrical substations, and what to do if you are in a car accident involving a utility pole and power lines.

## Master of Disasters

On August 24, 2018 Lakefront hosted an electrical safety day during the Cobourg Community Centre's Masters of Disasters day camp. Twenty children participated in the event where they enjoyed bucket rides, were taught life-saving electrical safety information, and received a grab bag full of safety information and giveaways to take home and review with their parents.

ELECTRICAL SAFETY PUBLIC AWARENESS SCORE

# 83.3%



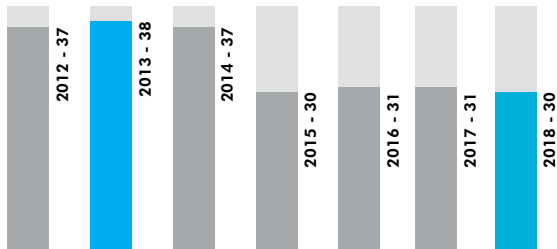
# INVESTING IN PEOPLE

## Our People

While remaining mindful of efficiency objectives, Holdco is committed to having an appropriately sized workforce in place to execute their corporate mission to provide safe, reliable, and integrated services.

Holdco continuously adapts its corporate culture to stay competitive and current within the ever-evolving industry in order to attract and retain a skilled and adaptable workforce.

### FULL TIME EQUIVALENCY - 2012 TO 2018



*"We would like to let you know how impressed we were with the service and compassion that we recently received from your employee. It's nice to know there are still people out there that give excellent customer service." - Customer email*

## Learning and Development

LUSI believes in investing in their workforce as a method to retain the best employees, support innovation, and ensure that the company is armed with the latest information to continue to deliver safe and reliable services to their customers.

## Investing in the Workforce of the Future

Lakefront's multi-disciplinary scholarship program promotes and supports the academic pursuits of local students. In 2018, Lakefront awarded five scholarships worth \$1,000 each to students pursuing careers in disciplines ranging from environmental technology to water quality technician to renewable energy technician. Lakefront is proud to support the next generation of professionals in the water and electricity fields, as investing in the future leaders of the industry will help to drive innovation.



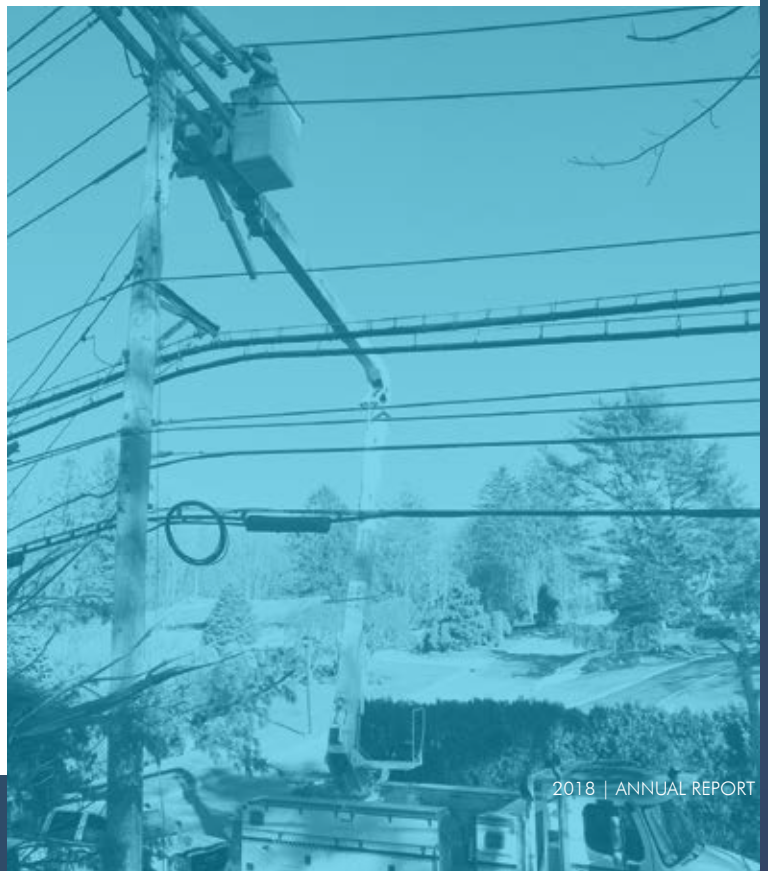
## Giving Back to the Community We Serve

Holdco embraces a corporate culture that gives back to the community it serves. One of the many ways that it shows gratitude and community investment is through entering a team of volunteers to participate in the Northumberland United Way Day of Caring event.



