



Cobourg
URG



Town of Cobourg Holdings Inc.

ANNUAL REPORT 2023



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's foundation that guides our decisions and directions. Our commitments 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

Dear Valued Customers,

We are pleased to share with you the 2023 Annual Report for the Town of Cobourg Holdings Inc. (Holdco) and its affiliated companies, Lakefront Utilities Inc. (LUI) and Lakefront Utility Services Inc. (LUSI).

As we reflect on the past year and anticipate new opportunities, we are grateful for the journey we have shared with you. Your trust and partnership have been invaluable to us throughout the challenges and triumphs of the past year, and we sincerely thank you for your continued support.

In a landscape of constant change, a large part of our success and viability depends on our ability to adapt and willingness to embrace innovation, including new solutions, technologies, programs, and services, at all levels of our organization. We are immensely proud of the collaborative efforts of our teams and the dedication they have shown in navigating these changes. Our heartfelt appreciation goes out to the staff at Lakefront Utility Services for their unwavering commitment to excellence in delivering our core services of managing, operating, and maintaining our local electricity and water systems.

We'd also like to acknowledge and express appreciation to our customers for their integral role in the success of our organization. Your feedback and demand for progress and innovative solutions have been instrumental in driving us forward. Together, we have made significant strides toward a more sustainable future by adopting eco-friendly practices and investing in innovative solutions, collectively contributing to a healthier planet through our environmental, social, and governance (ESG) efforts. We continue moving towards an electrified fleet and incentivizing our customers to adopt more environmental practices through paperless billing and additional technologies, such as our new Green Button platform, to support energy and water conservation. Our electric vehicle charging program and solar projects continue to strengthen the alignment between the interests of business, the environment, and our customers.

While these efforts present challenges, particularly in navigating economic and regulatory considerations, we remain committed to finding solutions that benefit our business and the communities we serve. Our focus on attracting and retaining top talent, alongside strategic investments in infrastructure, ensures that we are well-equipped to meet the evolving needs of our growing community.

With anticipated accelerated population growth over the next decade comes the need to ensure that our infrastructure is ready to support the increasing demands of our community. In 2023, we energized a new 27 kV substation at Victoria Street to accommodate growing capacity requirements, increase reliability, and introduce additional redundancy in our community. In congruence with the recommendations and details in our Cobourg Drinking Water System Master Plan, we broke ground at the site of the new Elevated Water Tank and booster pumping station on D'Arcy Street behind the Cobourg Community Center. Investing in our infrastructure is about meeting current needs and laying a foundation for the future prosperity of the communities we serve.

By upgrading and expanding our systems, we can improve our reliability, attract new businesses, create job opportunities, and enhance the overall quality of life for everyone in our community.

Customer satisfaction remains at the forefront of our mission, and we are dedicated to providing all stakeholders with an exceptional experience at every touchpoint. Beyond business, we are proud to contribute to social causes and give back to our communities, reflecting our commitment to corporate responsibility.

As we look to the future, we are excited about the possibilities and confident in our ability to overcome any challenges.

Thank you for your trust, partnership, and the opportunity to serve you. We look forward to continuing our journey together.



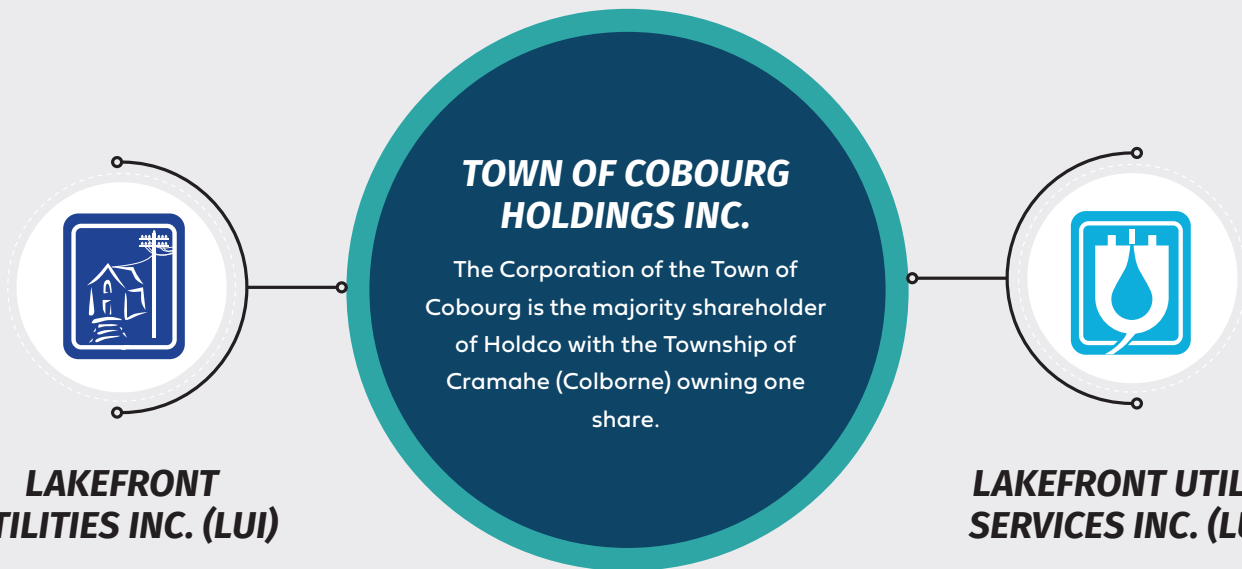
DAVID TSUBOUCHI
CHAIR OF TOWN OF COBOURG
HOLDINGS INC.



DERECK PAUL
PRESIDENT & C.E.O.

TOWN OF COBOURG HOLDINGS INC.

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



A regulated utility through which it distributes electricity.

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.



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

TOWN OF COBOURG HOLDINGS INC.

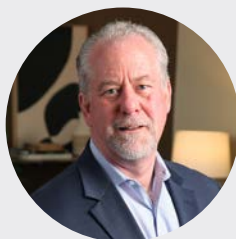
BOARD OF DIRECTORS

The Board of Directors at The Town of Cobourg Holdings Inc. is crucial in providing leadership and ensuring the organization operates effectively and ethically. The Board provides operations oversight, ensuring alignment with the company's mission and objectives, and is responsible for approving various business practices and policies. This includes setting and reviewing the company's internal policies to meet industry standards and regulatory requirements. The Board helps define and approve the strategic goals of the company, including long-term planning and setting the direction for the company's growth and development, providing guidance to the management team, assisting in decision-making processes and ensuring that management's actions are in the best interest of the company and its stakeholders.

The Board is committed to upholding the highest standards of corporate governance and business ethics. This commitment includes complying with the guidelines set out by the Ministry of Environment, Conservation and Parks, the Canadian Securities Act and the Ontario Energy Board's Affiliate Relationship Code. Although not publicly traded, the Board aims to comply with relevant corporate governance guidelines and regulatory requirements, ensuring transparency and accountability in all its operations. By fulfilling these responsibilities, the Board ensures that The Town of Cobourg Holdings Inc. operates efficiently, ethically, and in alignment with its strategic goals and regulatory requirements.



DAVID TSUBOUCHI
CHAIR



ROBERT BELL
VICE-CHAIR



FRED CLIFFORD



MANDY MARTIN



LUCAS CLEVELAND



LISA MCBRIDE

The Board of Directors is composed of members who are entirely 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 to the performance of their duties.

TOTAL BOARD REMUNERATION IN 2023:

HOLDCO

\$43,150

LUSI

\$13,200

LUI

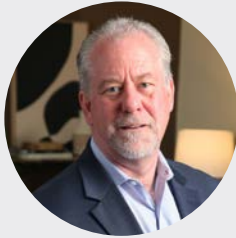
\$10,700

Holdco's consolidated financial statement as at December 31, 2023 is available on Lakefront's website at 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, Village of Colborne, Township of Hamilton, and Hamlet of Grafton on their behalf. Other unregulated services include a dedicated fibre optic system and solar generation. LUSI continues to leverage the company's fibre assets to sell fibre optic capacity to other large corporations within Cobourg. LUSI also offers an electric vehicle (EV) charger program, enabling residential customers to rent or lease-to-own EV chargers through on-bill financing. Lastly, LUSI provides human resources, administrative, financial, and operational services to Holdco and its subsidiaries in compliance with applicable regulations.



ROBERT BELL
CHAIR



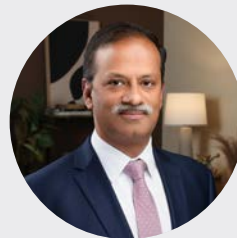
GRAHAM FISHER



KELLEY IRWIN



KAREN WEBB



GURU KALYANRAMAN



LUSI AT A GLANCE

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

271 Radio Frequency Water Meters Installed in 2023

1,128 Hydrants Flushed

424 Valves Exercised

WATER INFRASTRUCTURE

2 Water Towers

9,995 Water Meters

2,348 Valves

211 km Water Distribution System

2,335,040 m³ Water Billed

10,010 Water Customers

LUSI REVENUE IS COMPRISED OF THE FOLLOWING:

\$64,440 Fibre

\$162,803 Management Fees

\$502,700 Operations

\$121,459 Interest

\$11,890 Solar – Venture 13

\$5,909 Solar – Water Treatment Plant

\$17,616 Miscellaneous Revenue

\$886,817 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
2023	\$104,416	\$0

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

Financial information at December 31, 2023 is consolidated with Lakefront Utilities Inc. and is available on Lakefront's website at 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
2023	\$6,408,675	\$2,910,894	\$4,343,234

WATERWORKS OF THE TOWN OF COBOURG



Waterworks, the Operating Authority for the drinking water system 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.

