



Ontario Energy Board
Commission de l'énergie de l'Ontario

OEB STAFF SUMMARY OF COMMUNITY MEETING

EB-2018-0050

Lakeland Power Distribution Ltd.

Application for 2019 Distribution Rates

December 13, 2018

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1 INTRODUCTION

Lakeland Power Distribution Ltd. (Lakeland Power) filed a cost of service application with the Ontario Energy Board (OEB) on September 27, 2018 seeking approval for changes to the rates that Lakeland Power charges for electricity distribution, to be effective May 1, 2019. On July 1, 2014, Lakeland Power Distribution Ltd. amalgamated with Parry Sound Power Corporation (Parry Sound) to form a new distribution company under the same name, Lakeland Power Distribution Ltd. Lakeland Power has applied to harmonize the rates and charges of the former Parry Sound and the former Lakeland Power. For a typical residential customer beginning May 1, 2019, the proposed bill impact for customers of the former Lakeland Power is an increase of \$0.07 per month, and the proposed bill impact for customers of the former Parry Sound is a decrease of \$6.99 per month.

On October 11, 2018, Lakeland Power filed additional evidence and updates to the application.

A Notice of Hearing on Lakeland Power's application was issued on October 31, 2018.

Further to the Notice of Hearing, the OEB hosted two community meetings on November 28, 2018 in the Town of Parry Sound and in the Town of Bracebridge, regarding Lakeland Power's 2019 application.

This is an OEB staff report summarizing the outcomes of this community meeting. This report will be placed on the public record of the OEB hearing of this application along with copies of any written presentations made at the meeting. This report includes a summary of comments, questions and concerns raised during the community meeting by customers who attended the meeting. This summary is intended to capture the range of perspectives that were shared, rather than to provide a verbatim transcript of the meeting.

Customers are also able to submit individual written letters of comment with the OEB, either during a community meeting or any other time during the course of the OEB's review of an application. The OEB places written letters of comment on the public record of the specific proceeding. All comments must be submitted to the OEB before the decision-makers in that case begin to consider their decision on the application. In making its decision, the OEB considers everything on the public record, including all comments when determining whether to grant the requests made by Lakeland Power in this application.

2 THE PROCESS

The OEB convenes community meetings in the service territories of local distribution companies that have applied to the OEB to change their rates through a cost of service proceeding.

Community meetings are part of the OEB's process of reviewing a rate application. The OEB has established a [Consumer Engagement Framework](#) to ensure that the perspectives of customers served by rate-regulated entities are considered in the OEB's decision-making process.

Community meetings are hosted by OEB staff who inform customers about the role of the OEB in rate-setting and the processes involved. OEB representatives explain the various ways that customers can become involved in the adjudicative process. A copy of OEB staff's presentation is attached to this report as Schedule A.

To assist customers in better understanding the application, the utility makes a presentation explaining its proposals for capital, operations and other spending that result in the requested rate change. A copy of Lakeland Power's presentation is attached to this report as Schedule B.

Customers and municipal officials are also invited to make presentations outlining their thoughts on the utility's proposals.

Following the presentations, customers have the opportunity to ask questions of the OEB and the utility about the application and the regulatory process. The issues raised by customers in the community meetings are documented and used by OEB staff in reviewing the application, asking interrogatories and making submissions to the OEB panel hearing and deciding the application. Any verbal comments provided to OEB staff at the community meeting are summarized in this report with no attribution.

In addition to providing verbal comments to OEB staff, customers attending the meetings may express their concerns directly to the OEB by providing individual comments (with attribution) through an online form on the computers provided or by filling in a hard copy comment form, which is then submitted to the OEB by OEB staff.