## Lending Support to Neighbouring Utilities

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.



# DESIGNING & MAINTAINING A RELIABLE SYSTEM

## Capital Work

LUI's capital expenditures in 2018 were \$1,444,744 which included:

## Infrastructure Upgrades

Conversion of the primary distribution system from 4kV to 28kV on the following streets:

- Westwood Drive
- King Street - Colborne – Victoria Street to Kensington Street.

## Other

- Convert of non-interval meters to interval meters for >50kW customers
- Bell Fibre To The Home (FTTH)
- Pole testing
- Pole removal

## Maintenance

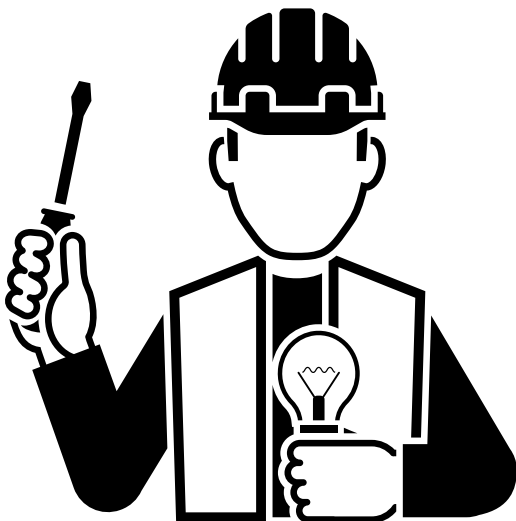
- 51 new poles installed
- 2 pole mounted transformers replaced
- 14 pad mounted transformers replaced
- 0.89 km of overhead wire installed
- 1.45 km of underground cable installed



## Engaging Customers to Build a Responsive System

In October, LUI hosted a neighbourhood consultation with customers in the Pebble Beach area to discuss a proposed capital project. Lakefront staff provided an overview of the proposed project and then let residents lead the conversation. Residents were mostly concerned about the possible relocation of pad mount transformers to their front yard and how the planned power outages might affect their sump pumps. In a post-event survey, 79% said they had a good understanding of the proposed work, 71% agreed that it should be a priority, and 71% said their questions were answered.

Engaging customers ensures that LUI's investments and capital plans align with the needs of customers. This is another example of how LUI demonstrates their mission to be a community-based corporation dedicated to responsible management and delivery of safe, reliable integrated services.



# IMPROVING DISTRIBUTION WITH TECHNOLOGY

## Funding for Innovation

Energy efficiency helps families save money, makes businesses more competitive, and creates a cleaner environment for future generations.

In 2018, Lakefront Utilities Inc. received \$164,000 from Natural Resources Canada for Smart Grid Funding, which provides investments to utilities to reduce pollution and better use existing electricity assets while encouraging innovation.

The funding will be used to support a 24/7 monitoring system to help prevent power outages, improve response times, and reduce the number of service calls that require a crew to be sent out to investigate. It will also improve overall system efficiency by identifying overloaded transformers. E-billing will be available through a mobile application, which will also support customers in their energy conservation efforts by supplying tips and detailed explanations of their electricity bills.

The Smart Grid funding is about serving the customer better. The funding is intended to give electricity consumers options to manage and optimize their energy usage. Utilities also need to identify ways to improve the reliability of their electrical service. While it's impossible to prevent power outages entirely, how the power system responds to these events determines how many customers are affected and for how long.

## Monitoring the System

Holdco's corporate mission is to deliver safe, reliable integrated services to the communities it serves. LUI's dedication to that mission is evident through their annual SAIDI and SAIFI stats which consistently exceed industry standards.