The Water Department continued its asset preservation and maintenance program throughout the year and completed necessary infrastructure upgrades. Planned and reactive maintenance in 2023 included hydrant flushing, hydrant repairs, water main replacements, valve exercising, water sampling, regular equipment maintenance, service repairs, and water main breaks and tie-ins.

In 2023, the Town of Cobourg and Lakefront Utility Services Inc. engaged CIMA+ Canada Inc. to coordinate the replacement of the water main and road surface along Westwood Drive from Burnham to Kerr Street. This project was identified as a priority through the Cobourg Drinking Water System Master Plan, which was completed in 2021. The Master Plan highlighted various issues, including water quality, water main breaks, insufficient fire flow capacity and aging infrastructure along Westwood Drive, which necessitated this project. To keep residents informed, a public information session was held in February to educate residents about the project and address questions and concerns. Work began on the water main improvement project in July and concluded for the year in November. The remaining asphalt work will be carried over into spring 2024.

The Cobourg Drinking Water System Master Plan also focuses on meeting the demands of the growing population in the service area and preparing for future expansion. Identified in the Master Plan was the need to build an elevated water storage tank and booster pumping station to maintain the reliability and safety of the existing drinking water system, enhance storage and pumping capacity, and support the community's ongoing growth and new development. This project received funding through the Green Stream of the Investing in Canada Infrastructure Program. The Federal and Provincial governments have contributed approximately 21% of the total cost, which will be dispersed throughout the 3-year project. The balance of the project is funded through water rates and development charges that the Town of Cobourg and LUSI will collect as new growth occurs. Throughout 2023, LUSI worked with the Town of Cobourg, CIMA+ Canada Inc. and Landmark Structures to prepare for this undertaking and finally broke ground in December with a target completion date of August 2025.

The Water Department remains steadfast in its mission to provide communities with safe and reliable drinking water, performing regulatory and operational monitoring and sampling throughout the year from source to tap, ensuring compliance with regulations. In the latest Drinking Water System Inspection conducted by the Ministry of the Environment, Conservation and Parks (MOECP), LUSI-operated drinking water systems in Cobourg, Grafton, and Hamilton Township each received a 100% Inspection Risk Rating Scores. These consistently high scores emphasize the unwavering dedication of LUSI staff to the well-being of the communities they serve.

The Drinking Water System Inspection Reports and Annual Reports for the four systems LUSI operates are available at:
www.lakefrontutilities.com/regulatory-water.

The Water Rate Study and Financial Plan steer the direction of financial and business decisions within Waterworks. The comprehensive Financial Plan underscores the significance of transparency, accountability, and prudent financial management. Lakefront works hard to balance customers' expectations, accommodate growth in the community and address aging infrastructure with the cost of delivering safe and reliable drinking water. Recent increases in water rates have reflected the need to update aging infrastructure. However, it is with diligent resource management and a commitment to minimizing increases in operating expenses that have limited increases on average to be consistent with inflation. In 2023 Waterworks continued to have one of the lowest water rates compared to surrounding municipalities.



2023 WATERWORKS MAJOR PROJECTS INCLUDED:

COBOURG WATER TREATMENT PLANT

- Replacement of Duty Chlorinator
- Replacement of Chlorine Weight Scales
- Remotely Operated Vehicle Inspection of Raw Water
- Engineer Report on Chlorine Feed Line to Chlorine Contact Chamber, Redundancy
- Clarifier Dive Inspection and Report
- Asset Management Report in conjunction with the Town of Cobourg

COBOURG DISTRIBUTION SYSTEM

- Replacement of Chlorine Analyzers for Tower 1, Tower 2, and Booster Pumping Station
- Replacement of Pressure Regulating Valve with Surge Anticipator Valve at the Ewart Street Booster Pumping Station
- Remotely Operated Vehicle Inspection of Water Tower 1
- Meter Audits of Industrial, Commercial & Institutional Customers
- Acoustic Leak Detection Water Loss Mitigation
- Westwood Drive Water Main Replacement (Burnham to Kerr, Cobourg)
- Replacement of Distribution Valve
Purchase of 2 Programmable Automatic Flusher Valves

MISCELLANEOUS

- Purchase of two Ford F-150 Lightning electric trucks as part of LUSI's fleet conversion plan