3 SUMMARY OF THE MEETING

Lakeland Power held two community meetings on November 28, 2018. The first community meeting was held at the Charles W. Stockey Centre in the Town of Parry Sound, Ontario from 1:30 p.m. to 3:30 p.m., followed by the second meeting at the Bracebridge Memorial Arena Auditorium from 6:30 p.m. to 8:30 p.m. Approximately 15 customers attended the meetings to hear presentations from OEB staff and Lakeland Power. Prior to the presentations, OEB staff and Lakeland Power staff were available to informally talk to attendees and answer questions. OEB and Lakeland Power representatives responded to questions from attendees during and following the presentations.

The following OEB staff and Lakeland Power representatives attended the meeting:

OEB Staff

Ljuba Djurdjevic, Counsel
Jane Scott, Manager, Major Applications
Lynn Ramsay, Senior Advisor, Community Relations & Outreach
Andrew Bodrug, Senior Advisor, Community Relations & Outreach
Lillian Ing, Hearings Advisor

Lakeland Power

Chris Litschko, CEO
Margaret Maw, CFO
Vince Kulchycki, COO
Darren Bechtel, Controller
Sharon Shipston, Customer Services Manager
Brian Elliott, Operations Manager
Jennifer Montpetit, Advanced Planning & Communications

The OEB and Lakeland Power presented at the meetings. There were no customer presentations at the meetings.

Meeting participants had questions related to bill presentation, storm preparation, [time-of-use rates](#), the [Ontario Electricity Support Program](#) and other components of the delivery charge.

Specific Concerns Raised

- Distribution Charge – fixed vs. fluctuating charges based on usage
- Power outages & reliability – externalities on Lakeland Power's radar, such as environmental changes, that may increase power outages or affect the system's reliability
- Lakeland Power's future improvements regarding how electricity is delivered to customers, such as whether poles and wires can be underground
- Smart Meters – concerns raised on whether Lakeland can detect if a smart meter is not operating
- Transformer sub-stations – concerns around the closure of three sub-stations that were decommissioned in 2014
- Utility poles – questions on where Lakeland Power purchases its utility poles, the inspection process and the manufacturer's guarantee for replacement of the poles
- General service – a question on whether Lakeland Power dispatches its power line staff based on proximity to the area or on who is available at the time
- Application inflation – concerns around whether applicants inflate their proposed rates in their application to the OEB, in anticipation of the OEB cutting their requested rate by a certain amount
- Bill impacts – a question regarding why the rate application contains different bill impacts for different customers

4 COMMUNICATIONS AFTER THE OEB COMMUNITY MEETING

Following the meeting, a customer from Bracebridge who was unable to attend the community meeting, sent a letter to the OEB noting that they had spent more than \$4000 on installing a backup generator and the associated wiring for their home, and was of the view that the government or Lakeland Power should provide subsidies for backup generator installations. The customer also raised the following specific concerns, which are related to the rate application:

- There are many power outages in Muskoka, which is especially dangerous during cold weather
- The OEB should query Lakeland Power on improving their reliability issues, mentioning that if their rate increase is approved, money should be spent on resolving this issue

SCHEDULE A
ONTARIO ENERGY BOARD PRESENTATION
LAKELAND POWER DISTRIBUTION LTD.
EB-2018-0050
NOVEMBER 28, 2018

OEB's Rate Review Process Getting Involved

OEB Community Meetings Lakeland Power's Rate Application

November 28, 2018

Every Voice Matters

Meeting Objectives

- Learn more about your utility's costs and rate application
- Find out how to get involved in the OEB's process
- Provide your comments about your utility's application.

Who We Are

We are an independent regulator responsible for Ontario's electricity and natural gas sectors.

We support and guide the continuing evolution of Ontario's energy sector by promoting outcomes and innovation that deliver value for all Ontario energy consumers.