## MOBILE APPLICATION LAUNCH

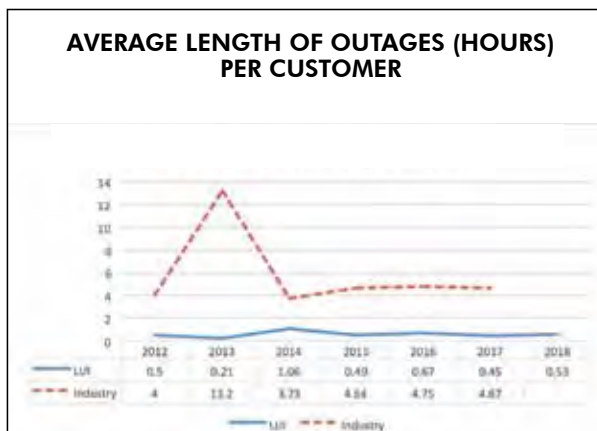
SAIFI represents the number of minutes the average customer's power is off in a year. Lakefront Utilities achieved the 7th lowest rate (0.273) in Ontario (2017).

SAIDI represents the number of power interruptions the average customer experiences yearly. Lakefront Utilities maintained the 9th lowest rate (0.529) out of 61 utilities (2017).

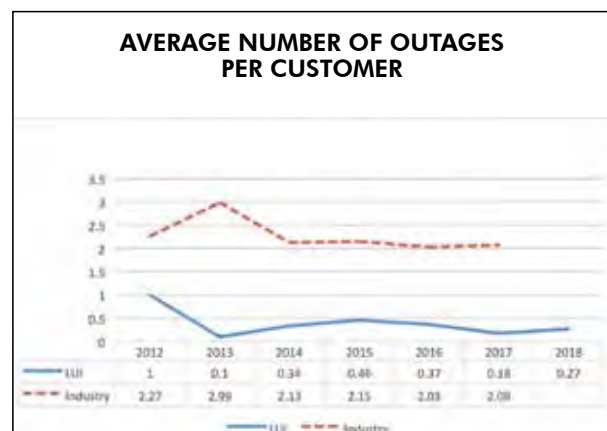
In 2018, Lakefront customers had power on 99.994% of the time and experienced a combined outage duration of 2 hours 31 minutes impacting 1,565 customers.

## NATURAL RESOURCES CANADA SMART GRID FUNDING

# \$164,000



SAIDI 2018



SAIFI 2018

# CREATING A CULTURE OF CONSERVATION

Lakefront Utilities Inc. helped customers better understand their energy use and reduce their usage through a range of programs, resources, and incentives offered by the Independent Electricity System Operator and delivered by the utility.

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**In 2018, Lakefront Utilities provided commercial and industrial customers with more than \$200,500 in funding to assist with efficiency projects including lighting upgrades, heating installations, and new control systems to make their business more energy efficient.**

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## Small Businesses Receive Upgrades in Lighting and Refrigeration

Programs like Save On Energy's Small Business Lighting program and Business Refrigeration Incentive program prove that becoming more energy efficient doesn't take a lot of time, even for the busiest business owners. In 2018, Lakefront Utilities Inc. helped more than 35 small business customers receive up to \$2,000 each in free lighting upgrades and 10 small business customers receive up to \$2,500 in commercial refrigeration upgrades. Thanks to these turn-key programs, participating businesses are enjoying their new lighting or refrigeration upgrades and the associated savings on their monthly Lakefront Utilities bills.

## Industrial and Commercial Customers Benefit from Energy Efficiency

Save On Energy's Retrofit program provides a variety of options to help commercial and industrial customers find the right efficiency project for their business. With the help of Lakefront Utilities and Save On Energy, over 30 local customers were able to transform their business operations with energy-saving equipment and control systems retrofits. Customers received approximately \$200,500 cumulatively in incentives.