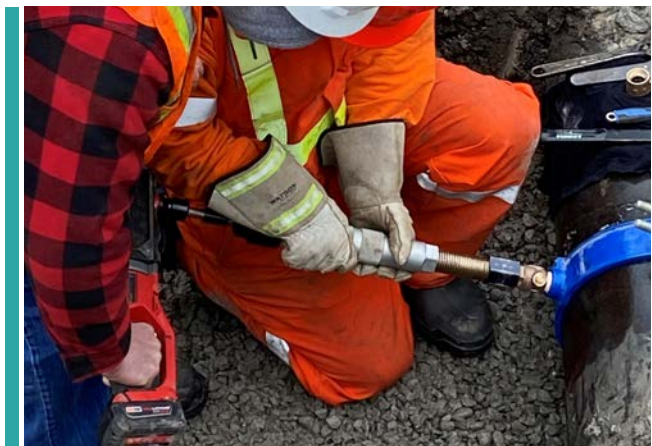
Water Repair



Electric Fleet Conversion



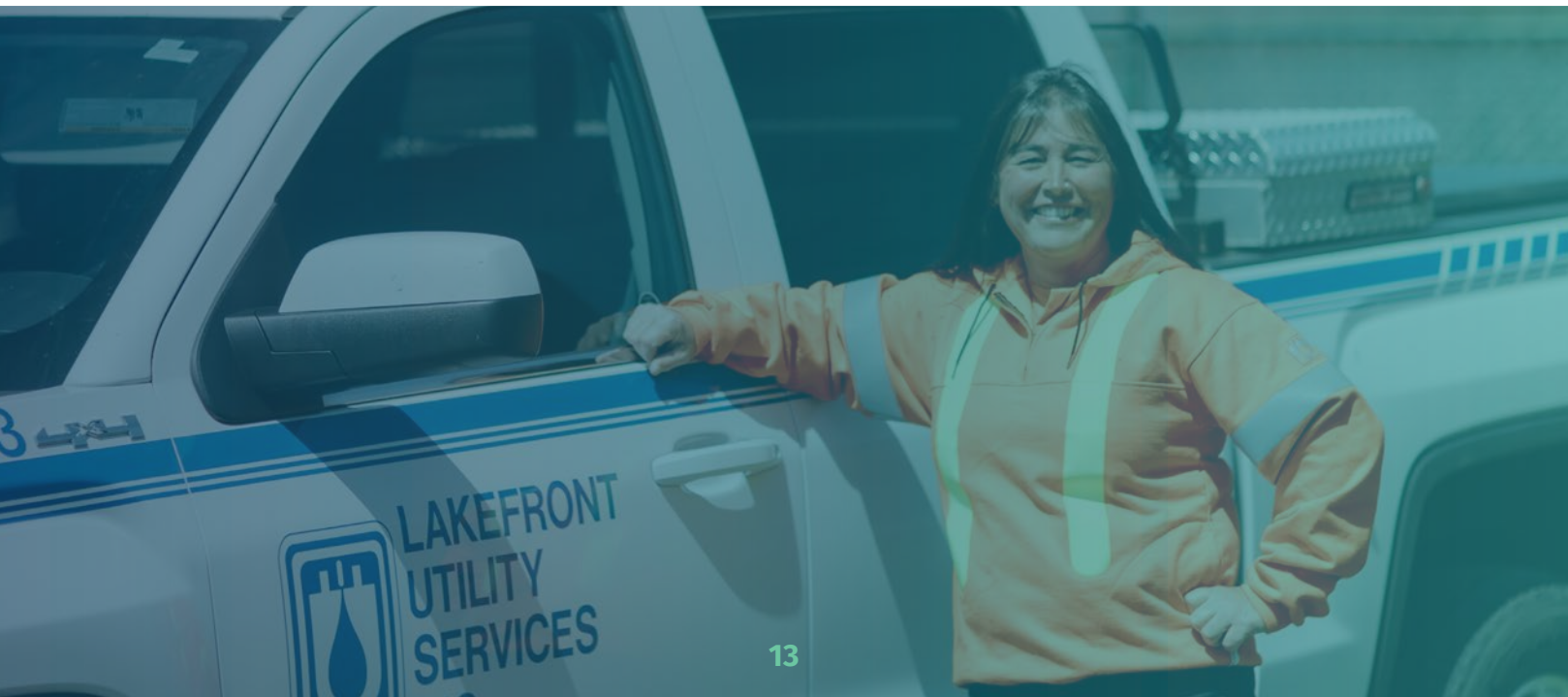
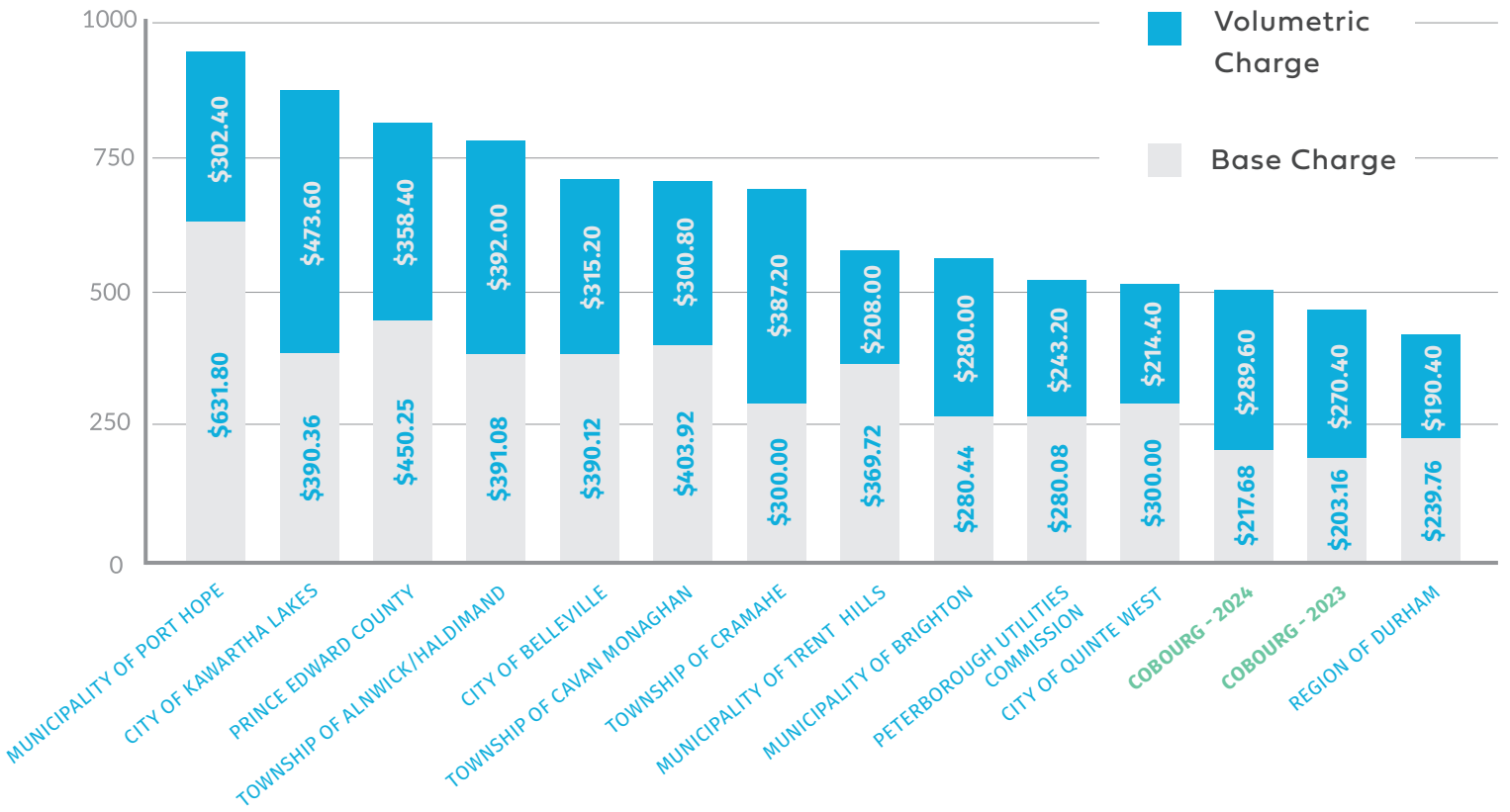
Hydrant Flushing



Watermain Tap

WATER RATES COMPARISON

In 2023, Waterworks for the Town of Cobourg had one of the lowest water rates compared to surrounding municipalities.



LAKEFRONT UTILITY SERVICES INC. CONTRACTS



Throughout 2023, LUSI managed the water distribution systems for the Town of Cobourg Waterworks, Township of Hamilton, and Hamlet of Grafton.

On June 21, 2023, LUSI entered a partnership with the Township of Cramahe to provide water services and water and sewer billing for the village of Colborne on a three-year interim basis. LUSI assumed the remainder of the 5-year contract from Colborne's existing water Operating Authority. Given LUSI's previous role as the longstanding Operating Authority in Colborne until August 2019, the staff's experience, expertise, and local context ensured a seamless transition. To assist with the changeover,

LUSI and the Township of Cramahe hosted a joint Open House in the Municipal Office to provide an opportunity for customers to have their questions and concerns addressed.

Before LUSI resumed the role of operating authority in Colborne in June 2023, the Ministry of Environment, Conservation and Parks (MOECP) completed its annual inspection of the Colborne drinking water system. The rating for the annual inspection was 87.98%. The Colborne inspection of work conducted by the previous Operating Authority highlighted many operational and regulatory concerns. LUSI has systematically worked to rectify the issues identified during the MOECP inspection.

LAKEFRONT UTILITIES INC.

BOARD OF DIRECTORS

Lakefront Utilities Inc. (LUI) holds the Ontario Energy Board license to own and operate the 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 11,250 homes and businesses, the electrical system is operated by LUSI employees. 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 Inc. generates revenue from charges to its customers for the delivery of electricity through its distribution system. LUI's rates are regulated and approved by the Ontario Energy Board.



GIL BROCANIER
CHAIR



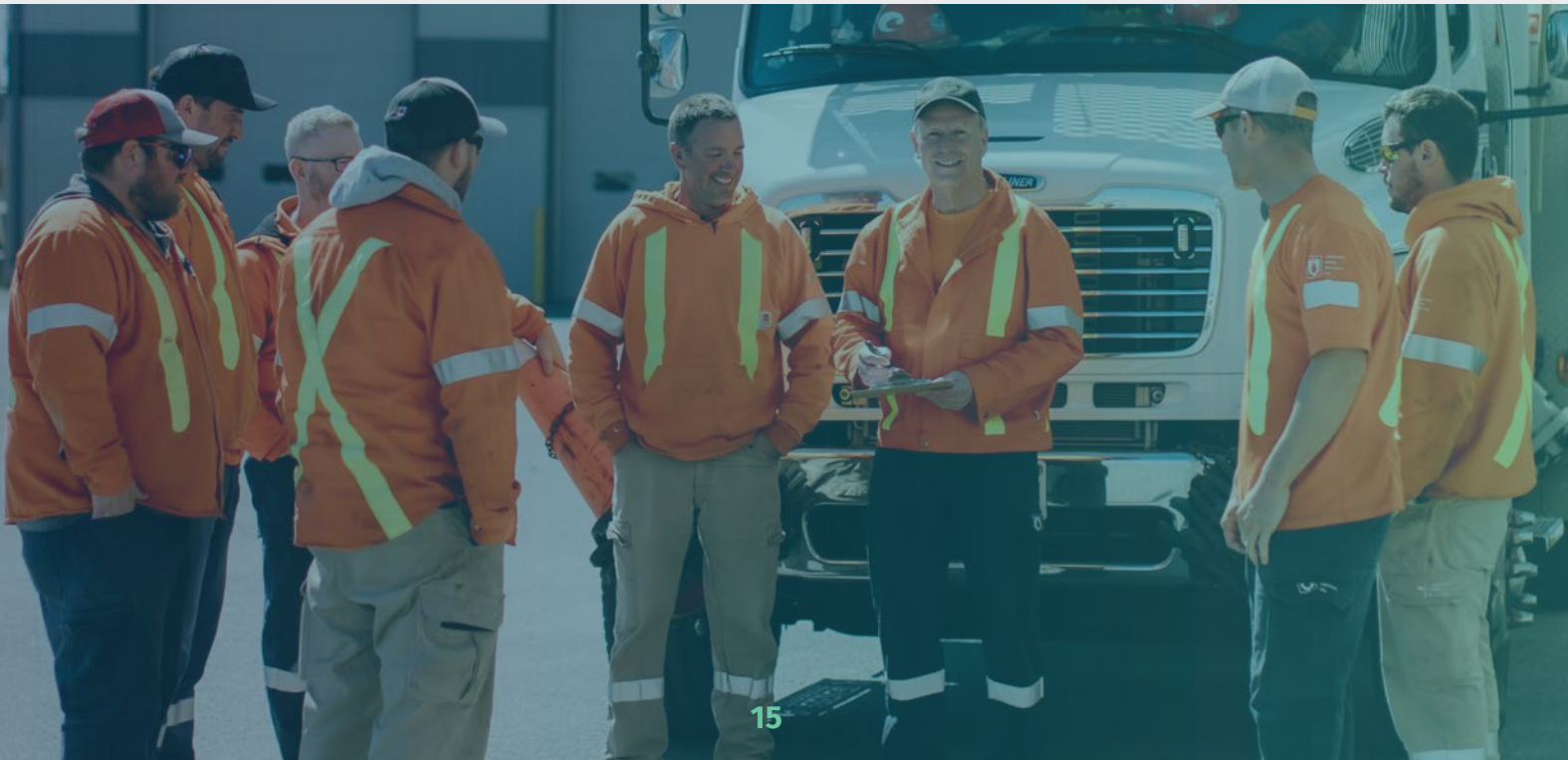
FRED CLIFFORD



**MANUELA
RIS-SCHOFIELD**



NEIL FREEMAN



LUI AT A GLANCE

HIGHLIGHTS

99.94% First Contact Resolution

99.98% Billing Accuracy

5th lowest Residential Rates in the Province

5th lowest OM&A Cost per Customer in the Province

\$6,372,120 Total Shareholder Equity

\$370,449 Other Income

83.9% Public Electrical Safety Awareness Score

\$545 OM&A Cost per Customer

3,480 Electric Inbound Customer Calls

77% Customer Satisfaction Score

INFRASTRUCTURE

11,288 Customers

8 Distribution Stations

1,305 Distribution Transformers

11,288 Electric Meters

3,173 Poles

41,418 kW Peak Load

235,637,734 kWh Electricity Delivered

169 km of Overhead Line

75 km of Underground Line

27.64 km² 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
2023	\$163,254	\$0	\$244,296

