



Lakefront  
Utility  
Services  
Inc.



Lakefront  
Utilities  
Inc.



ANNUAL REPORT  
2019



# LAKEFRONT UTILITIES

## 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

**Life:** Nothing is more important than the health, safety, and well-being of employees and customers.

**Unified:** A locally owned company where all divisions work together to build one unified team providing reliable and integrated services to the community.

**Service:** The customer is why we are here. We provide excellent service by offering advice, delivering services, and providing solutions that contribute to the safety and comfort of our communities.

**Innovation:** We harness the power of relationships by collaborating with stakeholders to drive innovation and excellence.



# 2019 ANNUAL REPORT



**"Committed to innovation,  
prosperity and service  
excellence."**



# A LETTER TO OUR CUSTOMERS

Town of Cobourg Holdings Inc. (Holdco) provides 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. Our strength is in our people. We will continue to recruit, evaluate, and retain employees and directors to serve on our three Boards, whose qualifications, experience, and perspective add value to the company.

In October 2019, Cobourg Council approved Holdco's recommendation to reduce the interest rate on a \$7,000,000 loan held under a promissory note between the Town of Cobourg and Lakefront Utilities Inc. (LUI). The annual rate was reduced from 7.25% to 3.72% to reflect the approved rate of the Ontario Energy Board (OEB) and will be adjusted upon each approved rate application by LUI to the OEB thereafter. As well as allowing us to meet OEB requirements, this decision provides LUI greater flexibility in repayment of the debt as well as re-investing in its infrastructure.

Over 2019, Waterworks completed significant capital work at the Water Treatment Plant, including installation of a polymer system that assists with turbidity and settlement. Our Strathy Road water tower was relined inside and repainted outside. This highly visible symbol of our town is emblazoned with the current Town of Cobourg logo visible from the 401. In order to automatically advise customers of leaks in their homes and businesses, we continued deployment of "smart" water meters that read and monitor water flows continuously through radio frequency. Waterworks maintains a Quality Management System that meets or exceeds all Drinking Water Quality Management Standards for the Province of Ontario.

In 2019, Lakefront Utilities Inc., our local electrical distribution company, continued prudent ongoing maintenance, replacement, upgrading, and expansion of our utility infrastructure. Our focus has been on grid reliability to significantly reduce the frequency of power outages and interruptions, and on our ability to quickly identify and correct problems should they occur.

As customers seek to decrease their bills and reduce their carbon footprint by purchasing solar panels, electric vehicles, and smart appliances, the electric grid must also be flexible to withstand fluctuations in demand.

With smart meters sending hourly data, better demand forecasting can assist in providing this flexibility, in improving the cost effectiveness of our operations, in reducing risk, and in improving health and safety.



Dereck C. Paul  
President & C.E.O.

Barry Gutteridge  
Chair of Town of Cobourg Holdings Inc.

A stylized, handwritten signature in black ink, appearing to read 'D. Paul'.

Dereck C. Paul  
President, Lakefront Group of Companies

A stylized, handwritten signature in black ink, appearing to read 'Barry Gutteridge'.

Barry Gutteridge  
Chair of Town of Cobourg Holdings Inc.

As grids become "smarter", however, and the number of access points increase, cyber security becomes even more important as cyber threats grow in number and sophistication.

Over the next year, Holdco will focus on cyber security, business continuity, and on ensuring disaster recovery plans are documented and tested. We will strive to keep customer charges for both water and electricity moderate, while balancing the need to cover operational costs and to protect and sustain our infrastructure for ongoing system reliability. We will seek opportunities to collaborate with strategic business partners to grow revenues in our subsidiaries' core businesses and to offer value-added services to our business community.

We commit to communicate effectively with all stakeholders including customers, employees, shareholders and their representatives, regulators, and the public. As you will see from this report, we have made significant improvements to our communications processes and customer engagement practices to help us keep pace with the changing needs and expectations of the communities we serve.

Town of Cobourg Holdings Inc. is pleased to present its annual report for the year ended December 31, 2019. This annual report communicates to residents, businesses, and stakeholders the results of Holdco's 2019 performance.

# OUR COMPANY PROFILE

The Board of Directors of Holdco provide leadership by overseeing operations, approving business practices, policies, 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.