## Exceeding Conservation Targets

Following significant achievements of the Conservation First Framework in 2017, utilities were notified in September 2018 of their eligibility to receive a Mid-Term Incentive. This was a remarkable milestone of the efforts by the Independent Electricity System Operator (IESO) and Local Distribution Companies (LDC) to work collaboratively and in the interest of customers to achieve great results. In November 2018, Lakefront Utilities received their Mid-Term Incentive of \$74,180 for achieving over 50% of their energy savings target at the mid-term review.



# FOCUSING ON THE CUSTOMER

## Fostering a Customer Centric Approach

In 2018, Holdco continued to prioritize their customers through increased communication, assistance, and convenience.

### Customer Satisfaction Survey

Lakefront participated in a customer satisfaction survey with 12 other utilities. This survey is a required part of an LDC's Balanced Scorecard and other reporting and regulatory requirements for the Ontario Energy Board (OEB).

The survey was comprised of 401 randomly selected interviews of Lakefront Utilities customers. Lakefront Utilities' 2018 Customer Satisfaction Index Score is 80.7%, This is a 4.6% increase over the 2017 score (76.1%) and 1.3% greater than the mean average of all LDCs surveyed (79.4%) by Red Head Media Solutions.

These results are used to drive continuous improvement in customer service standards.

### Assisting The Customer

Through community outreach, energy education, conservation, and provincial programs, Lakefront Utilities helped customers reduce the burden felt by utility bills. The Province's Fair Hydro Plan continued in 2018, reducing Time of Use and Tiered Pricing rates by 25%. Lakefront Utilities continues to offer Save On Energy provincial programs, including Deal Days, Heating and Cooling program, and Home Assistance Program, to residential customers to aid them in making energy efficient changes to their homes to reduce their electricity usage and therefore their monthly electricity bills. LUI also supplied emergency funds via the Low-Income Energy Assistance Program (LEAP) to 18 households.

As of December 31, 2018, Lakefront Utilities had 817 customers on the Ontario Electricity Support Program which is designed to lower electricity bills through on-bill credits of between \$35 and \$75 per month for eligible low-income households.

In November 2017, the OEB issued a Decision and Order banning utilities from disconnecting homes for non-payment during the winter, as well as ordering all homes currently disconnected to be reconnected without charge.

### CUSTOMER SATISFACTION INDEX SCORE

# 80.7 %



## CUSTOMER SERVICE DEPARTMENT

In 2017, the Government of Ontario established a \$100 million AffordAbility Fund to assist electricity customers who do not qualify for low-income conservation programs. The AffordAbility Fund is funded by an independent trust set up by the Government of Ontario and offered to residential customers by their local electric utility. In 2018, LUI approved 22 customer applications for the AffordAbility Fund.

### Exceeding Performance Standards

A scorecard, designed by the Ontario Electricity Board, encourages electricity distributors to operate effectively, continually improve productivity, and focus on improvements that customers value by evaluating utilities based on a series of standard metrics. The summary below demonstrates the effectiveness of LUI's customer centric approach in 2018.

LUI 2018 RESULTS	(on a yearly basis)
First Contact Resolution	99.14%
Appointment Scheduling	98.65%
Appointment Met	99.09%
Telephone Accessibility	95.47%
Telephone Call Abandon Rate	3.930%
Written Response Enquiries	100.00%
Reconnection Performance Standard	100.00%



# ENGAGING OUR CUSTOMERS 2018

## JANUARY

LUI sponsors Electrical Safety Program for all public schools in territory

LUI conducts phone survey on public awareness of electrical safety

## FEBRUARY

LUSI sponsors Business Achievement Awards

## MARCH

LUSI implements multi-year Water Meter Replacement Program

LUI implements Leak Detection Program

LUI deploys crew to help restore power in New York State in wake of nor'easter

## APRIL

LUI offers Province-wide Save on Energy Spring Coupon Event

LUSI sponsors Cobourg Civic Awards

LUSI hosts a booth at the *Spring Home & Leisure Show*

Holdco releases spring "Stay Connected" Newsletter

## MAY

LUSI awards five \$1,000 Scholarships to local youth

## JUNE

LUSI participates in the Biggest Coffee Morning in support of Northumberland Hills Hospital