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

LUI's financial statement as at December 31, 2023 is available on Lakefront's website at lakefrontutilities.com/financial.

LAKEFRONT UTILITIES' ELECTRICAL DISTRIBUTION SYSTEM



The municipalities LUI serves are experiencing significant growth, creating a pressing need for additional infrastructure to support increased demand.

In 2023, LUI continued its strategic investments in its electric distribution systems, ensuring informed and cost-effective decisions while proactively planning for future growth and development. These decisions are guided by its Distribution System Plan available at www.lakefrontutilities.com

LUI's capital expenditures in 2023 totalled \$5,129,635, which included several infrastructure upgrades:

2023 MAJOR PROJECTS

- MS28-3: New municipal substation on Ontario Street
- Kerr Street Rebuild: Burnham to Prince of Whales Drive
- Brook Road F5 Feeder: New feeder installation for northeast Cobourg Subdivision

DEVELOPMENTS/NEW CUSTOMER SERVICES

- Cobourg Trails Phase 1, Cobourg: 183 new residential connections
- East Village Phase 5 Stage 2, Cobourg: 141 new residential connections

- Densmore Meadows, Cobourg: 123 new residential connections
- Nickerson Woods, Cobourg: 23 new residential connections
- Cat Hollow Road, Colborne: 12 new residential connections

In 2023, LUI staff dedicated considerable time to new service connections due to the rapid growth within the communities they serve. Each new customer connection entails a comprehensive process, including engineering design, inspection of developer-installed infrastructure, and installation of cabling, transformers, switching equipment and meters. Detailed records of all new distribution infrastructure are then updated to reflect the additional customer connections.

The most significant investment made in 2023 was the addition of a new transformer to the Victoria substation on Ontario Street. This strategic upgrade plays a pivotal role in strengthening the electric infrastructure and enhancing the reliability of services in Cobourg. The three new feeders at Victoria Station allow for load switching to accommodate growth, and the transformer provides 33 MVA of additional capacity to the local distribution system.

The new municipal substation will also provide power for the electrification of transportation and other environmental improvement initiatives.

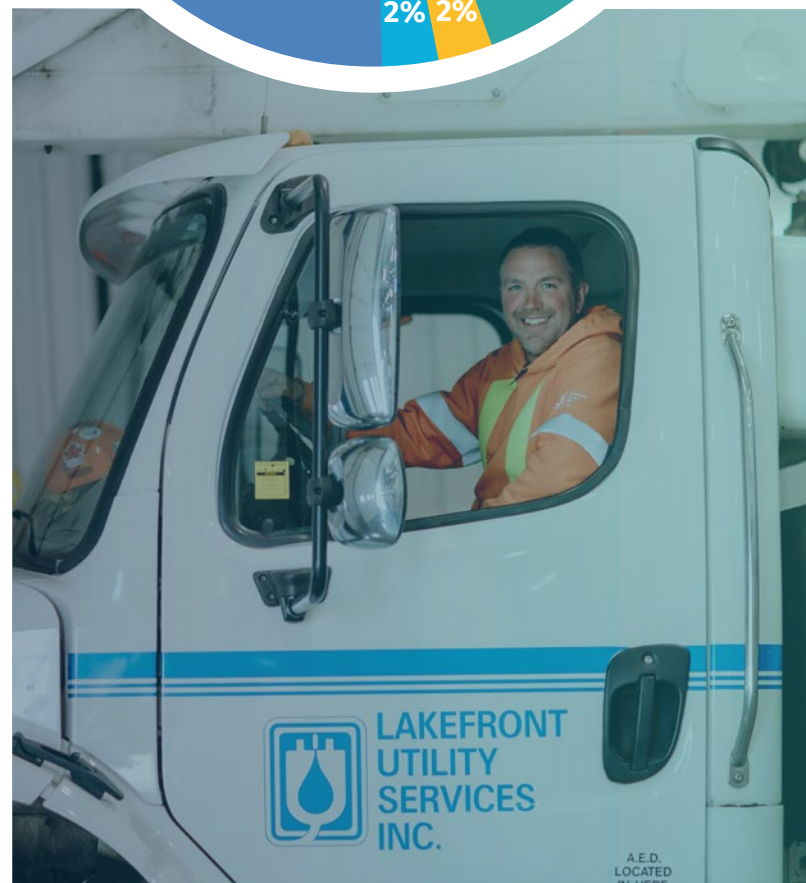
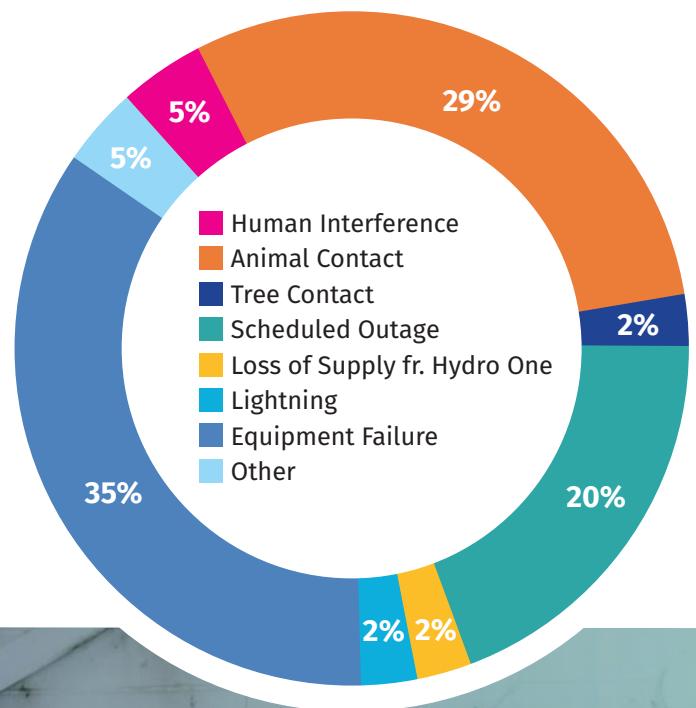
Beginning early in the summer, many customers in Cobourg experienced an abnormal number of momentary outages of typically two to three seconds. These brief outages impacted more customers than usual due to the irregular configuration of the distribution system, while LUI constructed a new overhead feeder to support the growing community. While momentary outages are a normal function of an electrical distribution system, as they help to prevent damage that could otherwise result in a prolonged and widespread outage, the frequency of these momentary outages was not normal, which indicated a faulty component within the distribution system. In response, LUI took the following actions to identify and reduce the momentary outages:

- utilized smart meter software to get real-time information on the outages.
- systematically narrowed down the problematic area using SCADA.
- targeted power lines that experience frequent outages for replacements and repairs.
- Implemented a program to replace porcelain switches and aluminum brackets with polymer switches and fibreglass brackets.
- replaced aging infrastructure as identified in the Asset Management Plan.
- budgeted to introduce new standards and construction for the overhead distribution system to reduce the potential for wildlife contact.
- aggressively cleared trees and vegetation through the Vegetation Management Program.
- investigated new technologies designed to prevent problems caused by weather, tracking and wildlife interference.

Through these actions, LUI worked to decrease the occurrence and underlying causes of momentary outages in Cobourg, allocating resources in 2024 to further address the issue.

Alongside momentary outages, Lakefront customers experienced an increase in unplanned outages, contributing to the decline in reliability in 2023. These power outages were caused by several incidents and are reflected in LUI's reliability statistics, which are submitted to the Ontario Energy Board.

