



Town of Cobourg Holdings Inc.

# ANNUAL REPORT 2022



Lakefront  
Utility  
Services  
Inc.



Lakefront  
Utilities  
Inc.

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# CORPORATE MISSION, VISION, & VALUES

## MISSION

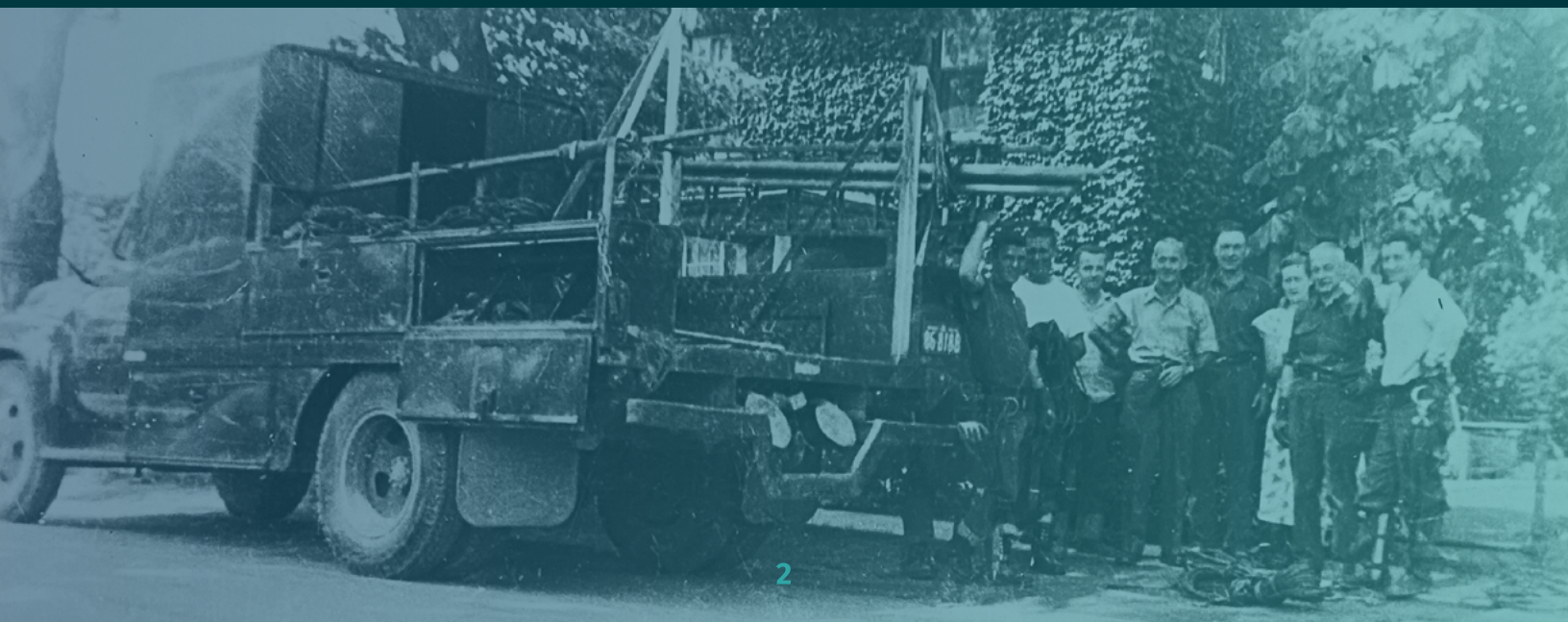
We are committed to responsibly delivering fair-cost, reliable, safe, energy and water solutions for the benefit of our customers through the uniqueness of our integrated utility operations.

## VISION

We are recognized as a high-performance local ownership organization, providing exceptional value to our customers and communities through dependable, responsive and innovative services.

## VALUES

Our values serve as the organization foundation that guides our decisions and directions. Our commitment to our employees, customers and stakeholders are Integrity, Safety, Reliability, Accountability, Service, Collaboration, Respect, Engagement and Innovation.



# A LETTER TO OUR CUSTOMERS

MESSAGE FROM THE CHAIR OF THE BOARD, AND THE  
PRESIDENT AND CHIEF EXECUTIVE OFFICER.

*We are pleased to present the Town of Cobourg Holdings Inc. (Holdco) and its affiliates, Lakefront Utilities Inc. (LUI) and Lakefront Utility Services Inc. (LUSI), 2022 Annual Report.*

This annual report celebrates everyone who dedicates their efforts and resources to address the organization's challenges and helps to recognize its limitless potential. We are strongest when we come together; when we join forces across sectors and communities, we can make a lasting impact and create a better future for all.

The challenges of managing, operating, and maintaining electric and water systems requires continued dedication and perseverance. Through shared resolve, our employees continue to focus on providing high-quality services to our customers as we meet the challenges of aging infrastructure, increasingly stringent environmental compliance regulations, and a growing population. This past year we recognized the importance of providing exceptional services to our customers and the progress made during the year. Holdco's success is based on competent and committed employees who are passionate about their work.

Cobourg experienced a severe winter storm in late December 2022, and our crews worked around the clock to restore power. Holdco is proud of the dedicated response of our staff and the quick restoration of service to our customers during this challenging time. We continue to implement improvements in the way we communicate outages, as we understand the importance of timely and accurate information to our customers and the communities we support. The challenges of this storm presented an opportunity to continue innovating, rethink how we do our jobs, and transform the way we conduct business. The storm highlighted and

strengthened our collaboration with our partners and helped us gain important insight into evolving situations, share best practices, and collectively navigate through uncertain times. Our organization was strengthened through this deep cooperation and the way it embraced its responsibilities became apparent in the emergency. As society expands, it is becoming increasingly dependent on electricity, and the network we are building today must be adequate and resilient in the future. At Holdco, we are committed to ensuring the network's distribution capacity meets the evolving energy system's operational and flexibility requirements. New solutions, such as demand response, must be functional in the electricity network, and the network must remain in balance when decentralized production, energy storage, and energy communities increase.

Despite the many obstacles and constraints in our operating environment, our 2022 financial performance was strong and key targets were met. Through spending controls, productivity gains, and prudent oversight by the Board and management, we mitigated the impacts of external conditions, including global supply chain challenges and high inflation, positioning Holdco to generate favourable earnings.

As we enter a future that will see increased electrification and emission reductions, part of our transformative role will include doing our part to help build a greener town through climate action. Holdco is well-positioned to support infrastructure requirements in an evolving energy landscape and will continue to focus on solutions that are contributing to a greener future. Providing high-quality electric and water services within our service territories depends on well maintained infrastructure. The energy system is facing major changes and we aim to help find solutions that will make the energy market more customer-oriented and socially sustainable.



In October 2022, LUSI was excited to launch an electric vehicle charger program. The program allows residential customers to rent or lease-to-own an electric vehicle charger through LUSI. We feel this project strengthens the alignment between the interests of the business, the environment, and our customers. With growth and new services, we support our core business in the ever-changing operating environment and contribute to the development of a smart energy system. We want to grow and do our part in introducing new services in our areas of expertise. We see the electricity distribution network as an excellent platform for innovative and green energy solutions.

The last year has reinforced that while the role of keeping electricity and water flowing safely and reliably in our service territories has never been more critical, the challenge of adapting to a changing world has never been more complex. To keep pace, we are embracing the challenges of today and creating a high-performing utility of the future; through a paced transformation, harnessing the community's tremendous growth while sustainably modernizing, enhancing the customer experience, and focusing on understanding and supporting key technologies and tools.