The remuneration policy for members of the Board of Directors reflects the interests of the shareholders and the company, taking into consideration board members' required competencies, effort, and the scope of the board work, including the number of meetings.

The Directors are reimbursed for their out of pocket expenses in attending Board and Committee meetings or otherwise in respect of the performance by them of their duties.

### Total board remuneration paid in 2019:

LUSI (4 members)	\$12,600
LUI (5 members)	\$8,700
Holdco (7 members)	\$24,742

FUNCTIONS	LUI	LUSI	Holdco	Waterworks Town of Cobourg
Regulated by the Ontario Energy Board	■		■	
Regulated by the Ministry of Environment				■
Dividend paid to Town of Cobourg		■	■	
Operation of Colborne and Grafton water system		■	■	
Water quality services to Hamilton Township		■	■	
Fibre-optic high-speed dedicated data systems		■	■	
Distributes electricity	■		■	
Sale and treatment of water				■
Operation of Town of Cobourg water system				■
Solar - Venture 13		■	■	
Solar - Water Treatment Plant		■	■	
Electric, Water, Sewer Billing - Cobourg		■	■	
Water and Sewer Billing - Colborne		■	■	
Water Billing - Grafton		■	■	

TOWN OF COBOURG HOLDINGS INC.

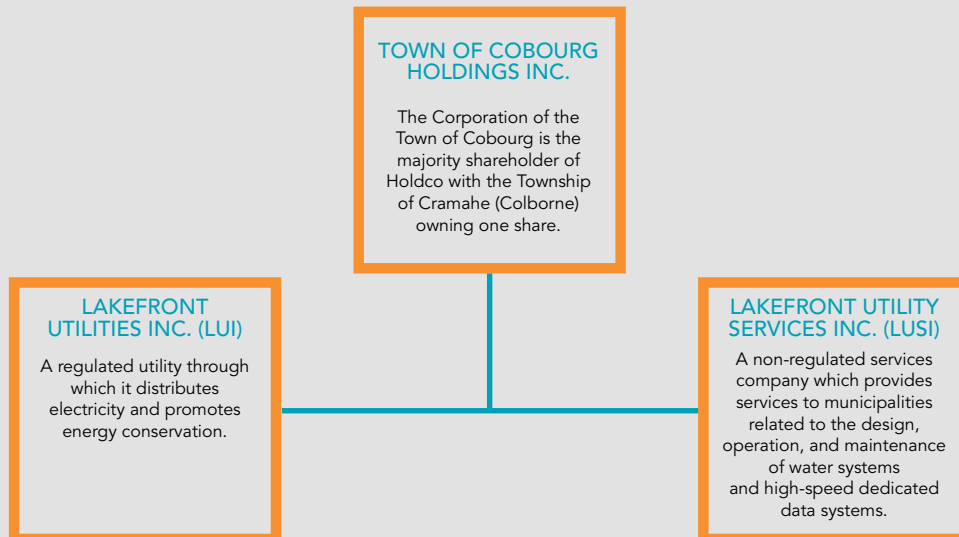
# BOARD OF DIRECTORS

- A. Chair, Barry Gutteridge
- B. Vice Chair, Peter Chilibeck
- C. Cobourg Mayor John Henderson
- D. Cramahe Mayor Mandy Martin
- E. John Farrell
- F. Paul House
- G. David Tsubouchi



Incorporated under the Business Corporation Act (Ontario) on April 12, 2000, Town of Cobourg Holdings Inc. is an amalgamation of Lakefront Utilities Inc. and Lakefront Utility Services Inc. and now serves over 10,300 residential and commercial customers.

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



LAKEFRONT UTILITY SERVICES INC.

# BOARD OF DIRECTORS

- A.  Chair, Peter Chilibeck
- B.  Marc Coombs
- C.  Bill Pyatt
- D.  Robert Bell

A.



B.



D.



C.



Lakefront Utility Services Inc. (LUSI) is responsible for unregulated energy related businesses and manages the operation of the water distribution systems for the Town of Cobourg Waterworks, Colborne and Grafton on their behalf.

Other related unregulated services include the fibre optic system and generation. LUSI continues to leverage the company's fibre assets to sell fibre optic capacity to other large corporations,

government agencies, and healthcare and educational institutions. LUSI's strategic focus associated with fibre services has evolved to meet the changing needs of the business and to continuously improve our service offering.