LUI hosts booth at Northumberland Manufacturers' Association's Golf Tournament

LUSI staff participates in Northumberland United Way's Day of Caring

LUSI implements a Water Meter Replacement Program for customers in Grafton

Holdco releases 2017 Annual Report



**RAISING AWARENESS FOR RESEARCH**



**EDUCATING THE PUBLIC ON ELECTRICAL SAFETY**

## JULY

Holdco hosts Charity Golf Tournament in support of Epilepsy Canada

## AUGUST

LUSI donates \$5,100 to Epilepsy Canada to fund research

LUSI participates in downtown Cobourg's Summer Sidewalk Sale

LUI applies to OEB to raise distribution rates effective January 2019 and invites customer comments

## SEPTEMBER

LUI releases 2017 scorecard

## OCTOBER

Holdco releases fall "Stay Connected" Newsletter

LUI offers Province-wide Save on Energy Deal Days Coupon Event

## NOVEMBER

Holdco releases winter "Stay Connected" Newsletter

Ontario Energy Board issues ban on winter disconnections

## DECEMBER

LUI receives approval from the OEB to raise distribution rates effective January 2019

**LUI\*** = Lakefront Utilities Inc.

**LUSI\*\*** = Lakefront Utility Services Inc.

# COLLABORATING FOR EFFICIENCIES

Holdco is an active member of industry associations in an effort to remain current and to collaborate with other utilities to maximize opportunities for efficiencies, streamlined costs and to provide value to customers and shareholders.

## Cornerstone Hydro Electric Concepts

Lakefront is a member of Cornerstone Hydro Electric Concepts (CHEC), a collaborative organization of 17 small utilities that share resources and expertise to provide cost efficiencies and best practices to all members of the association. LUI benefits from the support available through CHEC in finance, regulatory, operations, and conservation and demand management by gaining access to economies of scale and ensuring all areas of its operations are efficient and cost effective.



## Utilities Standards Forum

Utilities Standards Forum (USF) is a non-profit, volunteer-based corporation owned by 50 Ontario electricity distributor members that service over 1.9 million customers. Its primary purpose is to develop and maintain system design standards approved to Regulation 22/04.

USF also offers member representatives a mechanism for collaboration and networking on other common technical challenges and regulatory requirements.



# COMMUNITY PRIDE

Holdco sponsors, organizes, volunteers, and participates in a variety of events which benefit many organizations, highlighting its Corporate Vision to reinvest in the future of the communities it serves.

1. Business Achievement Awards
2. United Way Breakfast
3. Spring Home and Leisure Show
4. Holdco's Charity Golf Tournament
5. Downtown Cobourg's Trick or Treat
6. Northumberland Manufacturers' Association Golf Tournament
7. Downtown Cobourg's Sidewalk Sale
8. Northumberland's Biggest Coffee Morning in support of Northumberland Hills Hospital
9. Support for the Humboldt Broncos
10. Classic Rock ReStock for Food 4 All Northumberland
11. Tim Horton's Smile Cookie Campaign for Northumberland Hospice Care Centre



# FINANCE & REGULATORY

Lakefront Utilities generates revenue from charges to its customers for delivery of electricity through its low-voltage distribution system. Distribution charges have two components: a fixed monthly service charge and a volumetric charge based on electricity consumption or demand. LUI's rates are regulated and approved by the Ontario Energy Board.

Distribution revenues remained steady in 2018 and Holdco has had a long-term trend of strong growth in shareholder's equity while maintaining interest payments.