Holdco works hard to balance competing interests, such as the need to maintain and upgrade critical infrastructure, meet

environmental requirements, and prudently plan for capacity to support future growth while maintaining high-quality services that are affordable for customers. Electric and water services are vital to the residents and businesses in our service territories. With investments now and in the future, we will all benefit from the infrastructure that helps provide the economic and environmental backbone for current and future generations. Future priorities for Holdco remain firmly focused on increasing the visibility in the communities we service, ensuring high quality services, and looking at other ways to add value for our customers.

Holdco and its affiliate Boards continued supporting the organization and its endeavours throughout the year, and we owe them sincere and genuine thanks. On behalf of Holdco and the Board of Directors, we wish to convey to customers our continued commitment to providing responsible governance and oversight. Further, we wish to extend our sincere appreciation to our employees for their hard work throughout another uniquely challenging year. We are proud of the frontline staff who work hard to assist our customers every day and make a difference during difficult times.



**DAVID TSUBOUCHI**  
CHAIR OF TOWN OF COBOURG  
HOLDINGS INC.



**DERECK PAUL**  
PRESIDENT & C.E.O.

# TOWN OF COBOURG HOLDINGS INC.

Incorporated under the Business Corporation Act (Ontario) on April 12, 2000, Town of Cobourg Holdings Inc. (Holdco) is an amalgamation of Lakefront Utilities Inc. and Lakefront Utility Services Inc. and serves over 11,000 residential, commercial, and industrial customers.



## LAKEFRONT UTILITIES INC. (LUI)

A regulated utility through which it distributes electricity and promotes energy conservation.

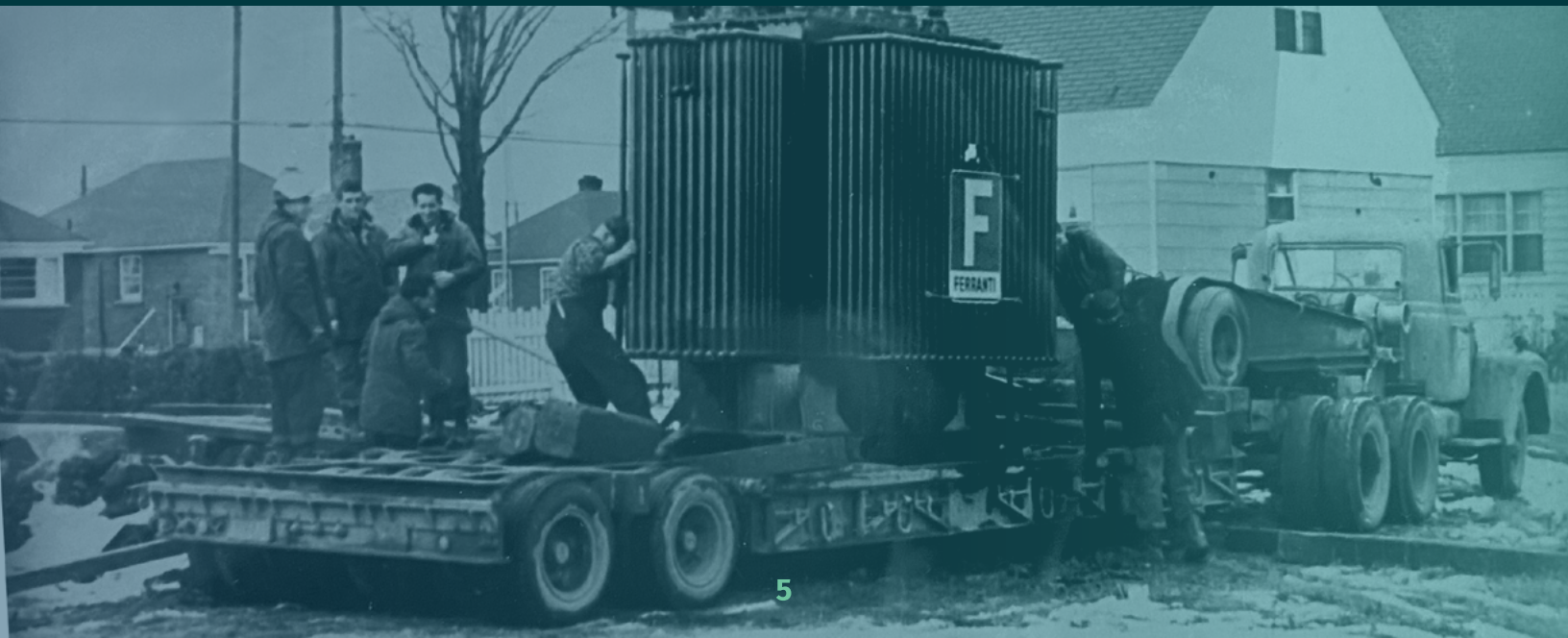
## TOWN OF COBOURG HOLDINGS INC.

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



## LAKEFRONT 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.



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



# TOWN OF COBOURG HOLDINGS INC.

## BOARD OF DIRECTORS

The Board of Directors at The Town of Cobourg Holdings Inc. provides 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 corporate governance and business ethics standards. 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.



**DAVID TSUBOUCHI**  
CHAIR



**ROBERT BELL**  
VICE-CHAIR



**JOHN FARRELL**



**MANDY MARTIN**



**LUCAS CLEVELAND**



**LISA MCBRIDE**

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 IN 2022:

**HOLDCO**  
**\$28,125**

**LUSI**  
**\$15,033**

**LUI**  
**\$16,200**

Holdco's consolidated financial statement as at December 31, 2022 is available on Lakefront's website at [lakefrontutilities.com/financial](https://lakefrontutilities.com/financial)

# LAKEFRONT UTILITY SERVICES INC.

## BOARD OF DIRECTORS

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, Township of Hamilton, and Hamlet of Grafton on their behalf. Other unregulated services include a dedicated 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. In 2022, LUSI launched its electric vehicle (EV) charger program. The program allows residential customers to rent or lease-to-own EV chargers through on-bill financing. LUSI also provides human resources, administrative, financial, and operational services to Holdco and its subsidiaries in compliance with applicable regulations.



**ROBERT BELL**  
CHAIR



**GRAHAM FISHER**



**KELLEY IRWIN**



**KAREN WEBB**



**GURU KALYANRAMAN**



# LUSI AT A GLANCE

**368** Water Meters upgraded to Radio Frequency Meters

**96.26%** Compliance for Grafton Drinking Water System Operated by LUSI

**100%** Compliance for Cobourg and Hamilton Township Water Systems Operated by LUSI

**\$131,266** Net Income

**\$0** Dividend

## WATER INFRASTRUCTURE

**2** Water Towers

**8,539** Water Meters

**211** km Water Distribution System

**2,105,102 m<sup>3</sup>** Water Billed

## LUSI REVENUE IS COMPRISED OF THE FOLLOWING:

**\$63,740** Fibre

**\$143,985** Management Fees

**\$271,264** Operations

**\$149,955** Interest

**\$14,828** Solar – Venture 13

**\$12,543** Solar – Water Treatment Plant

**\$12,294** Miscellaneous Revenue

**\$668,609** TOTAL REVENUE



## LUSI NET INCOME & DIVIDEND

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
2019	\$197,266	\$125,000
2020	\$143,630	\$0
2021	\$103,627	\$0
2022	\$131,266	\$0

\*The dividends exclude regulated income and have no effect on electric or water rates.