Cause of Outages in 2023



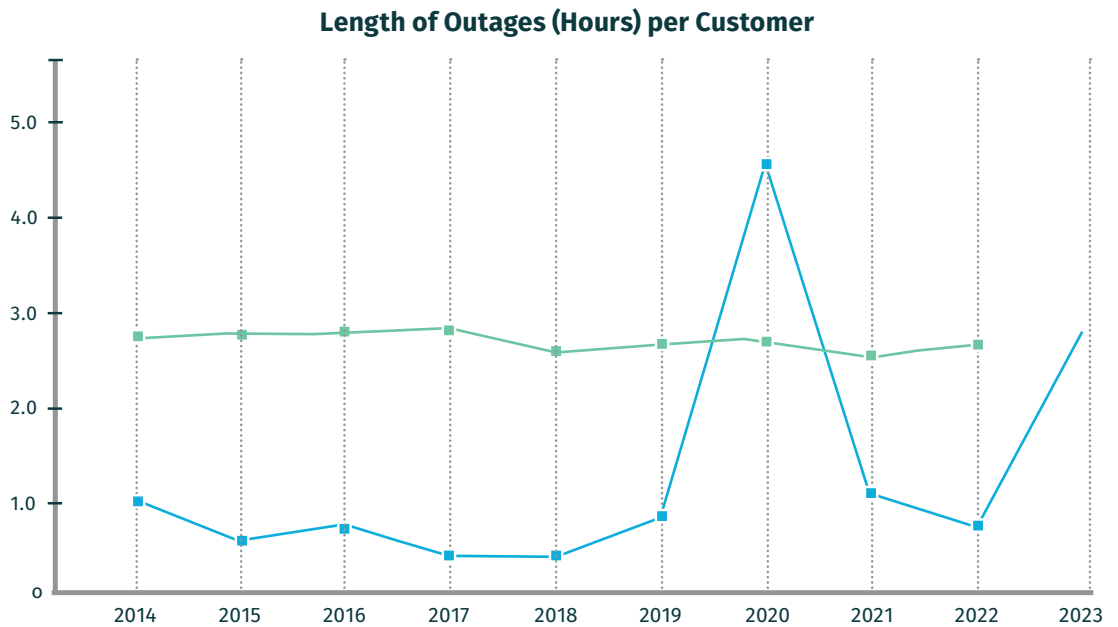
Lakefront Utilities measures system reliability using the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). SAIDI represents the average number of hours power to a customer was interrupted, and SAIFI represents the average number of times that power to a customer was interrupted. In 2023, SAIDI was 2.80, and SAIFI was 2.02*.

SAIDI

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

Industry

Lakefront Utilities Inc.

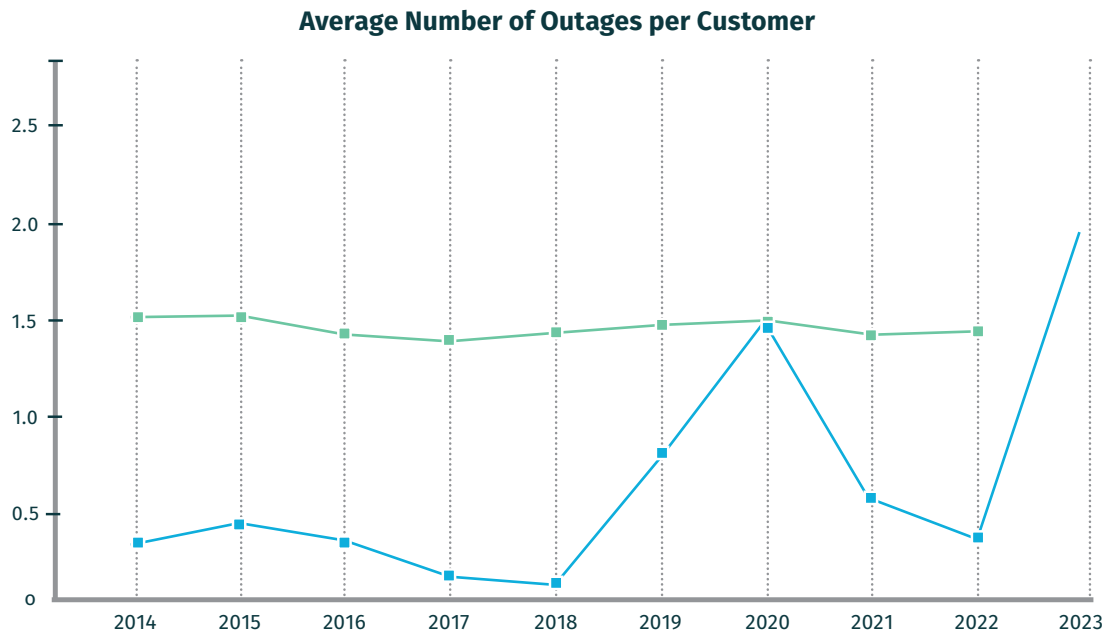


SAIFI

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

Industry

Lakefront Utilities Inc.



In 2023, LUI's electric staff faced significant demands due to reliability issues and the necessity for capital work within the system. Despite these challenges, they displayed resilience and resolve in upholding the reliability and stability of our electric services. Through their efforts and dedication, they worked to address issues promptly and implement necessary improvements to enhance the performance of the electric infrastructure. Their commitment reflects their professionalism and service standards, ensuring customers in Cobourg and Colborne receive reliable electric services.

*Power interruptions of less than one minute, interruptions caused by loss of supply and interruptions caused by major events are not included in SAIDI and SAIFI calculations as per the Ontario Energy Board's *Electricity Distribution System Reliability Measures and Expectations Report* of the Board EB-2014-0189.

FINANCE AND REGULATORY

Holdco's financial performance for the fiscal year ending 2023 demonstrates its commitment to balancing customers' needs for reasonable rates with the costs associated with maintaining and investing in the local water and electric systems.

By investing in sustainable growth and responsibly managing resources and finances, Holdco continues to provide competitive pricing for electric and water services while ensuring safe and efficient operations now and into the future.

In 2023, Waterworks' net income was \$2,910,894, an increase of 44.5% compared to 2022. The increase is primarily attributed to development charges and a 5-year rate increase strategy to continue with investments in capital infrastructure. Other factors, such as operational efficiencies, reductions to operations and maintenance costs through infrastructure improvements, and the upgrade to radio frequency water meters to recover more revenue by reducing unbilled water loss, contributed to the increase in income. The additional net revenue was used to fund capital infrastructure upgrades such as the Westwood Water Main Improvement Project and the new elevated water tower and booster pumping station.

Lakefront Utilities Inc. achieved a net income of \$163,254 in 2023. Lakefront Utilities Inc.'s net income reflects the investment of business strategies, additional borrowing costs for infrastructure and staff vacancies filled in 2023. LUI invested \$5,129,635 in capital projects during 2023 to enhance electrical infrastructure reliability, efficiency, and sustainability. The bulk of this cost includes the new municipal Victoria substation on Ontario Street, the Kerr Street rebuild and the new feeder installation at Brook Road.

Holdco prioritizes providing safe and reliable services at reasonable rates with exceptional service. To achieve this, operating expenses for LUI totalled \$3,318,576. These expenses encompassed maintenance, labour, and administrative costs. These costs incurred by Lakefront are crucial for adhering to the Distribution System Code, meeting environmental standards, and following government directives. These costs also contribute to upholding the quality and reliability of distribution services at desired performance levels.



In August 2023, Lakefront Utilities Inc. applied for a rate adjustment to the Ontario Energy Board. This adjustment, which accounts for inflation, is crucial for the utility's long-term financial stability and necessary revenue. The approved rate increase enables LUI to maintain its current service standards and further invest in the electric infrastructure, ensuring continued growth and reliability.