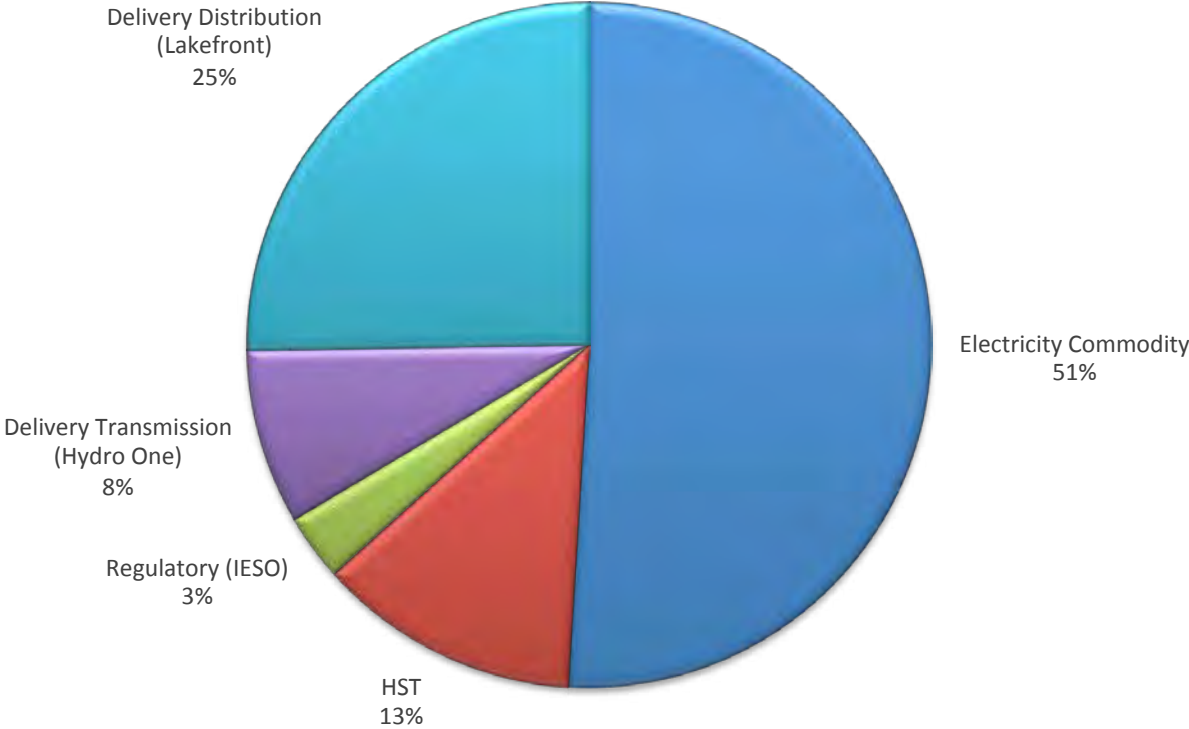
LUI continued its focus on operational efficiency, maintaining the 4th lowest cost per residential customer from 2014 to 2017.

Lakefront's costs are essential in order to comply with the Distribution System Code, environmental requirements, government direction, and to maintain distribution business service quality and reliability at targeted performance levels.



**FINANCE DEPARTMENT**

## YOUR ELECTRICITY BILL



# INCOME STATEMENT

	2018	2017
<b>Revenue</b>		
Service revenue	4,728,299	4,549,480
Cost of power revenue	25,882,435	29,030,376
Contributions in aid of construction	76,873	120,735
	<u>30,687,607</u>	<u>33,700,591</u>
<b>Cost of sales</b>		
Cost of power purchased	25,882,435	29,030,376
<b>Gross profit</b>	4,805,172	4,670,215
<b>Other operating revenue</b>	1,260,144	946,282
<b>Gross income from operations</b>	6,065,316	5,616,497
<b>Expenses</b>		
Amortization	1,105,890	1,223,891
Community initiatives	104,400	67,098
Customer billing and collecting	465,722	548,285
Interest	756,040	733,464
General and administration	1,784,919	1,579,257
Distribution	982,571	833,309
	<u>5,199,542</u>	<u>4,985,304</u>
<b>Income before income taxes</b>	865,774	631,193
<b>Provision for income taxes</b>	273,705	200,216
<b>Net income</b>	592,069	430,977

# NOTES

A grid of horizontal blue lines for writing notes, with a vertical red line on the left side.



DRAIN

LAKEFRONT  
UTILITY  
SERVICES  
INC.

REX  
TRAVELING SCREEN  
PLANT

WORTHINGTON

5V CANON

**TOWN OF COBOURG HOLDINGS INC.**

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[lakefrontutilities.on.ca](http://lakefrontutilities.on.ca)