Financial information at December 31, 2022 is consolidated with Lakefront Utilities Inc. and is available on Lakefront's website at [lakefrontutilities.com/financial](http://lakefrontutilities.com/financial).

## WATERWORKS AT A GLANCE

YEAR END	REVENUE - SALE OF WATER	ANNUAL SURPLUS	CAPITAL ADDITIONS
2015	\$3,883,600	\$453,729	\$1,552,341
2016	\$4,376,420	\$863,062	\$2,010,344
2017	\$4,467,056	\$860,866	\$1,831,747
2018	\$4,785,010	\$982,634	\$3,215,496
2019	\$4,786,000	\$923,264	\$3,065,847
2020	\$5,140,761	\$1,137,978	\$3,546,882
2021	\$5,709,323	\$1,463,558	\$2,637,063
2022	\$6,044,382	\$2,013,418	\$2,504,646

# WATERWORKS OF THE TOWN OF COBOURG



*In 2022, the Water Department continued its asset preservation and maintenance program and completed necessary infrastructure upgrades.*

Planned and reactive maintenance and upgrades in 2022 included hydrant flushing, hydrant repairs, watermain replacements, valve exercising, water sampling, regular equipment maintenance, service repairs, and watermain breaks and tie-ins. Also, Waterworks and the Town of Cobourg completed the watermain replacement project for Burke, Blake, Rankin, Green, Furnace and Victoria streets. With the safety of the community as a priority, the water department installed reflective rings on 700 of 864 fire hydrants in Cobourg to help emergency

services quickly locate hydrants in low light conditions and identify the available water flows in case of an emergency.

The Water Department reacted swiftly when Ontario experienced a severe winter storm in December. The damage from the storm caused an outage that impacted the Water Treatment Plant, water towers, and the Ewart Street Booster Pump Station. Staff remained onsite at the Water Treatment Plant, continuously monitoring, refuelling generators, and maintaining service while distribution staff responded to service and emergency locate requests. The Water Department's quick response demonstrates their unwavering dedication to the communities we serve.

Waterworks' commitment to continual improvement requires exploring and investing in new methods and technologies. Water conservation, quality, and loss management remain top priorities for Waterworks. In 2022, Waterworks completed the Water Meter Replacement Program. The new radio frequency (RF) meters allow LUSI to track commercial and residential customer usage and minimize revenue loss due to under-reading meters. The meters also automatically advise customers of leaks in their homes and businesses. Waterworks plans to further their water loss management through innovative technology, including employing remote acoustic and pressure monitoring and artificial intelligence to detect developing leaks and breaks in high-risk infrastructure areas.

Waterworks' focus remains on adapting and meeting the demands of the growing population in its service area. The 5 Year Master Plan prepares for future expansion, including designing and building a new Zone 1 Water Tower and Zone 2 Booster Pumping Station to meet elevated storage and requirements for future growth within Cobourg. Throughout 2022, Waterworks worked with the Town of Cobourg and contractors, CIMA+, to begin the preliminary process before building the infrastructure.

Throughout 2022, the Water Department demonstrated its commitment to safe and clean drinking water, conducting mandatory sampling from source to tap and ensuring compliance with regulations. During the most recent Drinking Water System Inspection conducted by the Ministry of the Environment, Conservation and Parks, the Cobourg Drinking Water System and Hamilton Township Drinking Water System operated by LUSI, received 100% Inspection Risk Rating Scores. In another inspection, the Grafton Drinking Water System received 96.26%. LUSI staff's dedication to the communities they serve is proven by the long history of high Inspection Risk Rating scores received.

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. Revenue from the operation of Waterworks consists of profits related to the monthly base charge and usage charge. Although Waterworks generates a surplus, the amount is reinvested in the Town of Cobourg's water infrastructure. The Water System Annual Report is available at [www.lakefrontutilities.com/regulatory-water](http://www.lakefrontutilities.com/regulatory-water).



Water Day



## 2022 WATERWORKS MAJOR PROJECTS INCLUDED:

### COBOURG WATER TREATMENT PLANT

- Rebuild Chlorinators
- Low Lift Pump 2 Rebuild and Motor
- Total Chlorine Discharge Report
- Reservoir Leak Detection Report and Investigation
- Actuator-Chlorine Contact Chamber
- Chlorine Contact Chamber Inspection
- Wastewater Tank Inspection
- Pump Vibration Analysis

### COBOURG DISTRIBUTION SYSTEM

- Air Relief Valve Replacement
- CIMA+ Tower EA Process
- Burke, Blake and Victoria Street Watermain Replacement
- Furnace, Green and Rankin Street Watermain Replacement

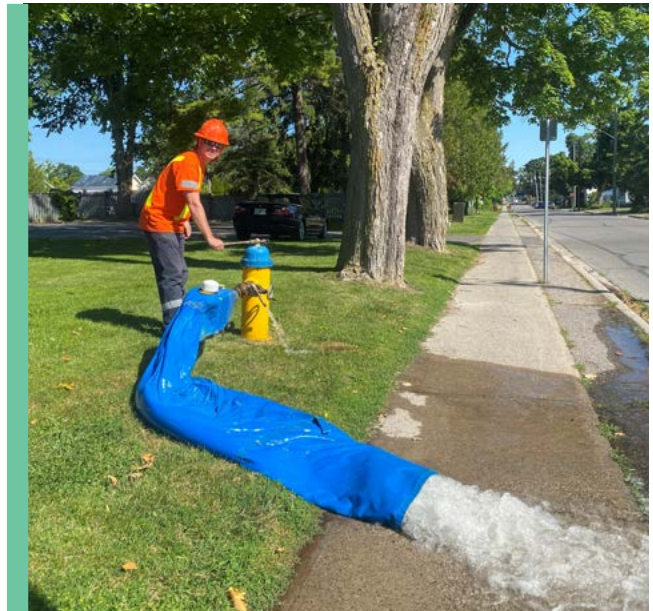
### MISCELLANEOUS

- Valve Repair Kit Purchased

As a growing municipality, Council and Lakefront seek to balance customers' increasing expectations with the cost of delivering municipal services. Water rate increases in recent years have reflected the requirement for the renewal of aging infrastructure. To reduce future rate implications, Waterworks has worked hard to minimize increases in operating expenses in a proven effort to continue providing customers with reasonable rates. For the period 2016 to 2022, Waterworks' operating expenses increased by an average of 1.99% which is consistent with inflation over the same period.