What We Do

**Protect
Consumers
(Set and
Enforce
Rules)**

**Engage
and Inform
Consumers**

**Set Rates
and
Approve New
Facilities and
Mergers**

**Energy
Support
Programs
(OESP & LEAP)**

**Licence
Energy
Companies**

Ontario's Electricity Sector



Generation



Transmission



Distribution



Home

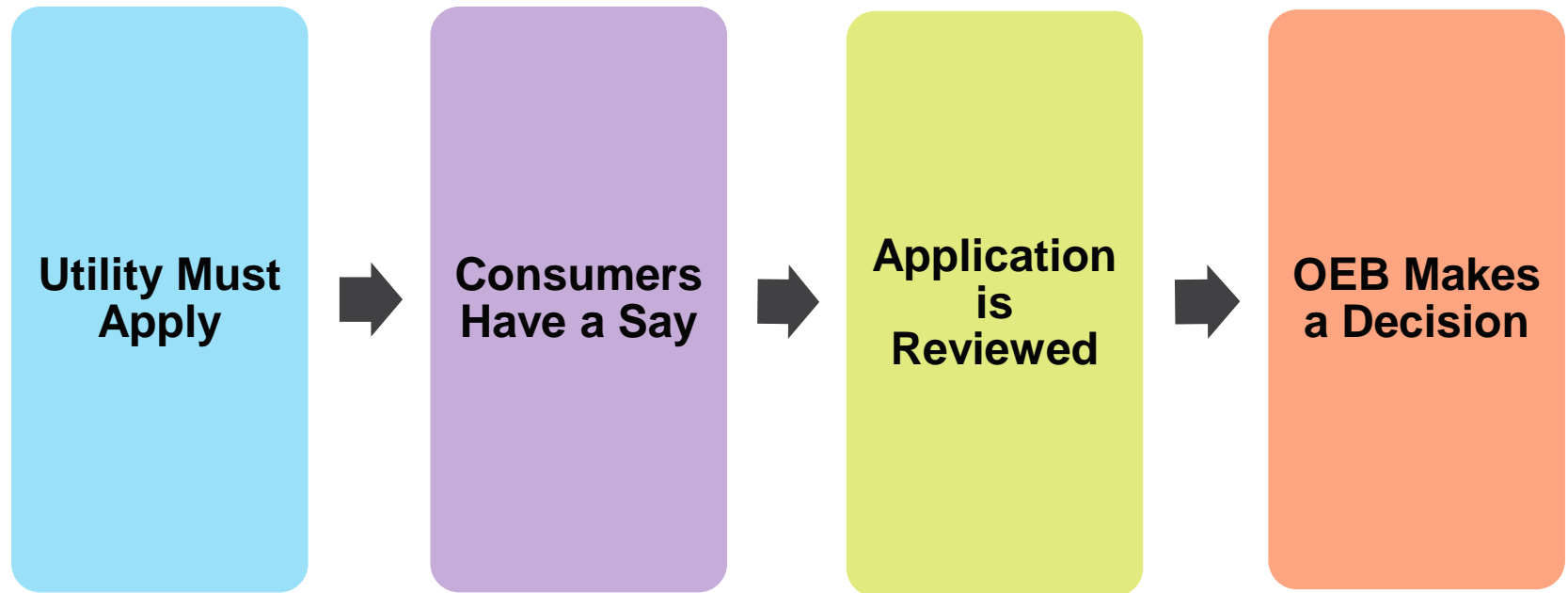
Delivering Value – Ensuring Reliability

Prices, reliability &
quality of service



Financially viable
energy sector

Holding Utilities to Account



Step One - Utilities Must Apply

Utilities Must Apply

- Every 5 years
- OEB closely examines costs, investments, plans and productivity
- Consumers are made aware through newspapers, websites, social media and bill inserts.

Step Two – Consumers Have a Say

Consumers Have a Say

- Giving consumers a stronger voice
- Making it easier to participate
- Hosting local community meetings
- Consumer feedback becomes part of the record
- Decision-makers see consumer comments

Step Three – Application is Reviewed

**Application
is
Reviewed**



Step Four – OEB Makes a Decision

OEB Makes a Decision

- The OEB rarely gives utilities all they ask for.
- Since 2009 the OEB has reviewed more than 140 major rate applications, and reduced requested rate increases by an average of about 38 per cent.