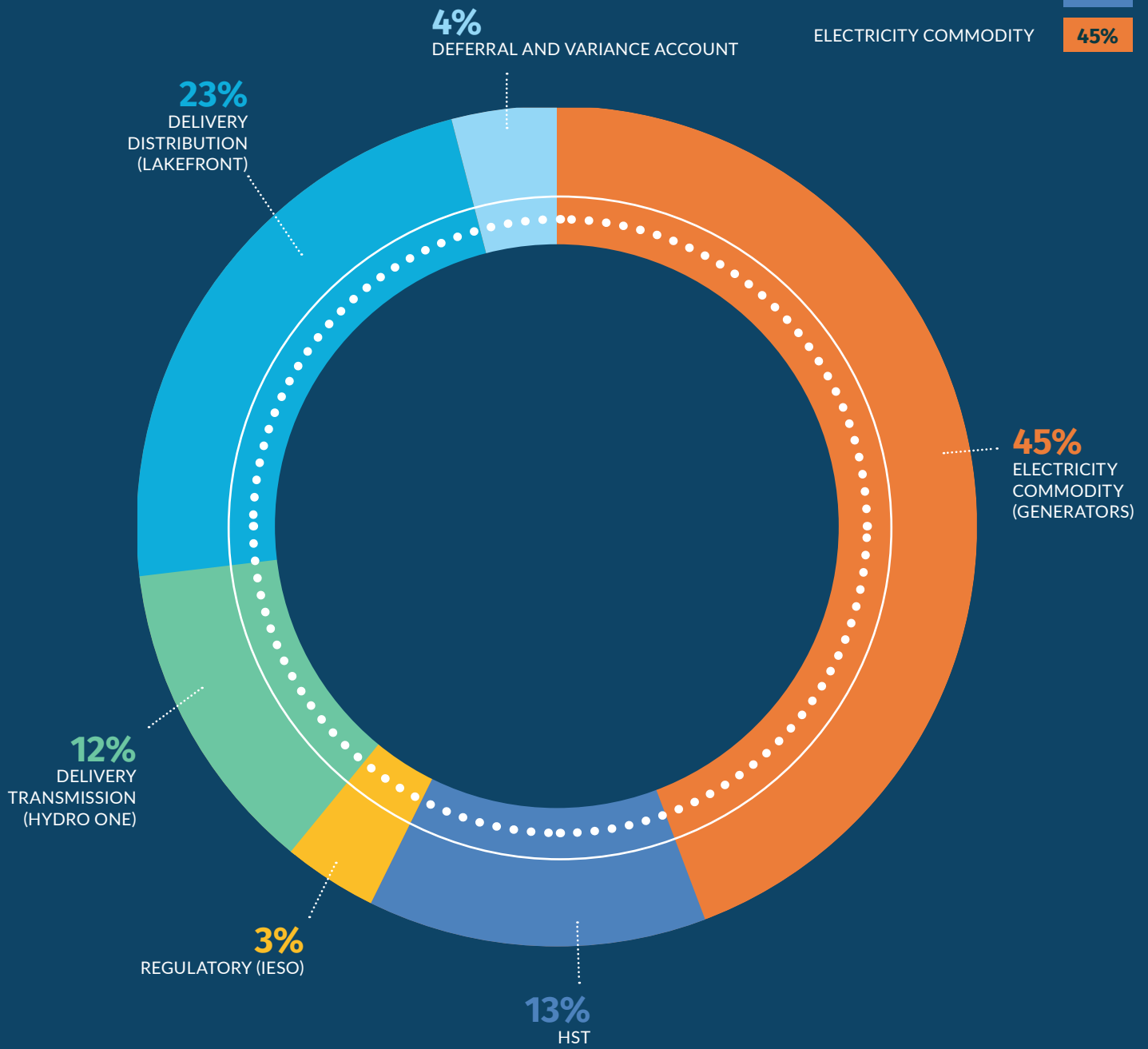
Similarly, Lakefront Utility Services Inc. received approval from the Town of Cobourg to increase water rates. This increase balances critical infrastructure investments with meeting customer needs, contributing to the organization's economic health and infrastructure reliability.

Holdco understands that any rise in rates is difficult, especially during a period of increased inflationary pressures for customers. That is why Holdco is committed to cost containment efforts, contributing to Lakefront Utilities' position as having the 5th lowest residential rates and 5th lowest Operation, Maintenance and Administration costs per customer in the province, as well as one of the lowest water rates compared to surrounding municipalities in 2023.

Looking ahead, Holdco remains committed to maintaining financial stability and sustainability. Holdco will continue to prudently manage expenses, invest in critical infrastructure, and explore opportunities for revenue growth while delivering value to its customers, stakeholders, and shareholders.

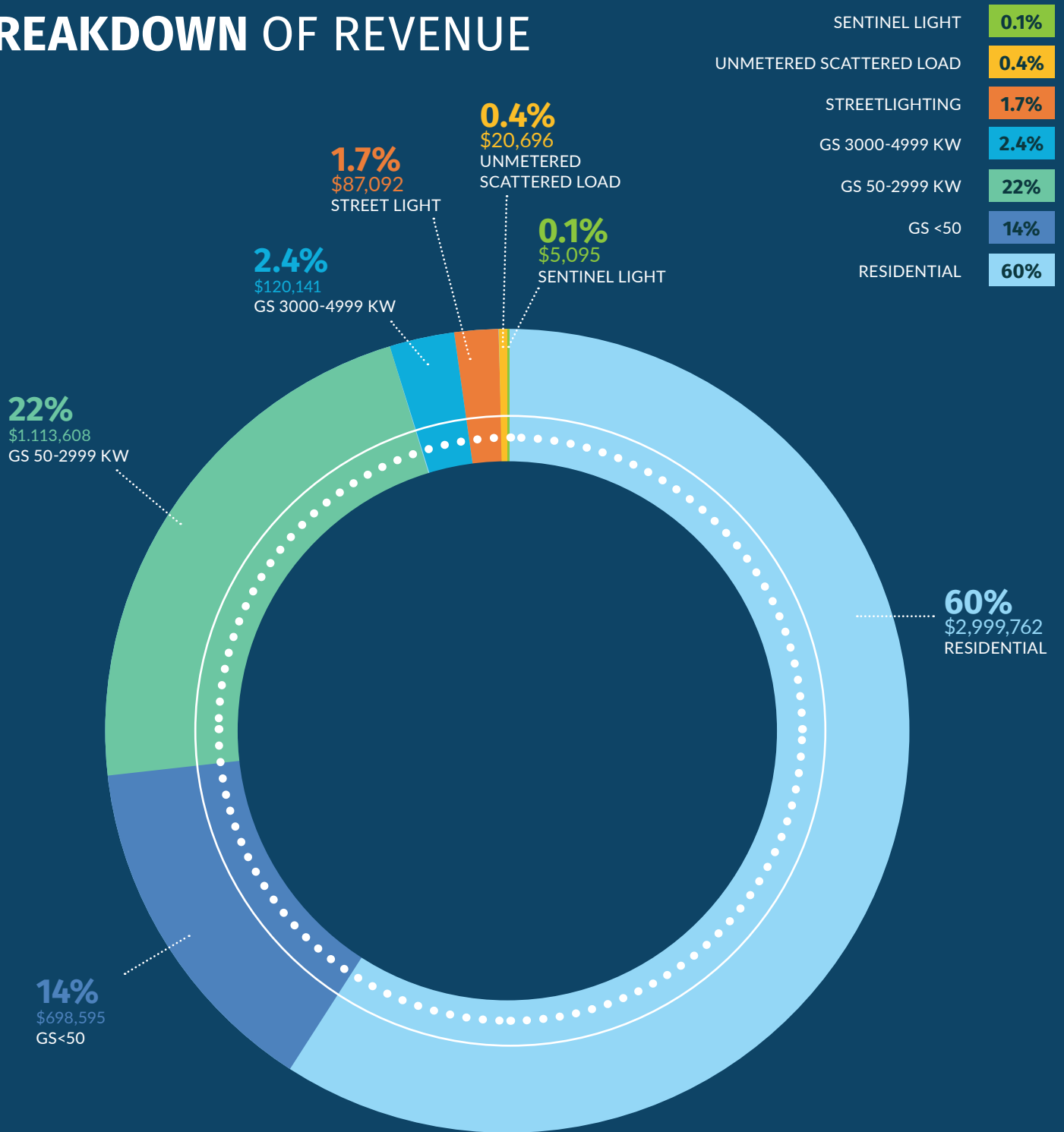
BREAKDOWN OF 750 KWH RESIDENTIAL BILL

DEFERRAL AND VARIANCE ACCOUNT	4%
DELIVERY DISTRIBUTION (LAKEFRONT)	23%
DELIVERY TRANSMISSION (HYDRO ONE)	12%
REGULATORY (IESO)	3%
HST	13%
ELECTRICITY COMMODITY	45%



LUI's residential rates in 2023 were the 5th lowest in the province. This achievement reflects the staff's prudent financial and resource management and dedication to meeting ratepayers' demand for reasonable prices.

BREAKDOWN OF REVENUE



LUI has seven different customer classes that it bills based on rates approved by the Ontario Energy Board. This graph's revenue breakdown by customer class reflects only the distribution and volumetric charge.

FOCUSING ON OUR CUSTOMERS



In the world of utility services, connecting with customers is critical. Over the past year, Lakefront has focused on proactive communication, personalized service, and creative outreach to ensure customers feel heard and valued.

Lakefront relies on easy-to-use online platforms, interactive feedback channels, and educational campaigns to help customers better understand their electric and water usage. Their platforms empower customers with the knowledge and tools to make informed decisions about their utility usage. Lakefront aims to simplify processes for customers to access their services, including setting up or transferring connections, tracking energy usage, staying updated on billing adjustments, and connecting renewable energy systems to the network. Lakefront's goal is to provide exceptional customer satisfaction by being responsive and constantly refining its operations to deliver high-quality, seamless service.

Customer service is integrated throughout all departments at Holdco, yet there's a dedicated team tasked with handling customer inquiries

and issues. The Customer Service Department helps customers set up, upgrade, and change their service, dispatches crews to assist with or restore services, and works with customers to understand, manage, and pay bills.

Customers expect hassle-free service and seek accountability and resolutions from organizations when requiring service or information, and LUSI's customer service department consistently meets these expectations.

The Ontario Energy Board mandates that all utilities in Ontario facilitate a biennial Customer Satisfaction Survey. In 2023, Lakefront conducted a telephone survey of over 400 randomly selected residential and general service under 50kW customers in Cobourg and Colborne. LUI's Customer Satisfaction Survey indicated that 84% of customers were either very satisfied or somewhat satisfied with the services provided by LUI, while 83% were very satisfied or somewhat satisfied with the reliability of the electrical services. Lakefront uses the results from the survey to drive continuous improvement in customer service, to accommodate customers' preferences better and to align operations with customer priorities.