*Water Repair*



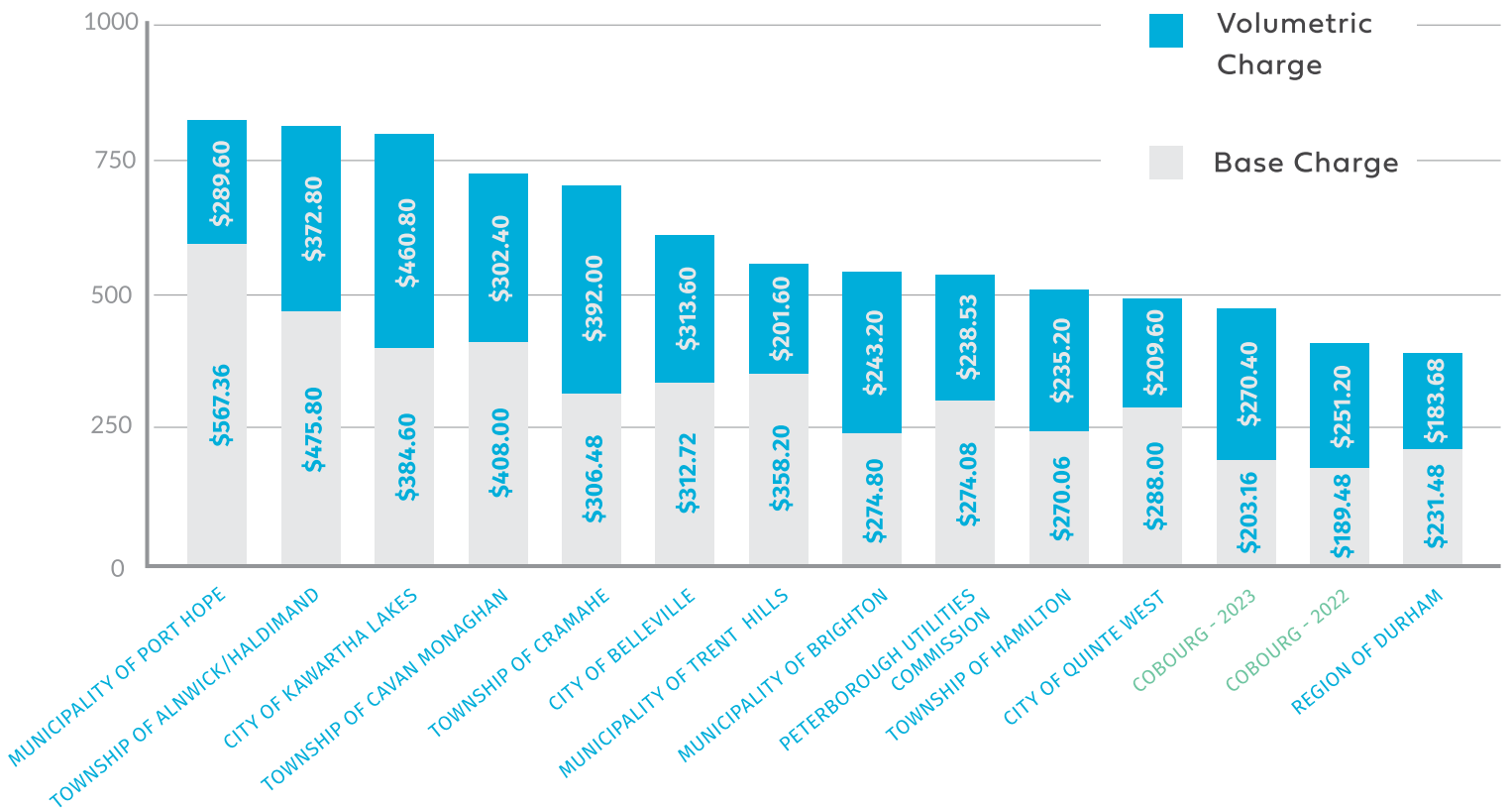
*Hydrant Flushing*



*Watermain Tap*

# WATER RATES COMPARISON

In 2022, Cobourg Waterworks had one of the lowest water rates compared to surrounding municipalities.



During the most recent Drinking Water System Inspection conducted by the Ministry of the Environment, Conservation and Parks, the Cobourg Drinking Water System and Hamilton Township Drinking Water System that LUSI operates, received 100% Inspection Risk Rating Scores. The Grafton Drinking Water System received 96.26%. The continuous high scores received, demonstrate the hard work and dedication of the water department.



# LAKEFRONT UTILITIES INC.

## BOARD OF DIRECTORS

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 the Village of Colborne. While LUI owns the wires, poles, transformers, and meters that bring electricity from the provincial electricity transmission grid to over 11,000 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.



**GIL BROCANIER**  
CHAIR



**MANUELA  
RIS-SCHOFIELD**



**NEIL FREEMAN**



**FRED CLIFFORD**





# LUI AT A GLANCE

**99.88%** First Contact Resolution

**99.97%** Billing Accuracy

**6th** lowest Residential Rates in the province

**6th** lowest OM&A Cost per Customer in the province

**\$6,208,866** Total Shareholder Equity

**\$382,244** Other Income

**\$909,469** Net Income

**\$0** Dividend

**\$244,300** Interest to the Town of Cobourg

**\$518** OM&A Cost per Customer

**3,311** Electric Inbound Customer Calls

**77%** Customer Satisfaction Score

## INFRASTRUCTURE

**11,040** Customers

**7** Distribution Stations

**1,251** Distribution Transformers

**11,023** Electric Meters

**3,168** Poles

**222** Primary Switches

**43,905** kW Peak Load

**246,584,820** kWh Electricity Delivered

**168** km of Overhead Line

**70** km of Underground Line

**27.64** km<sup>2</sup> Service Territory (urban)

## LUI NET INCOME

YEAR END	NET INCOME	DIVIDEND*	INTEREST PAID TO TOWN OF COBOURG
2015	\$510,233	\$0	\$507,500
2016	\$470,794	\$0	\$507,500
2017	\$510,233	\$0	\$507,500
2018	\$443,734	\$0	\$507,500
2019	\$269,142	\$0	\$507,500
2020	\$143,264	\$0	\$260,400
2021	\$260,534	\$0	\$260,400
2022	\$909,469	\$0	\$244,300

\*The dividends exclude regulated income and have no effect on electric or water rates. LUI's financial statement as at December 31, 2022 is available on Lakefront's website at [lakefrontutilities.com/financial](https://lakefrontutilities.com/financial).

# LAKEFRONT UTILITIES ELECTRICAL DISTRIBUTION SYSTEM



*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 maintain distribution business service quality and reliability at targeted performance levels. LUI continued its focus on operational efficiency in 2022, achieving the 6th lowest Operating, Maintenance, and Administration (OM&A) cost per residential customer in the province.

Lakefront continued to focus on improving reliability and preparing its electric distribution system for future expansion. During 2022, LUI constructed new pole lines and rebuilt pole lines that needed replacement, installing over 70 new poles. These investments will help support future distribution feeders for a new substation that is planned for construction during 2023.

In 2022, LUI made ongoing investments in its electric distribution system in an informed and cost-effective manner and continued to prepare for future growth and expansion. Lakefront analyzes each project to develop a fact base to support informed decision making. These facts include spending to date, committed spending, stoppage costs, measurement of expected benefits, customer impact, and risk trade-offs, to name a few. LUI's capital expenditures in 2022 totalled \$2,119,689, which included several infrastructure upgrades:

## **2022 MAJOR PROJECTS**

- Victoria St. Station to Ontario St. – overhead 27.6kV conversion
- Elgin St. – pole replacement
- Burnham St. – right of way – 27.6kV conversion
- Kerr St. right of way – Victoria St. Station to Division St.

## **SUBDIVISION DEVELOPMENTS/NEW CUSTOMER SERVICES**

- New Amherst, Cobourg
- Foxtail Ridge, Colborne
- East Village, Cobourg
- Mason Homes, Cobourg

In December, Ontario experienced a significant winter storm that included high winds, freezing rain, and large amounts of snow. Unfortunately, the storm resulted in damage to LUI's infrastructure. Cobourg and Colborne customers experienced outages due to trees that had been uprooted from the high winds and fallen on electrical wires. Lakefront staff responded quickly, but they were faced with dangerous conditions caused by the storm. The hazardous environment combined with the continued storm resulted in a longer restoration period. Lakefront's electric crew worked tirelessly to restore power as safely and quickly as possible. Lakefront's dedication and LUI's diligent annual maintenance program; which includes tree

trimming, pole testing, and infrastructure upgrades, helped minimize the storm's impact.