OEB's Rate Review Process – Have Your Say



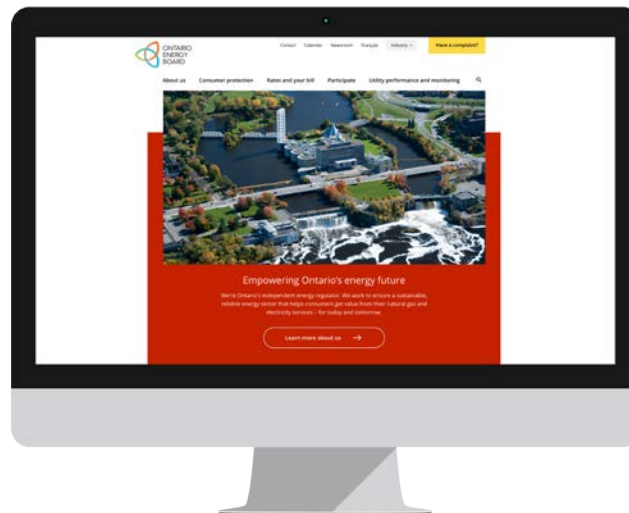
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Your Voice Matters – Thank You



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Toll Free: 1-877-632-2727



 **www.oeb.ca**

 **@OntEnergyBoard**

 **Ontario Energy Board
2300 Yonge St, Suite 2701,
Toronto, ON M4P 1E4**

SCHEDULE B
LAKELAND POWER PRESENTATION
LAKELAND POWER DISTRIBUTION LTD.
EB-2018-0050
NOVEMBER 28, 2018

Overview of Lakeland Power



Chris Litschko, CEO

Vision & Mission

LakelandPower

Mission: Distribute electricity safely and reliably

Objective: Respecting the Natural Environment, be one of Ontario's top performing distribution companies in customer service and reliability

Lakeland Power at a Glance

- 13,500+ customers
- 147 square km service territory
- 272 km overhead lines
- 88 km underground lines
- 6,411 distribution poles
- 3,182 transformers
- 21 employees in LDC and 12 support staff