LUSI also provides the human resources, administrative, financial, and operational services to Holdco and its subsidiaries, in compliance with applicable regulations.

LAKEFRONT UTILITY SERVICES INC.

# 2019 YEAR IN NUMBERS

The dividends exclude regulated income and have no effect on electric or water rates. Financial information at December 31, 2019 is consolidated with Lakefront Utilities Inc. and the consolidated financial statement is available on Lakefront's website.

[www.lakefrontutilities.com/financial/](http://www.lakefrontutilities.com/financial/)

NET INCOME

**\$197,266**

DIVIDEND

**\$125,000**

WATER TOWERS

**2**

TOTAL REVENUE

**\$857,883**

BREAKDOWN:

FIBRE

**\$125,814**

MANAGEMENT FEES

**\$168,966**

OPERATIONS

**\$449,205**

INTEREST

**\$82,459**

SOLAR - VENTURE 13

**\$10,944**

SOLAR - WTP

**\$8,698**

MISCELLANEOUS REVENUE

**\$11,797**

TOTAL NUMBER OF METRES

**7,922**





# 2019 YEAR IN REVIEW CONTINUED

LUSI REVENUE IS COMPRISED OF THE FOLLOWING:

## FIBRE

Revenue from offering fibre optic high-speed dedicated data systems.

## MANAGEMENT FEES

Fee charged to Lakefront Utilities Inc. and Waterworks on all shared management/supervisor staff wages.

## OPERATIONS

Revenue received for operating the water system for Village of Colborne and Hamlet of Grafton, as well as providing Drinking Water Quality Management Systems.

## INTEREST

Total interest accumulated on bank account.

## SOLAR – VENTURE 13

LUSI has a joint venture with Elexicon Energy Inc. and Solera Sustainable Energies Company. LUSI owns 42.5% of the joint venture which installed the solar panels at Venture 13. The revenue of \$10,944 represents the revenue generated as a result of the Power Purchase Agreement signed with the Town of Cobourg. The solar panels became operational in March 2019 and have resulted in a usage reduction of approximately 87,000 kWh for Venture 13.

## LAKEFRONT UTILITY SERVICE INC.

YEAR END	NET INCOME	DIVIDEND
2015	187,836	94,500
2016	319,763	223,000
2017	160,692	200,000
2018	136,423	150,000
<b>2019</b>	<b>197,266</b>	<b>125,000</b>

## SOLAR – WATER TREATMENT PLANT (WTP)

LUSI also installed solar panels at the Water Treatment Plant. The solar panels became operational in June 2019 and have resulted in a usage reduction of approximately 41,000 kWh for the Water Treatment Plant.

## MISCELLANEOUS REVENUE

Revenue consists of sentinel light fixed charges as well as fees for late payment charges.



POLE UPGRADES IN COLBORNE

LAKEFRONT UTILITIES INC.  
**BOARD OF DIRECTORS**

- A. ● Chair, Gil Brocanier
- B. ● Barry Gutteridge
- C. ● Lisa Milne
- D. ● Manuela Ris-Schofield
- E. ● David Tsubouchi



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 10,300 homes and businesses, the electrical system is operated by the employees of LUSI.

The organization’s sustainable and forward-thinking approach to financial management continues to serve the organization well as it responds to the ongoing growth and challenges within the community.

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.

LAKEFRONT UTILITIES INC.  
2019 YEAR IN  
NUMBERS

DISTRIBUTION REVENUE

\$4,399,836

TOTAL SHAREHOLDER EQUITY  
\$4,895,599

NET INCOME  
\$269,142

OTHER INCOME  
\$390,237

LUI FULL TIME EQUIVALENT EMPLOYEES  
16

SERVICE AREA POPULATION

10,706

INTEREST TO THE TOWN OF COBOURG  
\$507,500

CUSTOMER SATISFACTION SCORE  
80.7%

TOTAL KMS OF OVERHEAD LINE  
156

TOTAL KMS OF UNDERGROUND LINE  
61.9

SERVICE TERRITORY (URBAN)  
27.50km<sup>2</sup>

INBOUND CUSTOMER CALLS (ELECTRIC)  
3,679

OM&A COST PER CUSTOMER

\$497

# LAKEFRONT UTILITIES INC. 2019 YEAR IN REVIEW

Annually, LUI's management and Board of Directors balance the programs, services, and infrastructure desired by the community while maintaining long-term financial sustainability through the annual budget. 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. LUI continued its focus on operational efficiency, maintaining the 5th lowest cost per residential customer.