The dedication of Lakefront's staff and the reliability of LUI's infrastructure speaks to Lakefront's diligence and commitment to providing dependable service. Not only was the dedication of Lakefront's staff proven by their response to the storm, but the response from customers demonstrated the strength of our community. Lakefront staff truly value the outpour of appreciation messages from our customers and the support from the community during and after the storm.

## KIND WORDS

“I wanted to take time to thank you all for working so hard during this storm. Our power was out for a while and it is easy to take for granted how much we rely on electricity. Because of your hard work we were able to have our lights back for Christmas and can cook our Christmas dinner. Thank you.”

“Many thanks and kudos to your line crews who worked in today's horrible weather conditions and put themselves at risk to restore our power. Please let them know how much they are appreciated.”

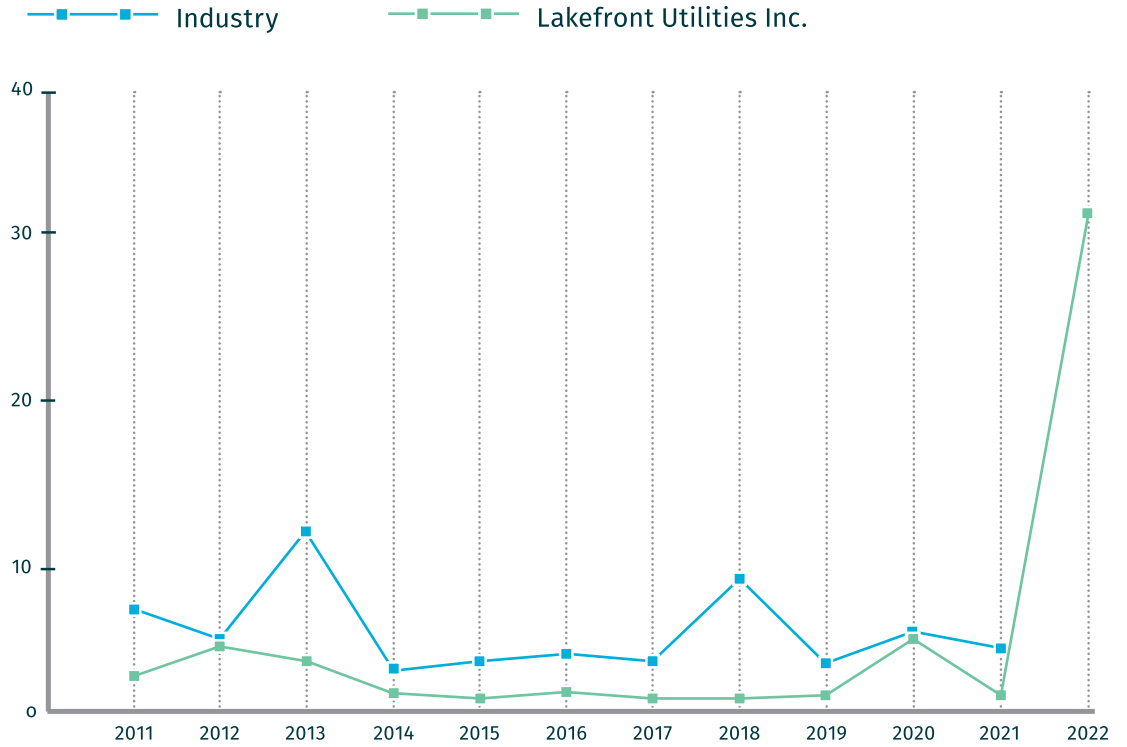
“A BIG THANK YOU TO YOUR ELECTRICAL CREWS for their work. When trees came down on my street, they cleared up the mess in record, efficient, time and they did a great job. Today, they did an improvement on the temporary fix, and my service was only out about 2-1/2 hours. Great job to everyone. Thank you.”



**HOLDCO USES SAIDI AND SAIFI TO MEASURE SYSTEM RELIABILITY. SAIDI REPRESENTS THE AVERAGE NUMBER OF HOURS POWER TO A CUSTOMER WAS INTERRUPTED, AND SAIFI REPRESENTS THE AVERAGE NUMBER OF TIMES THAT POWER TO A CUSTOMER WAS INTERRUPTED. IN 2022 SAIDI WAS 0.53 AND SAIFI WAS 0.25.**

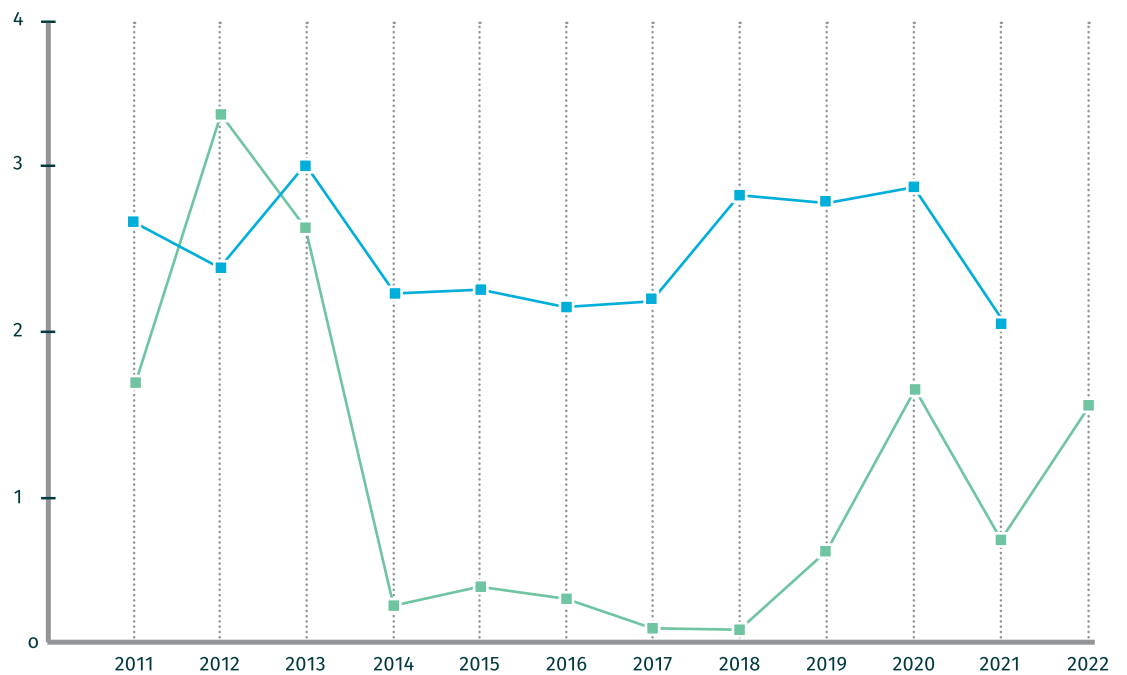
## SAIDI

*SAIDI represents the number of hours the average customer's power is off in a year.*



## SAIFI

*SAIFI represents the number of power interruptions the average customer experiences yearly.*



# FINANCE AND REGULATORY



*Despite the volatility seen in the industry, it has been a successful year for Holdco, driven by passion, commitment, and hard work to deliver positive outcomes.*

We continue to focus on providing safe and reliable services at competitive prices with exceptional service. Lakefront Utilities Inc. delivered a strong yearly result with a net income of \$909,469, an increase of 249 percent and Waterworks had a net income of \$2,013,418, an increase of 37 percent, both exceeding the organization's plan and expectations for the year. The additional net revenue was used throughout 2022 to support capital infrastructure upgrades.