2019 Residential Bill – Lakeland Power

Sample 750 kWh Residential Bill

Account Number: 000 000 000 0000

Meter Number: 0000000

Your Electricity Charges

Electricity

Off-Peak @ 6.5 ¢/kWh	31.69
Mid-Peak @ 9.4 ¢/kWh	11.99
On-Peak @ 13.2 ¢/kWh	17.82

Delivery 48.93

Regulatory Charges 3.39

Total Electricity Charges 113.81

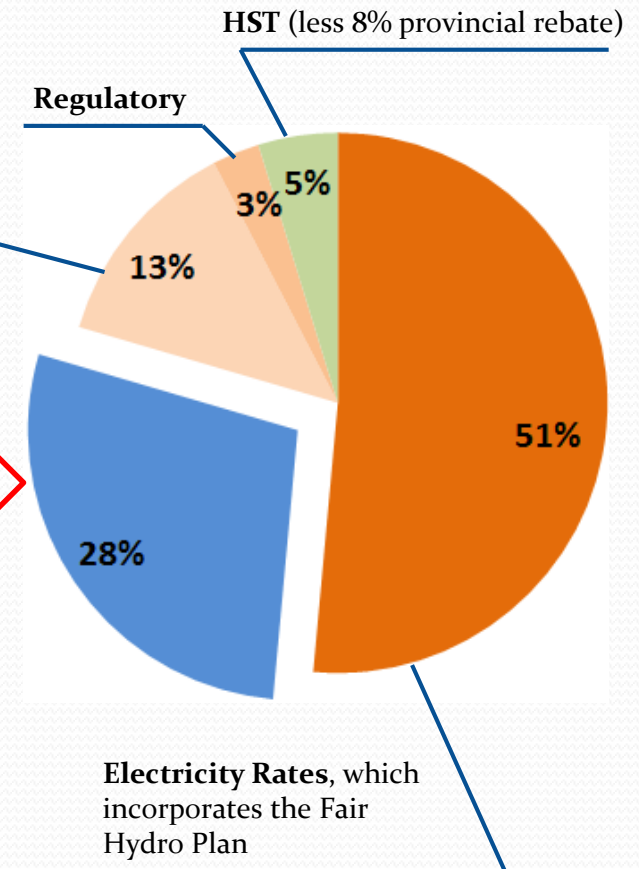
HST 14.79

8% Provincial Rebate* -9.10

Total Amount 119.50

Delivery: Lakeland's Portion
\$33.55

** Covers capital investments and operating expenses to run the utility.*



2019 Small Business Bill – Lakeland Power

Sample 2000 kWh Small Business Bill

Account Number: 000 000 000 0000

Meter Number: 0000000

Your Electricity Charges

Electricity

Off-Peak @ 6.5 ¢/kWh 84.50

Mid-Peak @ 9.4 ¢/kWh 31.96

On-Peak @ 13.2 ¢/kWh 47.52

Delivery 100.16

Regulatory Charges 8.61

Total Electricity Charges 272.76

HST 35.46

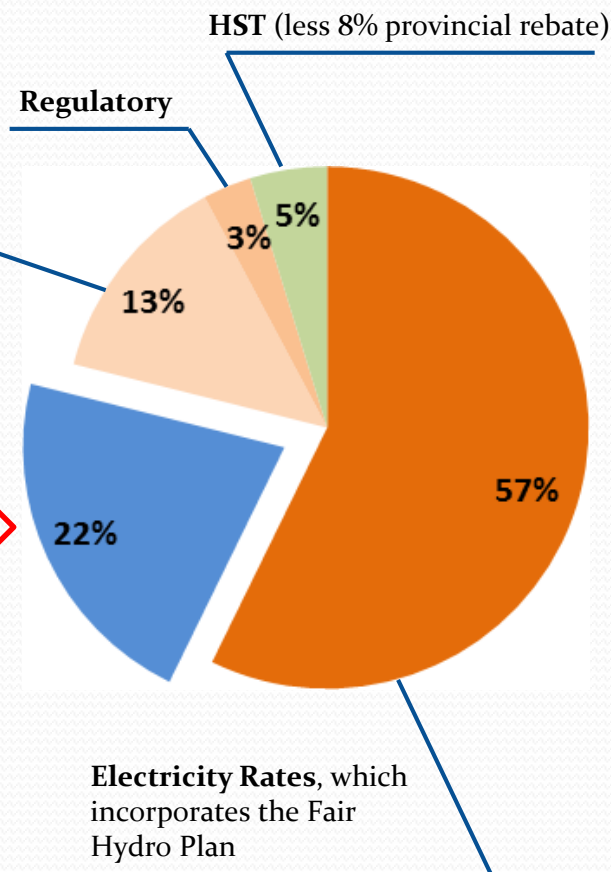
8% Provincial Rebate* -21.82

Total Amount 286.39

Delivery: Gov't Portion

**Delivery: Lakeland's Portion
\$62.02**

** Covers capital investments
and operating expenses to
run the utility.*



Growing Better Together

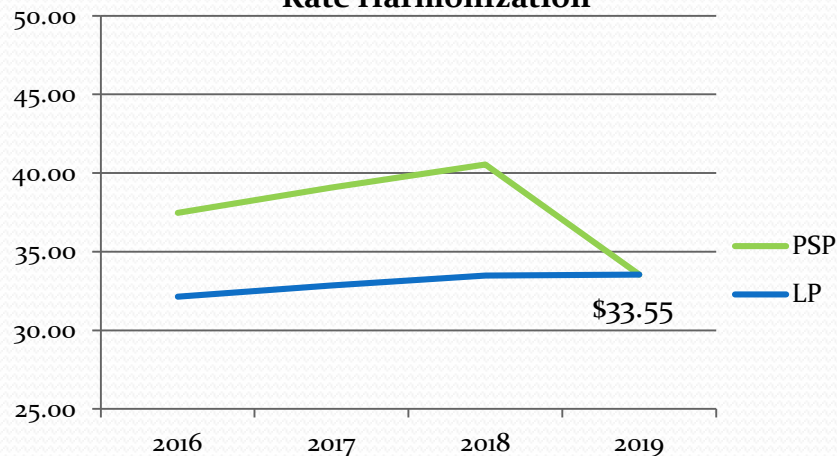
- Merged with Parry Sound Power Corp. (July 2014)
- Approximately 35% growth in Customers, Service Territory
- \$355,000 in Annual Operating Savings through Synergy
- Savings Shared Across Entire Customer Base
- Rate Harmonization Approach for Setting New Rates

2019 Rate Harmonization

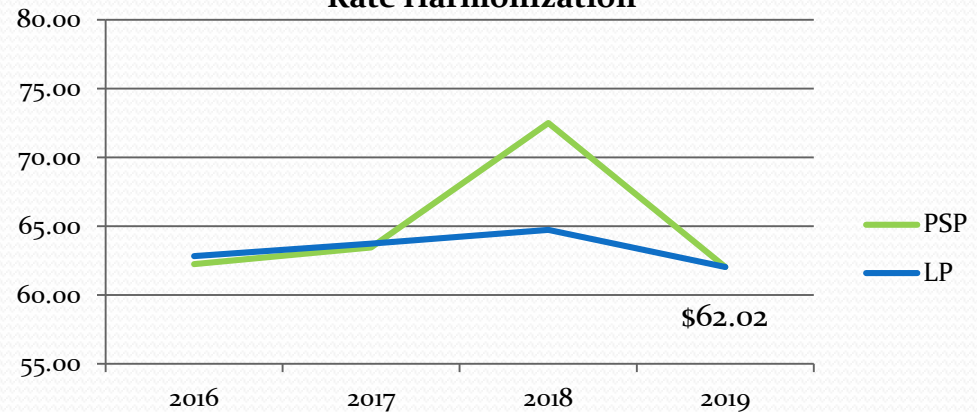