In June, Lakefront Utility Services Inc. entered a partnership with the Township of Cramahe to provide water services and water and sewer billing for the village of Colborne on an interim basis. Updating Colborne accounts to include the water and sewer services was a considerable undertaking. The quick changeover required a lot of customer service and communication. In response, staff co-hosted an Open House with the Township of Cramahe and issued press releases, bill inserts, customer letters, and online communications to assist with the transition. LUSI prioritized transparent communication and billing accuracy to ensure as seamless of a transition as possible, demonstrating their level of exceptional and responsive customer service.

In 2023, Lakefront Utility Services Inc. began billing a new Stormwater Management Charge on behalf of the Town of Cobourg as per By-Law 048-2022. Incorporating the new charge into existing accounts, creating new accounts, and programming the unique fee structure into the billing system posed another significant challenge for the Customer Service Department. After LUSI released the first cycle of bills, issues were discovered in certain billing cycles. LUSI temporarily suspended stormwater billing in December until an extensive billing audit could be performed. LUSI proceeded with a comprehensive review, bill testing and reconciliation of all accounts, which took them into the new year. Pausing billing was not an easy or popular decision; however, LUSI's

dedication to accurate billing, transparent communication and customer service guided the decision.

The Ontario Energy Board introduced the Ultra-Low Overnight (ULO) price plan in 2023. The new ULO pricing structure is a third option for residential and small business electricity customers, in addition to the existing Time-of-Use and Tiered Plans. Providing more options is a key way Lakefront Utilities is helping to empower its customers to understand their usage patterns better and choose the price plan that suits their lifestyle, ultimately helping them save money on their monthly utility bills.

2023 introduced many changes and challenges within the Customer Service Department, and staff look forward to continuing to support customers and seizing the opportunities in the year ahead. The customer will be an increasingly active player in the industry, and Holdco wants to be involved in the transformation that supports and empowers customers with possibilities. Customers expect utilities to be prepared for the change in the operating environment; they want easy-to-use products and accessible services that simplify their lives. Holdco is putting resources into customer service availability and personal service and remains committed to using customer feedback to improve the organization as customers' needs and expectations evolve.

KIND WORDS



"Melissa gave outstanding customer service! Very polite and well-spoken!"

- Alisa on Google Reviews



"Thank you for your help! Timely response and helped me with my concern."

- John on LiveChat



"Julie was very responsive and thorough in her detailed information. Took my concern seriously and was willing to follow up on the water reading to ensure there were no issues."

- Joan on LiveChat



"Excellent option for contact during a storm. Immediate response very reassuring. Thank you."

- Susan on LiveChat

EXCEEDING STANDARDS AND EXPECTATIONS



Lakefront Utilities Inc. employs the scorecard methodology established by the Ontario Energy Board to track its performance across various metrics, benchmarking against other utility providers.

The standardized approach promotes efficiency, ongoing productivity enhancement, and a focus on customer-centric improvements within the electricity distribution sector. By utilizing a set of standardized metrics, utilities like Lakefront Utilities Inc. can gauge their effectiveness and identify areas for improvement. The following summary outlines Lakefront Utilities Inc.'s dedication to delivering outstanding customer service throughout 2023.

	LUI 2023 SCORECARD RESULTS	OEB APPROVED STANDARD (ON A YEARLY BASIS)
First Contact Resolution	99.94%	*
Appointment Scheduling	93.66%	90%
Appointment Met	96.30%	90%
Telephone Accessibility	98.77%	65%
Telephone Call Abandon Rate	0.47%	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 2023

1	E.L.K. Energy Inc.	\$18.83
2	Hydro Hawkesbury Inc.	\$19.41
3	Hydro One Networks Inc.-Peterborough Distribution Incorporated Rate Zone	\$22.62
4	Enova Power Corp - Kitchener-Wilmot Hydro Rate Zone	\$24.50
5	Lakefront Utilities Inc.	\$25.57
6	Wasaga Distribution Inc.	\$25.63
7	Ottawa River Power Corporation	\$26.48
8	Alectra Utilities Corporation-Enersource Rate Zone	\$26.76
9	Alectra Utilities Corporation-Brampton Rate Zone	\$28.82
10	Synergy North Corporation - Thunder Bay Rate Zone	\$27.30



OM&A COST PER CUSTOMER 2022*

OPERATING, MAINTENANCE, AND ADMINISTRATION

1	Hydro Hawkesbury Inc.	\$327
2	Cooperative Hydro Embrun Inc.	\$482
3	Wasaga Distribution Inc.	\$514
4	Welland Hydro-Electric System Corp	\$518
5	Lakefront Utilities Inc.	\$545
6	E.L.K. Energy Inc.	\$559
7	Ottawa River Power Corporation	\$592
8	Hearst Power Distribution Co. Ltd.	\$599
9	Orangeville Hydro Limited	\$605
10	Kingston Hydro Corporation	\$614
52	Hydro One Networks Inc.	\$1,172

*The OEB does not release 2023 rates until September 2024.

In 2023, Lakefront Utilities Inc. had the 5th lowest residential rates in the province. This achievement underscores the careful management of resources and finances by Lakefront staff.

Contributing to Lakefront Utilities' low residential rates are the utility's low Operating, Maintenance and Administration (OM&A) costs. In 2022, LUI had the 5th lowest OM&A in the province.



EVOLVING WITH TECHNOLOGY

Lakefront continuously explores and adopts new technologies to enhance its customer service experience and offerings. By leveraging technology, Lakefront has streamlined processes, increased efficiency, and improved customer experiences.

With tools like self-service portals and mobile apps, Lakefront engages customers more effectively, leading to greater satisfaction through faster response times, convenience and accessibility.

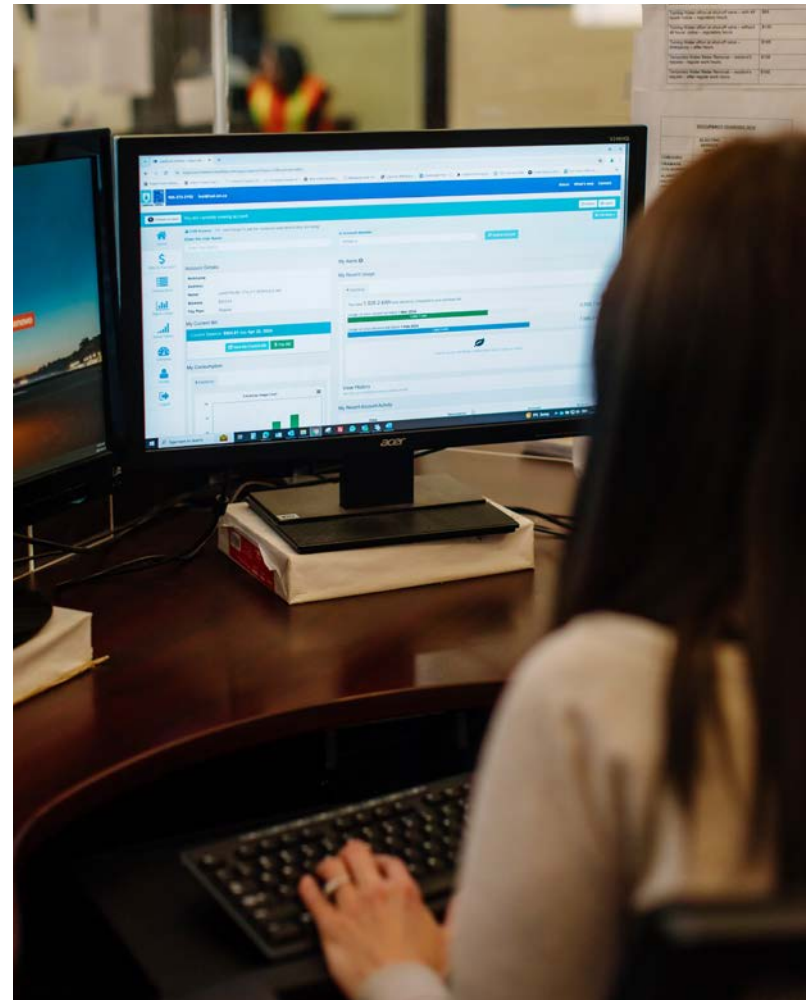
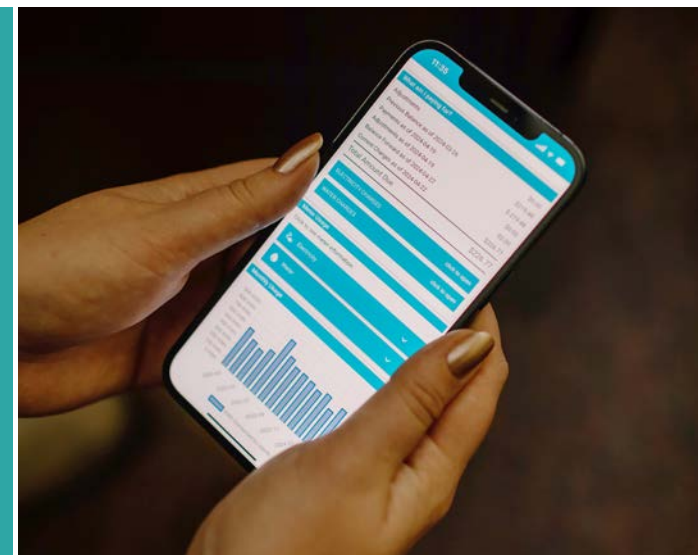
In 2023, Lakefront continued to invest in making services more user-friendly and increasing the accessibility of information through a variety of channels.