We recognize that any rate increase is unwelcome, particularly at a time when customers are experiencing more inflationary pressures. Holdco actively works to contain costs, which is one of the reasons why we have the 6th lowest residential rate and the 6th lowest OM&A cost per customer.

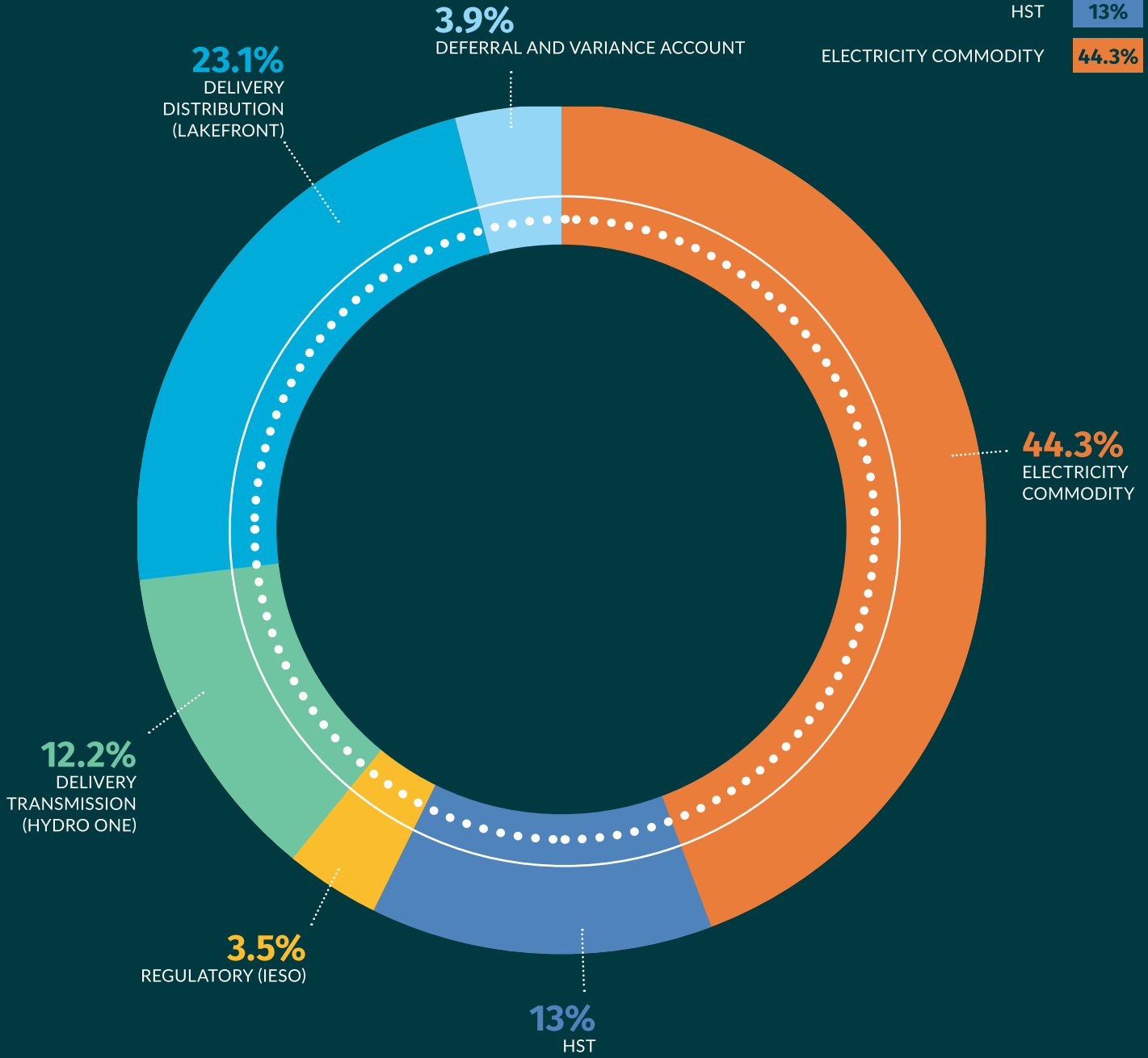
From a regulatory perspective, Lakefront Utilities Inc. applied to the Ontario Energy Board for an inflationary increase in rates in August

2022. Through this regulatory process, we can secure the ongoing financial sustainability of the utility and the revenue required. The rate increases will allow Lakefront Utilities Inc. to maintain the current level of service to customers and continue investment in electric and water infrastructure. The water rates increase recognized the need to balance investments in critical infrastructure and service with customer needs. These services are fundamental to the economic well-being of our organization, the health of residents, and the reliability of infrastructure.

Utility systems faced the challenge of balancing ratepayers' desires for low rates with the revenues necessary to fund current and future needs. Prudent financial management is essential to a well-run utility and providing our customers with good value for our services is vital. We compare our rates to several comparable utilities across Ontario to ensure that we continue to provide electric and water services at a reasonable price.

# BREAKDOWN OF 750 KWH RESIDENTIAL BILL

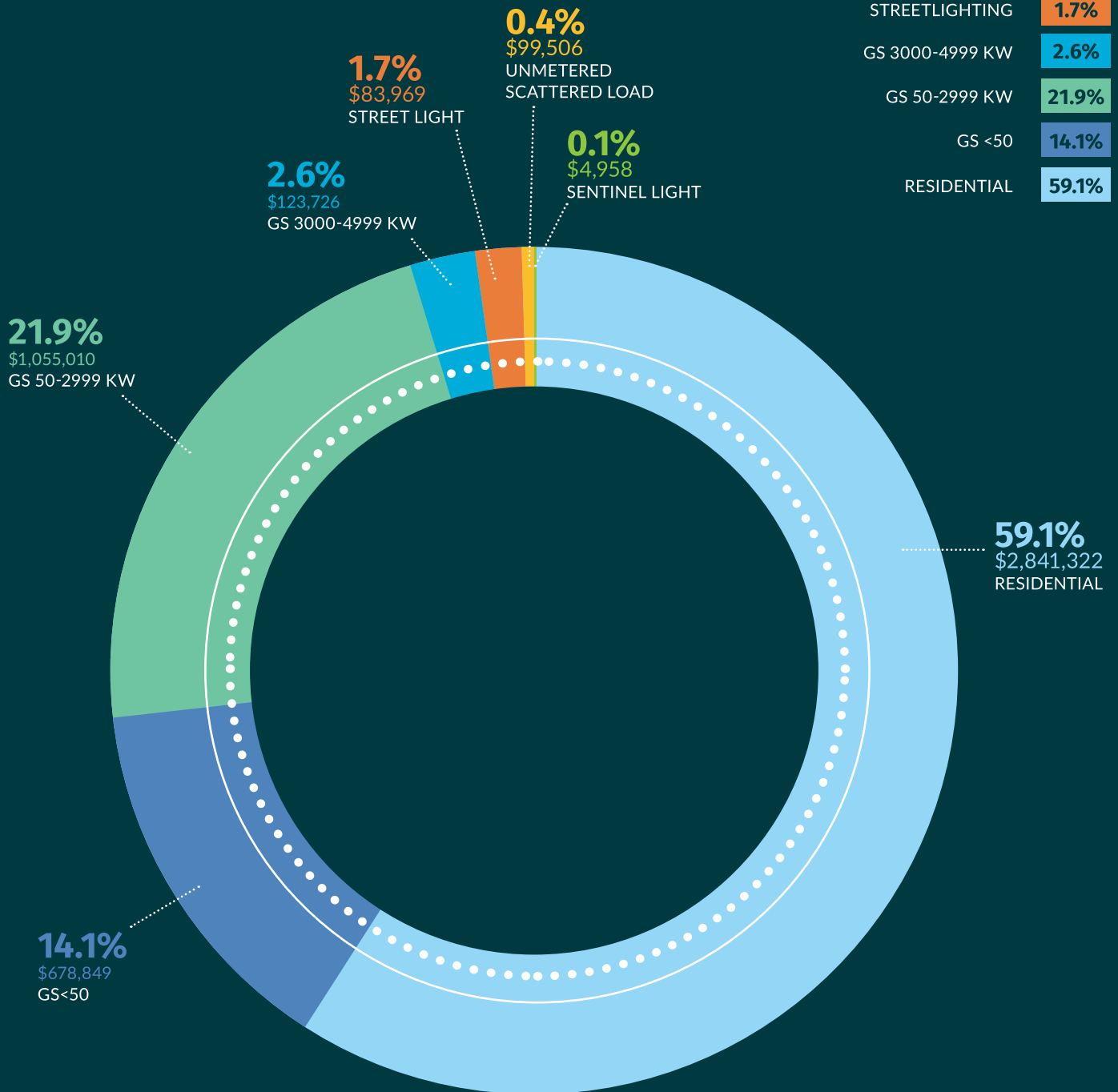
DEFERRAL AND VARIANCE ACCOUNT	3.9%
DELIVERY DISTRIBUTION (LAKEFRONT)	23.1%
DELIVERY TRANSMISSION (HYDRO ONE)	12.2%
REGULATORY (IESO)	3.5%
HST	13%
ELECTRICITY COMMODITY	44.3%