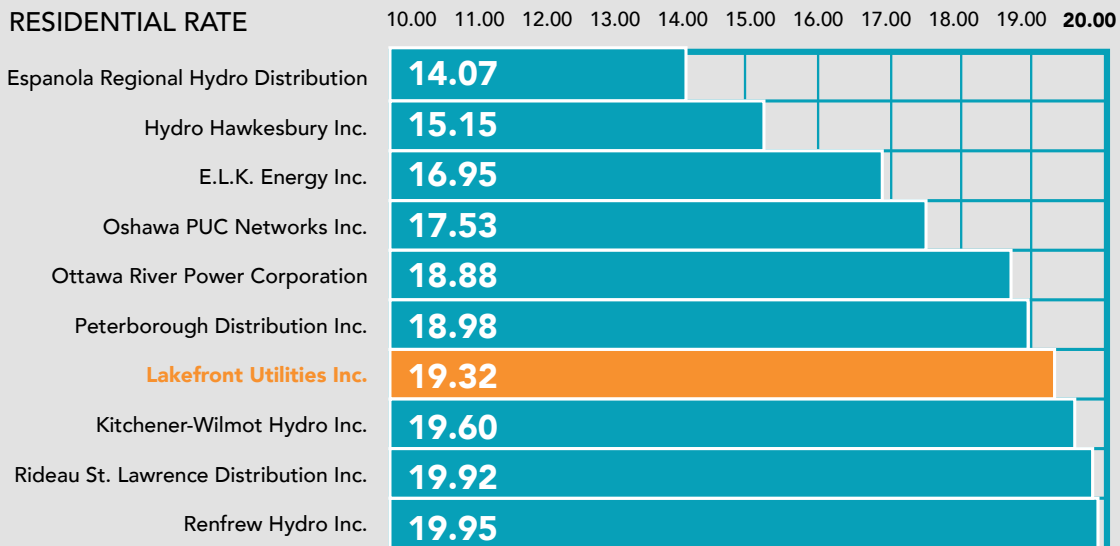
LUI experienced a decline in total net income in 2019, which was the result of a decrease in distribution revenue. Further, other revenue declined in 2019 as 2018 revenue included other revenue associated with sending LUI staff to the U.S. to assist with storm clean up as well as revenue received as a result of meeting CDM targets. Lakefront Utilities Inc. has not paid a dividend from 2015 to 2019. In 2015, LUI made arrangements with the Town of Cobourg to suspend shareholder dividend payments and instead reinvest the funds into maintaining the distribution system and meet its infrastructure needs.

The interest paid to the Town of Cobourg is on the \$7,000,000 promissory note between LUI and the Town of Cobourg with an interest rate of 7.25%. The interest rate of 7.25% is the rate set out in the promissory note, but the rate being recovered in LUI's distribution rates is lower and has been since 2008. LUI's current Ontario Energy Board (OEB) approved rate for LUI's long term debt is 3.72%, and that rate has been in place since LUI's last rebasing in 2017.

Lakefront's management and Board of Directors renegotiated the promissory note with the Town of Cobourg from 7.25% to 3.72%, to be consistent with the Ontario Energy Board's deemed interest rate. The reduction in interest rate has no effect on electricity rates.

LUI's financial statement at December 31, 2019 is available on Lakefront's website.

[www.lakefrontutilities.com/financial](http://www.lakefrontutilities.com/financial)



# WATERWORKS OF THE TOWN OF COBOURG

Waterworks, the operating authority for drinking water systems in Cobourg, prides itself on public safety. Waterworks is committed to maintaining a high level of trust, commitment, and accountability by consistently delivering high quality drinking water to over 9,000 customers.