Lakefront's online offerings include;

- Customer Portal, SilverBlaze
- Electronic billing option
- Green Button™ NEW in 2023
- Interactive Voice Response System
- Lakefront's Mobile Application
- LiveChat website feature
- MailChimp eNewsletter campaigns
- Social media communications
- www.lakefrontutilities.com

Lakefront strives to encourage the use of technology and data in innovative ways to promote sustainability, awareness, and education. In October, Lakefront and the Minister of Energy, Todd Smith, announced the launch of the utility's Green Button™ application, a province-wide implementation by energy companies throughout Ontario. This new tool provides electric meter interval usage data and billing information, which customers can download or share with a third-party provider. It allows customers to understand their home or businesses' energy usage and the cost of using appliances, equipment, electric vehicles, solar panels and other products.

Access to this data-sharing solution can be found at www.lakefrontutilities.com/self-service/greenbutton





Lakefront's commitment to continual improvement requires exploring and investing in new methods and technologies. Water conservation, quality, and loss management remain priorities for Waterworks. In 2023, Waterworks installed 271 radio-frequency water meters, which allow LUSI to better track commercial and residential customer usage. The meters also detect and report continuous and intermittent leaks. As part of LUSI's service to customers and commitment to water conservation, the utility uses an interactive voice response (IVR) system to alert ratepayers of leaks in their homes and businesses.

The construction of the D'Arcy Street elevated water storage tank and booster pumping station represents a monumental investment in technology, marking a significant milestone in Canada's water infrastructure. This innovative facility, the first of its kind in the country, integrates a booster pumping station within the tank pedestal. With a capacity to store approximately 5,000 cubic meters of drinking water—equivalent to the volume of two Olympic-size swimming pools—the tank will serve both daily consumption needs and emergency situations within Cobourg. Positioned atop a concrete support pedestal, the tank houses essential pumping, mechanical, and electrical equipment required for its operation, exemplifying a cutting-edge approach to water storage and distribution technology.



PRIORITIZING SAFETY



Holdco's primary focus and top priority is ensuring the safety of both employees and the community.

LUSI's Joint Health and Safety Committee (JHSC) is comprised of representatives from different departments.

The JHSC meets bimonthly, reviews recent inspections, prepares for any changes to safety codes, and discusses outstanding business. In 2023, the JHSC met five times and conducted 37 field inspections, ten safety meetings, and 60 workplace inspections. Two members of the JHSC received the Joint Health and Safety Training Certificate Part 1 and 2.

Hoisting and Rigging training and Ergonomics for Skilled Trades training were introduced for qualifying employees in 2023. Linemen also completed the mandatory Pole Top Rescue Bucket training, outside staff completed Defensive Driving training, and all staff completed Ergonomic training, and annual safety training.

In June, LUI completed the mandatory annual O.Reg 22/04 Audit conducted by the Electrical Safety Authority. The audit report revealed a perfect score, with no areas for improvement or instances of non-compliance identified.



INVESTING IN OUR COMMUNITY

Active participation in community initiatives allows Lakefront to forge stronger connections with customers and better understand their needs, fostering trust and collaboration. By engaging with the community, Lakefront can help address local concerns, contribute to meaningful causes, and work together to enhance the quality of life for residents while fulfilling its role as a responsible corporate citizen.



“

“Thank you once again for your contributions to the LEAP Program and for continuing to support The Help Centre as the local intake agency. The funds are a great help to our mutual customers/clients in their time of need.”

– Karin, The Help Centre

ENGAGING OUR CUSTOMERS

Engaging with customers is essential for Lakefront because it ensures utility plans align with customers' needs and expectations. In today's landscape, customers are increasingly informed and active in their energy services, deserving a voice in shaping utility plans, especially regarding conservation efforts and future technological innovations. To demonstrate value and responsiveness, utilities must genuinely understand customer interests and preferences and integrate them into plans using customer feedback to guide decisions. Holdco's integrated engagement strategy enables them to sustain ongoing contact and conversation with their customers.

ENGAGING OUR LOCAL GOVERNMENT

Lakefront was honoured to host the Minister of Environment, Conservation, and Parks, David Piccini MPP, and the Minister of Energy, Todd Smith MPP, in August for a tour of the water treatment plant. Throughout the visit, members of both the board and staff participated in discussions with the local government representatives, addressing challenges within the utility industries and exploring opportunities for collaboration.

LAKEFRONT'S ANNUAL SCHOLARSHIP PROGRAM

In 2023, LUSI awarded a \$1,000 renewable scholarship to a student pursuing an Electrical Engineering Technician career. Lakefront is proud to promote careers in the industry and 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.

TOWNSHIP OF CRAMAHE OPEN HOUSE

In June, LUSI staff and Cramahe Township staff hosted an Open House at Cramahe Township's Municipal Office to discuss the transition of water services to LUSI. Attendees had the opportunity to ask questions and share concerns.

SUMMER SIDEWALK SALE

In August, Lakefront staff participated in Downtown Cobourg's Summer Sidewalk Sale. Lakefront's approach to this event is open-ended, allowing customers to guide conversations, providing insight for the utility of their needs and preferences.

CUSTOMER SATISFACTION SURVEY

Lakefront conducted a Customer Satisfaction phone survey involving 400 randomly chosen electric customers in Cobourg and Colborne. The findings from this survey are instrumental in driving ongoing enhancements in customer service practices, shaping communication strategies, and educational initiatives, and identifying training requirements.

RADIO INTERVIEW

In October, Lakefront staff participated in an interview with Robert Washburn of "Consider this Northumberland" to discuss the frequent momentary outages experienced by Cobourg customers and to address how the utility is accommodating growth and dealing with aging infrastructure.





THE HELP CENTRE

In 2023, LUI presented a cheque for \$10,000 to The Help Centre to support Lakefront customers by increasing funding for the Low-income Energy Assistance Program (LEAP). LEAP provides individuals who are behind on their electricity bill and face having their service disconnected access to these emergency funds. The Help Centre is a valued partner for Lakefront and a crucial agency in the community.



TOWN OF COBOURG'S WINTERFEST

Lakefront kicked off the engagement for the year by participating in the Town of Cobourg's "Winterfest" event. Attending community events allows customers to lead discussions and offer valuable insights into their needs and preferences for the utility.



ELECTRIC VEHICLE & SUSTAINABILITY EVENT

Lakefront staff attended the Electric Vehicle and Sustainability Event at Northumberland Mall to showcase LUSI's EV Charger Program. Staff also unveiled the forthcoming Ultra Low Overnight price plan, which was released in November, and addressed inquiries regarding the local system's capacity to support electric vehicles.



HOLDCO'S 2022 PRESENTATION & INFORMATION SESSION

Stakeholders were invited to join the Town of Cobourg Holdings Inc. for their public review of 2022 and learn about their local utility. In response to requests for enhanced transparency and inclusivity, the public was invited to attend the session in person or online via the Town of Cobourg's eScribe service.

WESTWOOD WATER MAIN AND ROAD SURFACE IMPROVEMENT PROJECT PUBLIC INFORMATION CENTRE

The Town of Cobourg, CIMA+ Canada Inc. and LUSI hosted a Public Information Centre in February at the Cobourg Community Centre to share information about the Water Main Improvement project, field questions, and hear concerns from Cobourg residents.



GREEN BUTTON LAUNCH

LUI launched their Green Button™ application in November. This innovative technology enables residential, commercial, and industrial customers to conveniently monitor and manage their energy consumption, empowering them to make informed decisions to reduce usage. Developed in response to customer feedback, this online tool actively engages users in their energy management efforts.

COLLABORATING FOR EFFICIENCIES

Holdco actively participates in industry associations in the water and electric communities to stay updated on emerging technologies, trends, and practices and to collaborate with other utilities. These associations ensure maximum efficiency, cost-effectiveness, and value to customers and shareholders.



Lakefront Utilities Inc. is a member of the 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

Utility Collaborative Services (UCS) is an Ontario cooperative that allows local distribution companies, such as Lakefront Utilities, 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 cooperative that shares the utility's interests and needs.



Lakefront Utilities Inc. is a member of Cornerstone Hydro Electric Concepts (CHEC), a collaborative organization consisting of 17 small utilities. The main objective of this association is to share resources and expertise to provide cost efficiencies and best practices to all members. LUI benefits from the support available in various areas such as Finance, Regulatory, Operations, and Health and Safety. This helps LUI access economies of scale and ensures all operations are efficient and cost-effective.




The Ontario Municipal Water Association (OMWA) acts as the voice of Ontario's public water authorities through actions that sustain and protect the life cycle of water. It represents more than 180 municipalities and public drinking water authorities in Ontario. OMWA brings together a broad 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 concerning safe, sufficient, and sustainable drinking water. LUI is a member of OWWA and benefits from its place as the authoritative 'voice' of the water industry.



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**Lakefront
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