LUI's 2022 residential rates are the sixth lowest in the province. LUI's rates are a testament to the hard work and efforts that staff give every day to the continued improvement of our utility and betterment of our services.



# BREAKDOWN OF REVENUE



LUI has seven different customer classes that it bills based on rates approved by the OEB. The breakdown of revenue by customer class represented on this graph reflects only the distribution and volumetric charge.

# FOCUSING ON OUR CUSTOMERS



*Our customers are at the centre of everything we do; therefore, it has always been Holdco's mission to positively impact their lives.*

We strive to make it easy for customers to use services, such as establishing and transferring connection, monitoring energy consumption, following changes related to invoicing, and connecting renewable energy systems to the network. We deliver the best possible customer experience by ensuring an uninterrupted electricity supply while continuously improving the way we work by boosting our processes and enhancing the quality of service.

Customer service is a function spread across all departments at Holdco; however, there is a specific team responsible for addressing customers' questions and concerns. These professionals help customers apply for service, change or upgrade service, understand their bill, and dispatch crews to assist with any outages or

issues with services. When customers need service or information they expect hassle-free service; they also want organizations to take responsibility and provide solutions. That is why customer service must work without issue. Our goal is to deliver on our promise of making customers' lives run smoothly every day. In a recent Customer Satisfaction survey, 84% of individuals responded that they were satisfied when asked overall how satisfied they were with Lakefront's services.

We do everything we can to ensure customers are treated fairly, and energy is provided at a fair price. Years of experience teaches us that real, lasting systemic change requires collaboration across all sectors. These partnerships are critical parts of our current and future work. Together we are taking innovations to scale, learning from each other, and ultimately providing quality services and resources, such as financial assistance programs, to help more people in need.

As we look forward, we will continue to support customers through this challenging time and seize the opportunities in the year ahead. Digitalization is progressing on all fronts and changing electricity use and distribution. The customer will be an increasingly active player in a market that is based on balancing demand and production. Holdco wants to be involved in the transformation that supports and empowers customers with possibilities. Customers expect

us to be prepared for changes in the operating environment; they want easy-to-use products and accessible services that simplify their lives. We are putting resources into customer service availability and personal service. Our digital service channels, LiveChat and social media, have proved to be useful and popular. Our social media channels help us meet customer expectations for rapid responses.



### THE HELP CENTRE

In 2022, Lakefront presented a cheque for \$10,000 to The Help Centre. The financial contribution goes towards the Low-income Energy Assistance Program (LEAP).



# EXCEEDING STANDARDS AND EXPECTATIONS

*Utilizing the scorecard approach designed by the Ontario Energy Board, Lakefront Utilities Inc. monitors its performance in key areas as compared to other utilities.*

The standardized scorecard 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 LUI's commitment to exceptional customer service in 2022.

	LUI 2022 SCORECARD RESULTS	OEB APPROVED STANDARD (ON A YEARLY BASIS)
First Contact Resolution	99.88%	*
Appointment Scheduling	98.43%	90%
Appointment Met	98.89%	90%
Telephone Accessibility	90.27%	65%
Telephone Call Abandon Rate	0.91%	10% or Less
Written Response Enquiries	100%	80%
Reconnection Performance Standard	100%	85%

\*The OEB has not set a target for this measure.



## RESIDENTIAL RATES 2022

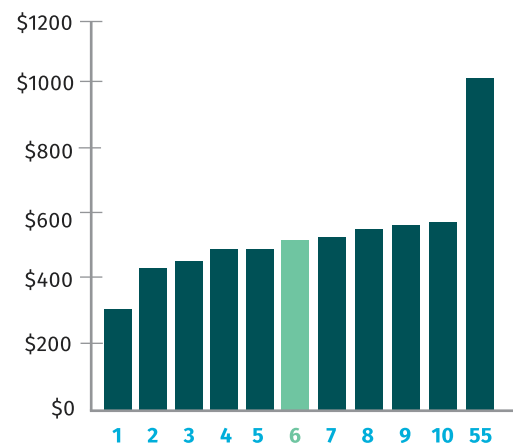
1	Hydro Hawkesbury Inc.	\$18.12
2	E.L.K. Energy Inc.	\$19.10
3	Espanola Regional Hydro Distribution Corporation	\$21.70
4	Hydro One Networks Inc.-Peterborough Distribution Incorporated Rate Zone	\$22.62
5	Kitchener-Wilmot Hydro Inc.	\$22.99
6	Lakefront Utilities Inc.	\$23.78
7	Wasaga Distribution Inc.	\$23.93
8	Brantford Power Inc.	\$24.35
9	Ottawa River Power Corporation	\$24.63
10	Alectra Utilities Corporation-Enersource Rate Zone	\$25.13

LUI's residential rates are a testament to the hard work, efforts, and prudent financial management of staff. In 2022, Lakefront was proud to have the 6th lowest residential rates in the province.

## OM&A COST PER CUSTOMER 2021

### OPERATING, MAINTENANCE, AND ADMINISTRATION

1	Hydro Hawkesbury Inc.	\$319
2	Wasaga Distribution Inc.	\$427
3	E.L.K. Energy Inc.	\$437
4	Cooperative Hydro Embrun Inc.	\$493
5	Welland Hydro-Electric System Corp.	\$494
6	Lakefront Utilities Inc.	\$518
7	Ottawa River Power Corporation	\$521
8	Kingston Hydro Corporation	\$543
9	Orangeville Hydro Limited	\$550
10	Kitchener-Wilmot Hydro Inc.	\$552
55	Hydro One Networks Inc.	\$1,033



Contributing to these low rates is the fact that Lakefront Utilities had the 6th lowest Operating, Maintenance and Administration costs in the province in 2021.

2022 rates are not released by the OEB until September 2023.