Waterworks conducts mandatory sampling from source to tap. Sampling ensures compliance with regard to all regulations and provides a thorough understanding of the more than 300 kilometres of water distribution. All samples are analyzed by a Canadian Association for Laboratory Accreditation Inc. certified laboratory. Annual reports, posted on the Lakefront website, provide a summary of the drinking water system regulatory requirements.

In response to a series of media reports in November surrounding high levels of lead in some municipal water systems across Canada, Waterworks assured customers the local water supply is safe and provided tips and information to help homeowners who were concerned about lead pipes in their home.

Financial and business-related decisions and priorities are guided by the Waterworks' Water Rate Study and Financial Plan. The plan acknowledges the importance of transparency, accountability, and the responsible management of financial resources.

Water revenue consists of revenue related to the monthly base charge and usage charge. Although Waterworks generates a surplus, the amount is reinvested in Town of Cobourg water infrastructure.

In April, the Cobourg Strathy Road water tower was taken out of service for upgrades including the complete replacement of the interior and exterior coating systems, safety improvements, the installation of a hydrodynamic mixing system, electrical upgrades, and minor site work.

Waterworks continued deployment of "smart" water meters that read and monitor water flows continuously through radio frequency, and automatically advise the customer of leaks in their homes and businesses.



## WATERWORKS OF THE TOWN OF COBOURG

YEAR	REVENUE - SALE OF WATER	ANNUAL SURPLUS	CAPITAL ADDITIONS
2015	\$3,883,600	\$453,729	\$1,552,341
2016	\$4,376,420	\$863,062	\$2,101,344
2017	\$4,467,056	\$860,866	\$1,831,747
2018	\$4,785,010	\$982,634	\$3,215,496
<b>2019</b>	<b>\$4,786,000</b>	<b>\$923,264</b>	<b>\$3,065,847</b>

# WATERWORKS - TOWN OF COBOURG

CONTINUED

Capital additions were derived from long-term capital forecasts for Waterworks, as well as an assessment of the lifecycle replacement needs of the existing infrastructure. On an annual basis, projects are reviewed and adjusted to reflect changes in the background information, inflationary impacts, and the ability to undertake joint projects with the Town of Cobourg.

The prioritization of the capital infrastructure replacement is based on safety, cost, and operational efficiencies. While some capital assets have reached their useful life, these assets can

Water rate increases in recent years have reflected the current requirement for renewal of aging infrastructure.

To minimize future rate implications, Waterworks has worked hard to minimize increases in its operating expenses.

Waterworks has continued to provide customers with reasonable rates. Below is analysis of Cobourg's 2019 water rates compared to other municipalities 2019 water rates.



DONATIONS TO NORTHUMBERLAND  
FOOD 4 ALL WAREHOUSE

continue to provide value to the water system but may require additional maintenance until they are replaced.

Waterworks has appropriately anticipated annual costs including all operating costs and capital financing needs while establishing rates which are fair and equitable to all users of the system.

As a growing municipality, Council and Lakefront staff seek to balance residents' increasing expectations with the cost of delivering municipal services.

KAWARTHA LAKES <b>\$801.36</b>	CRAMAHE <b>\$565.48</b>
GRAFTON <b>\$736.12</b>	TRENT HILLS <b>\$509.87</b>
CAVAN MONAGHAN <b>\$669.09</b>	QUINTE WEST <b>\$448.75</b>
PORT HOPE <b>\$681.77</b>	BRIGHTON <b>\$410.80</b>
BELLEVILLE <b>\$594.77</b>	COBOURG <b>\$384.15</b>
HAMILTON TOWNSHIP <b>\$575.12</b>	DURHAM REGION <b>\$344.08</b>

For the period 2015 to 2019, Waterworks operating expenses have increased by an average of 1.80% which is consistent with inflation over the same time period.

Waterworks' financial statement at December 31, 2019 is available on Lakefront's website.

[www.lakefrontutilities.com/financial](http://www.lakefrontutilities.com/financial)

# DESIGNING AND MAINTAINING A RELIABLE DISTRIBUTION SYSTEM

## CAPITAL WORK

LUI's capital expenditures in 2019 totalled \$1,422,945 which included several infrastructure upgrades:

- Conversion of the primary distribution system from 4kV to 28kV on Albert, King and Ontario Streets in Cobourg
- Overhead line rebuild in Colborne along King St. from Durham St to Kensington St.
- Meter seal extension for residential customers until 2027
- Pole Testing – Approx. 1,600 poles tested
- Replaced 30 poles based on testing data
- 42 new poles installed
- 6 pole mounted transformers replaced
- 22 new pad mounted transformers installed
- 1.9 km of underground cable installed
- GIS/SmartMap for outage management and engineering analysis
- Historical feeder data enabled on SCADA

## RELIABILITY

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 statistics, which consistently exceed industry standards.