What is Rate Harmonization?

- Rate Harmonization means bringing the two sets of distribution rates together into one harmonized rate so that all Lakeland Power customers in the same rate class are paying the same for their electricity distribution. This ensures customers pay the same cost for receiving the same level of service

**Residential Distribution Rates –
Rate Harmonization**



**Small Business Distribution Rates –
Rate Harmonization**



Why Now?

- The Ontario Energy Board rules only allow rate harmonization to be done through a Cost of Service Application such as the one that is the focus of this consultation

Request to the Ontario Energy Board

- \$345,000 or 4.3% decrease in annualized Distribution Revenue
- Distribution rate and total bill impact for customers effective May 1, 2019

Customer Class	Previous Distribution Rate	Requested Distribution Rate	Previous Total Bill (excl. HST)	New Total Bill (excl. HST)	Total Bill Impact %
Average Residential Customer (750 kWh/month)					
former Lakeland Power service area	\$33.48	\$33.55	\$114.11	\$113.81	-0.26%
former Parry Sound service area	\$40.54	\$33.55	\$120.81	\$113.81	-5.79%
Average Small Business Customer (2000 kWh/month)					
former Lakeland Power service area	\$64.53	\$62.02	\$275.86	\$272.76	-1.12%
former Parry Sound service area	\$72.28	\$62.02	\$282.41	\$272.76	-3.42%

Customer Input – Building Our Plan

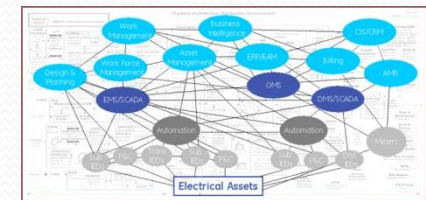
❑ Gathered feedback through Customer interaction