# EVOLVING WITH TECHNOLOGY

*Lakefront continues to adapt and evolve by implementing new technologies to serve our customers best and meet their needs.*

Providing different forms of communication for our customers remained a top priority for Lakefront in 2022. Lakefront continued to invest in making services more user-friendly and increasing the accessibility of information in a variety of ways. Lakefront adds to its customers' online experience and provides information through programs such as:

- Lakefront's Mobile Application
- Electronic billing option
- Customer Portal, SilverBlaze
- [www.lakefrontutilities.com](http://www.lakefrontutilities.com)
- MailChimp eNewsletter campaigns
- Videos
- Social media communications and engagement
- LiveChat website feature

In 2022, Lakefront furthered its focus on increasing its video engagement. This included videos reviewing new features, residential bill overview, and Green Button advancements and collaboration.

Lakefront strives to encourage the use of technology and data in innovative ways to promote sustainability, awareness, and education.

In April, Lakefront and the Minister of Energy, Todd Smith, announced its Green Button advancement and Open Energy Hackathon. The implementation of Green Button will offer customers personalized ways to increase energy efficiency and provide individuals and businesses with more choices. The Green Button Open Energy Hackathon provided participants with test data, with the goal of utilizing the data to

answer challenging environmental and sustainability questions in an educational setting.

Lakefront released version 3 of its mobile application and continued to make improvements throughout 2022. The application is free and available to Lakefront customers on iOS and Android. New updates and improvements included increased security with two-factor authentication, payment feature, daily customer balance updates, outage support system, Google and Apple sign-in, and increased speed and user interface.





# PRIORITIZING SAFETY



*The safety of employees and the community continues to be Holdco's main objective and priority.*

LUSI's Joint Health and Safety Committee (JHSC) is comprised of representatives from different departments. The JHSC meets bimonthly and reviews recent inspections, prepares for any changes to safety codes, and discusses outstanding business. In 2022, the JHSC met 5 times, and conducted a total of 45 field inspections, 10 safety meetings, and 57 workplace inspections. All staff received regular training throughout 2022.

LUSI had 31 full-time employees in 2022.

## ELECTRICITY SAFETY PRESENTATIONS TO LOCAL SCHOOLS

Lakefront sponsored an Electricity Safety Program as part of their commitment to increase electrical safety. The presentations are delivered by Electricity Safety and Conservation and teach JK - Grade 8 students, within LUI's service area, about electrical safety in the school, home, and outdoors.

# INVESTING IN OUR COMMUNITY

*Holdco recognizes the importance of being an active member of its community. Holdco embraces a corporate culture that gives back to the community it serves, including community fundraisers, engagement, and events. In 2022, Holdco continued to demonstrate its commitment to supporting and connecting with the community in a variety of ways.*

## TOWN OF COBOURG CIVIC AWARDS

In 2022, Lakefront was proud to be a sponsor for the Town of Cobourg Civic Awards. Staff presented the Environmental Award during the ceremony and was pleased to take part in such a meaningful and impactful event for the community. The Civic Awards recognizes community members who have dedicated their time through outstanding volunteerism and community involvement.



## UNITED WAY NORTHUMBERLAND, DAY OF CARING

Northumberland United Way's annual Day of Caring invites individuals and organizations to show their support for the community through volunteering. Lakefront was pleased to participate in the 2022 Day of Caring, working with Habitat for Humanity Northumberland to help individuals in the community.



## REBOUND CHILD & YOUTH SERVICES

Lakefront was pleased to sponsor Rebound's 2022 Kilometers for Kids run. The run helps support Rebound's programs, including mental health and emotional support services that help vulnerable children and youth throughout Northumberland County.



## COBOURG SANTA CLAUS PARADE

Lakefront staff and their families were delighted to participate in the Town of Cobourg's 2022 Santa Claus Parade.



## SMILE COOKIE

Lakefront staff were pleased to volunteer at Tim Hortons for Smile Cookie Week.





### SCHOLARSHIP

In 2022, Lakefront awarded two \$1,000 renewable scholarships to two local students. Lakefront is proud to support the academic pursuits of the next generation of professionals in the water and electricity fields, as investing in the industry’s future leaders will help drive innovation.



### NATIONAL DAY FOR TRUTH AND RECONCILIATION

On September 30th, Lakefront staff wore orange to show support for indigenous communities and to encourage awareness about the damage caused by the residential school system.



### SALVATION ARMY

At the end of 2022, Lakefront staff coordinated a toy drive with Salvation Army to help make the holiday season a bit brighter for children in the community.



### INTERNATIONAL WOMEN’S DAY



### WORLD WATER DAY





# ENGAGING OUR CUSTOMERS

*Holdco's integrated engagement plan allows them to maintain a continual conversation with their customers to better align their operational plans with the customers' needs and expectations. Their engagement activities allow them to connect with their customers, to ensure their customers' needs are being met and receive suggestions on how they can improve their overall customer experience.*

## RADIO INTERVIEWS

In May 2022, Lakefront staff completed an interview with the hosts of Northumberland 89.7 FM and The Daily Wrap, Pete Fisher and Marc Cowin, to discuss power outages and address customers' questions and concerns. In November 2022, Lakefront met with Pete Fisher and Peter Dounoukos to inform the community about 2023 Capital Projects and to answer any questions from customers.



## WATERFRONT FESTIVAL AND NORTHUMBERLAND RIBFEST

Lakefront staff promoted LUSI's electric vehicle charger program at the Northumberland Ribfest and was proud to be a sponsor for the Waterfront Festival.



## ELECTRIC VEHICLE AND SUSTAINABILITY EVENT

Lakefront staff attended the Electric Vehicle and Sustainability Event to promote LUSI's electric vehicle charger program.



## WATER TOWER ANNOUNCEMENT

Lakefront coordinated a media event in April to announce the funding and plans for the new Cobourg water tower.



# COLLABORATING FOR EFFICIENCIES

*Holdco is an active member of industry associations within the broader water and electric communities. This is an effort to remain current and to collaborate with other utilities to maximize opportunities for efficiencies, streamline costs, and provide value to customers and shareholders.*



Lakefront Utilities Inc. 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 Health and Safety by gaining access to economies of scale and ensuring all areas of its operations are efficient and cost effective.



Lakefront Utilities Inc. is also a member of Utilities Standards Forum (USF), a non-profit, volunteer-based corporation owned by 50 Ontario electricity distributor members that service over 1.9 million customers. USF's 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.



Utility Collaborative Services (UCS) is an Ontario co-operative that allows local distribution companies, such as Lakefront Utilities, the opportunity to work together and benefit from collective buying pools, hosted solutions, shared resources, and standardization. LUI is a member of UCS and has optimized the power of collaboration by joining this strong, established co-operative that shares the utility's interests and needs.




The Ontario Municipal Water Association (OMWA) acts as the voice of Ontario's public water authorities through actions which sustain and protect the life cycle of water and represents more than 180 Municipalities and Public Drinking Water Authorities in Ontario. OMWA brings together a wide cross-section of expertise to provide direction and leadership on policy, legislative, and regulatory issues. Lakefront Utility Services Inc. is a member of OMWA to ensure the safety, quality, reliability, and sustainability of drinking water in Ontario.



The Ontario Water Works Association (OWWA) is a leader in the delivery of safe drinking water. OWWA, with the support of its parent organization, the American Water Works Association, is at the forefront of research, technology, and policy development with respect to safe, sufficient, and sustainable drinking water. LUSI is a member of OWWA and benefits from its place as the authoritative 'voice' of the water industry.





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