SAIDI represents the number of hours the average customer's power is off in a year. SAIFI represents the number of power interruptions the average customer experiences yearly.

IOR: Index of Reliability: The grid on-time during the year that customers experience  
 This can be multiplied by 100 and expressed as a percentage. Overall, Lakefront customers had their power on more than 99 percent of the time.

	WITH HYDRO ONE LOSS OF SUPPLY	WITHOUT HYDRO ONE LOSS OF SUPPLY
SAIDI:	3.474	0.779
SAIFI:	1.544	0.700
IOR:	0.99960	0.99991

## CONSERVATION AND DEMAND PROGRAMS OVERHAUL

In March, the Ontario government announced reforms to the way energy-efficiency programs are delivered. As a result, the Independent Electricity System Operator began centrally delivering energy-efficiency programs for businesses.

# FOCUSING ON THE CUSTOMER

## FOSTERING A CUSTOMER CENTRIC APPROACH

The essence of Lakefront's business strategy is to put the customer at the centre of everything we do. The way people engage with the world around them has changed. This includes the way they interact with their utility providers. Today, people are quicker to adapt to new technologies and they demand that the companies they deal with keep pace with them.

For utility providers, this means offering online features that puts information at the fingertips of customers is rapidly becoming non-negotiable. Customers want automatic updates, detailed reports on their usage, and the ability to adjust their accounts in order to meet their needs.

Having a solid digital customer experience has had a positive impact on customer service ratings.

**"I would like to thank the Lakefront linemen, who while on their way to another call, noticed the ground plug hanging from our house, which unbeknown to us could have caused a fire. I'd have to say you saved lives today, as I'm home 99% of the time. Very grateful to these two who were extremely pleasant to deal with and walked us through everything that had to be done."**

LAKEFRONT CUSTOMER

Lakefront made significant improvements to its digital customer experience including a new website, compendium customer portal, and live chat to engage customers in real time. We also began using email campaigns to engage customers and promote topics such as electrical safety, benefits of e-billing, and tips to reduce energy reliance and increase environmental sustainability.



Our mobile application users also benefited from significant upgrades to the app. The majority of app users have saved 10% to 15% of energy used and reduced their PEAK usage resulting in significant savings since downloading the app.

Staff have implemented a new customer portal (*SilverBlaze*) to replace the former platform in Q4 2019. The portal offers many fantastic features and inquiries for residential and commercial customers, including:

- Rich Dashboard interface.
- Electricity/Water interactive charting for consumption inquiries.
- User Events/Important Date chart annotations and tracking.
- Usage Report Subscriptions – emailed on personalized schedules.
- Usage comparison to similar accounts in the area.
- Usage comparison to last year.
- Compare usage to prior bills.
- Local temperature chart overlays.
- Support for demand data web presentation, for example, KWh, KW, KVA.
- E-Bill presentation with opt in/out of paperless bills.



# EXCEEDING PERFORMANCE STANDARDS

## SCORECARD

Utilizing the scorecard approach, Lakefront Utilities Inc. (LUI) monitors its performance in key areas as compared to other comparable utilities. LUI continues to provide a balanced approach to prudent capital investment, exceptional customer service, and meeting shareholder expectations.

LUI continues to seek partnerships with other utilities where efficiencies, cost savings, and benefits to LUI's customers or employees can be found.

**Our residential rates are the seventh lowest in the province, our cost per customer is fifth lowest in the province, and our reliability consistently exceeds industry standards.**

Lakefront is the only utility in the province that has a ranking within the top 10 in four categories – residential rates, operating cost per customer, SAIDI (average outage duration for each customer served), and SAIFI (average number of interruptions that a customer would experience).

This is a great accomplishment as it demonstrates an ability to have excellent reliability at a reasonable cost and reasonable rates for our customers.