- Detailed online survey every two years
- Community meetings
- Large customer meetings
- Facebook live event
- Face-to-face meetings in the community



What You Said

- Keep Costs (rates) Reasonable
- Improve Reliable Service
- Improve Outage Communication
- Provide Tools for Energy Savings



Our Plan to Meet Your Expectations

- Reduced operating costs through synergy savings
- Reviewed capital expenditures in 2019 onwards to focus on service reliability
- Outage management upgrades (Supervisory Control and Data Acquisition System, Outage Management System, Online Internet Based Outage Map)
- Improved customer online portal

Key Factors for Rate Change

- Capital Investments of \$2,475,000 in 2019
 - Voltage Conversion upgrades on end of life Infrastructure
 - Meter replacement and overhead and underground upgrades
 - General Plant: fleet, computer hardware, computer software (privacy and cyber security)
 - Supervisory Control And Data Acquisition and Outage Management (safety, remote control of system, improved response and lower costs)

- Operating Expenditures
 - Approximately \$350,000 in synergy savings to offset inflationary pressures

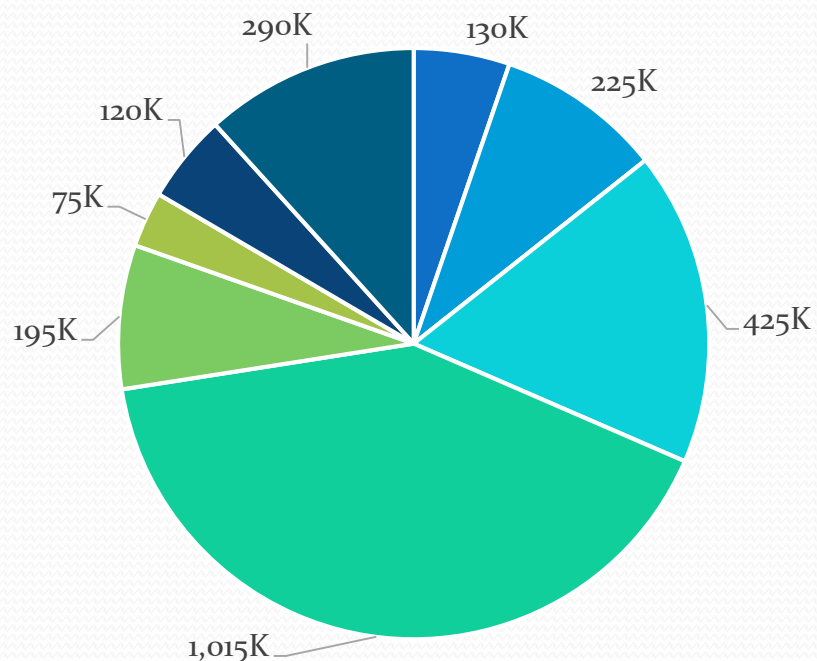
Why We Need to Invest

Careful planning and consistent investments in our assets and business, will allow Lakeland to ensure we:

- Provide a safe infrastructure for employees and customers
- Keep our infrastructure maintained and well-functioning
- Provide reliable source of electricity with minimal outages
- Improve responsiveness and timeliness for outage restoration
- Improve customer communication during outages
- Ensure customer information is secure and safeguarded

2019 Capital Expenditures

\$2,475,000 Proposed



- System Access - Meter Replacements
- General Plant - Vehicles and Equipment
- General Plant - Buildings, Computers, IT Systems
- System Renewal - Voltage Conversion Projects
- System Renewal - End of Life Assets
- System Service - SCADA
- System Service - HONi Meter Point Conversion
- System Service - Reliability Improvement



System Access - \$130K

"Must Do" customer requests
ie: New subdivisions,
meter replacement programs



System Renewal - \$1.21M

End of service life and emergency
replacement investments
ie: Replacing poles, transformers,
wires and underground cable