These results are a testament of the hard work and efforts that staff continue to give every day to the continued improvement of our utility and betterment of our community.

LUI maintained the seventh lowest rate in the province for the number of power interruptions the average customer experiences yearly. We are proud of this result and we continue to move distribution lines underground, where it makes sense and is cost effective, to minimize outages due to animal interference and weather.



SAVE-ON-ENERGY PROGRAM

LUI also achieved the second lowest rate in Ontario for the number of minutes the average customer's power is off in a year.

According to the most recent available data, our customers had power on 99.994 percent of the time and experienced a combined outage duration of two hours 31 minutes impacting 1,565 customers. LUI has made significant investments in technology to help us locate and reconnect power quickly.

We are also grateful to customers who inform us of outages through our website or mobile application, which can help locate the cause of an outage quickly and minimize interruptions.

## ASSISTING CUSTOMERS WITH THEIR BILLS

Through community outreach, energy education, conservation and provincial programs, Lakefront Utilities Inc. helped customers reduce the burden felt by utility bills. LUI also supplied emergency funds via the Low-Income Energy Assistance Program (LEAP) to 10 households.

As of December 31, 2019, LUI had 891 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 2017, the Government of Ontario established a \$100 million AffordAbility Fund to assist electricity customers who do not qualify for low-income conservation programs. LUI partnered with AFT in mid 2018 to help their customers make electricity more affordable. In 2019, LUI approved 41 customer applications for the AffordAbility Fund providing energy saving home energy kits and energy star certified appliances for qualified customers.



## CUSTOMER SATISFACTION SURVEY

The Customer Satisfaction Survey provided an Overall Customer Satisfaction index score for LUI. This is a calculated aggregate value based on responses to nine core measures in the survey instrument. LUI's 2019 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 utilities surveyed (79.40)

2019 CUSTOMER SATISFACTION INDEX SCORE

# 80.7%



# FINANCE & REGULATORY

Over the past several years, rising electricity costs have placed an increased burden on our residents and businesses. During this time LUI has worked to keep our costs and rate increases low for our customers. LUI recovers its costs from customers through electricity distribution rates.

These include the costs to:

- Design, build, and maintain overhead and underground distribution lines, poles, stations and local transformers;
- Operate local distribution systems, including smart meters; and
- Provide customer service and emergency response.

Costs and rates vary from one distributor to another, depending on factors such as the age and condition of assets, geographic terrain and distances served, population density and growth, and the proportion of residential to commercial and industrial consumers. LUI distribution charge represents just over 25 percent of a customer's total electricity bill.

LUI collects the whole amount but keeps only the distribution portion. The remainder is passed on, without mark-up, to regulators, the provincial government, and the other companies responsible for generating and transmitting electricity. LUI distribution rates are set by the Ontario Energy Board (OEB), based on rate-change applications.

The OEB permits distributors to file annual applications in order that their revenue keep pace with inflation. Most distributors do not receive the full inflationary increase because the OEB includes a tangible incentive to improve efficiency, and to lower operating and capital costs where possible.

LUI's 2019 residential rates are the seventh lowest in the Province.

LUI's results are a testament of the hard work and efforts that staff continues to give every day to the continued improvement of our utility and betterment of our community.



## YOUR ELECTRICITY BILL

ELECTRICITY COMMODITY (TIME-OF-USE)



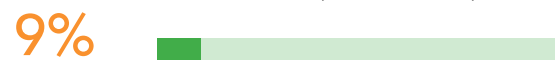
DELIVERY DISTRIBUTION (LAKEFRONT)



HST



DELIVERY TRANSMISSION (HYDRO ONE)



REGULATORY (IESO)



# HEALTH, SAFETY & WELL-BEING OF EMPLOYEES AND CUSTOMERS

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 cultivated at all levels of the organization.

## JOINT HEALTH & SAFETY COMMITTEE

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.

## PUBLIC SAFETY AWARENESS

Lakefront participated in the Electrical Safety Authority Public Awareness Survey. This bi-annual survey is a requirement from the Ontario Energy Board to measure public electrical safety awareness. This survey is comprised of approximately 400 randomly selected interviews with residents who are 18 years or older and reside in the Lakefront Utilities' service territory. Lakefront maintained a score of 83 percent. This result sits within a very tight spectrum of scores for all participating utilities.

Public safety awareness reflects Lakefront's efforts to promote and advance prevention. Lakefront is proud to have an integrated safety campaign which includes information and links on [www.lakefrontutilities.com](http://www.lakefrontutilities.com), seasonal social media campaigns, messages distributed via the Mobile Application, information in our Stay Connected newsletters, safety materials available in the front office, electric safety information scrolling continuously on the customer service television, topical electric safety information playing on Lakefront's phone system, and various safety awareness events.



JOINT HEALTH & SAFETY COMMITTEE



**STAY CONNECTED!**  
THE LATEST INFORMATION ABOUT SERVICES

**WATER WASTE ADDS UP**  
You may not realize it, but you can save up to \$100 a month on your water bill by being more water conscious. If you don't know how to save, you can save up to \$100 a month on your water bill by being more water conscious.

**FOR YOUR CONVENIENCE**  
eBilling - Switch to paperless billing for fast, easy and secure access to your bills. 24/7  
Pre-Authorized Payment - Save the money out of this bill by setting up direct debits from your account.  
Budget Billing - Make your bill payment predictable and stay on budget by paying an equal amount every month.

**UPDATE YOUR CONTACT INFO**  
We need your contact information to provide you with the best service possible. Please update your contact information by logging into your account on our website or by calling us.

**CALL BEFORE YOU DIG!**  
ONTARIO ONECALL  
1.800.400.2255  
on1call.com

# INVESTING IN PEOPLE & COMMUNITY

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.

## EMPLOYEE ENGAGEMENT SURVEY

In 2019, Lakefront improved in 23 measures over its 2017 employee engagement survey. This represents significant improvements from investments in human resources and employee engagement efforts. An improvement group, consisting of staff and management representation, put forward suggestions to further improve employee engagement.



EMPLOYEE ENGAGEMENT

## LEARNING & DEVELOPMENT

Training and development are identified as one of the LUSI's levers with the highest potential for improving collaboration between workers, attracting and retaining great employees, making our company a better place to work, and increasing job satisfaction and morale among employees.

In 2019, the company offered 61 different training courses to be taken by our employees during the year. Each department took advantage of 100% of their training budgets.



OUTREACH & EDUCATION

## INVESTING IN THE WORKFORCE OF THE FUTURE

Lakefront's multi-disciplinary scholarship program promotes and supports the academic pursuits of local students. In 2019, Lakefront awarded two scholarships to students pursuing careers as a Powerline Technician and Electrical 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.



UNITED WAY DRAGONBOAT FUNDRAISER

## 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 Dragon Boat racing and the Northumberland United Way's Day of Caring.



BUSINESS ACHIEVEMENT AWARDS



DAY OF CARING EVENT

## CIVIC AWARDS

Lakefront presented the Town of Cobourg Civic Environmental Award and as a result, Lakefront became a corporate member of Sustainable Cobourg and forged a partnership to raise awareness of sustainability alternatives. Lakefront included sustainable messaging on our communications channels including newsletters, bill inserts, social-media, website, YouTube, and mobile application.

As a leader in creating a green energy future, Lakefront Utilities is pleased to be an active partner in delivering reliable, cost-effective utilities that bring value to our customers and shareholders. Energy efficiency helps families save money, makes businesses more competitive, and creates a cleaner environment for future generations. The partnership with Sustainable Cobourg is aimed at promoting personal actions customers can take that are beneficial to sustainability and climate change.

## LENDING SUPPORT TO NEIGHBOURING UTILITIES

In August, Lakefront Utilities Inc. sent an electric line crew to Florida to assist with the expected emergency impact of Hurricane Dorian. Without hesitation, the staff members gave up planned Labour Day family time to assist in whatever way they could for restoration of power.



TOWN OF COBOURG CIVIC AWARDS

## COLLABORATION

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.

Lakefront is a member of Cornerstone Hydro Electric Concepts (CHEC), a collaborative organization of 15 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.





TOWN OF COBOURG HOLDINGS INC.

207 Division Street, PO Box 577

Cobourg, Ontario K9A 4L3

Tel. 905-372-2193

Fax. 905-372-2581

[lakefrontutilities.com](http://lakefrontutilities.com)