System Service - \$485K

Projects to improve access, reliability
and customer service
ie: Supervisory Control and Data



General Plant - \$650K

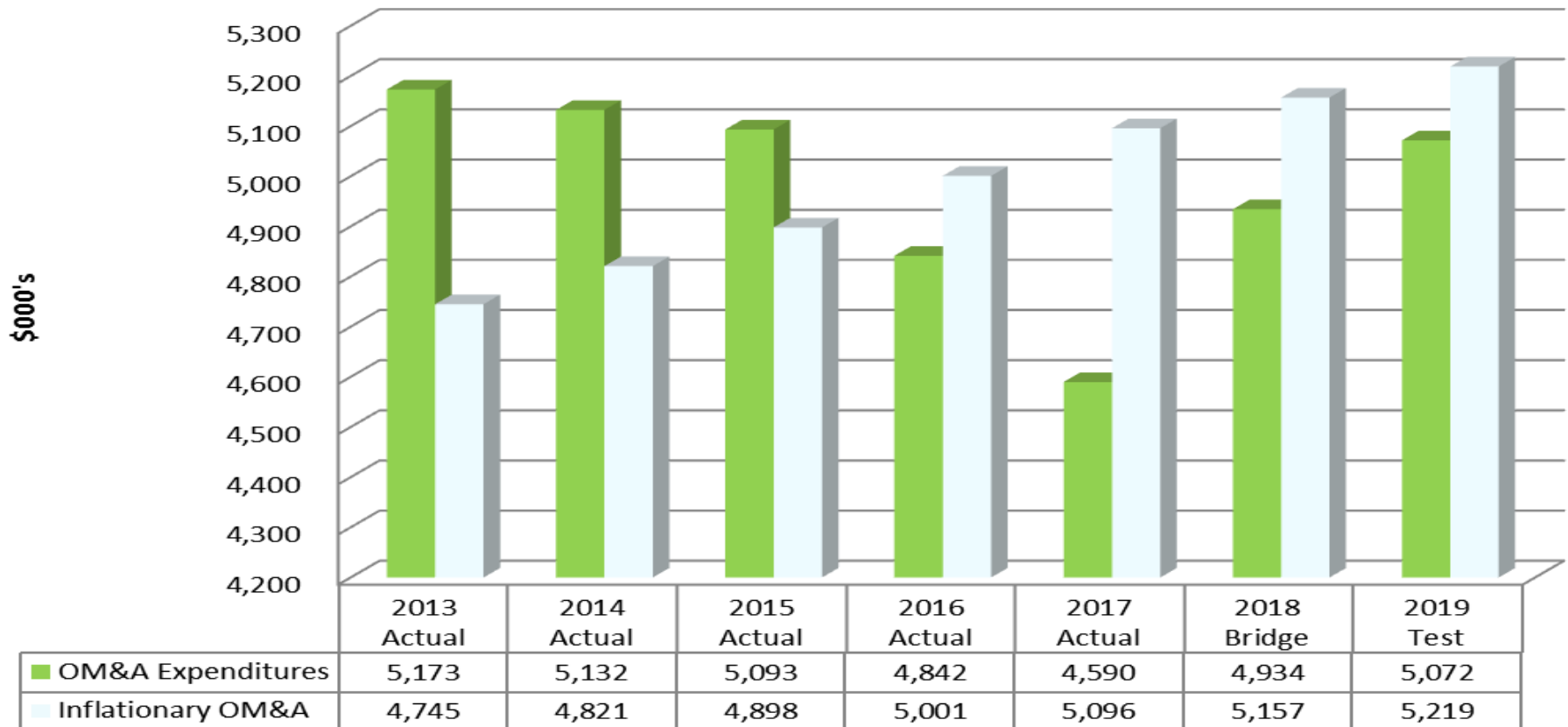
Investments supporting the
Distribution System
ie: Buildings, land, vehicles,
equipment and IT systems

2019 Operating Expenditures

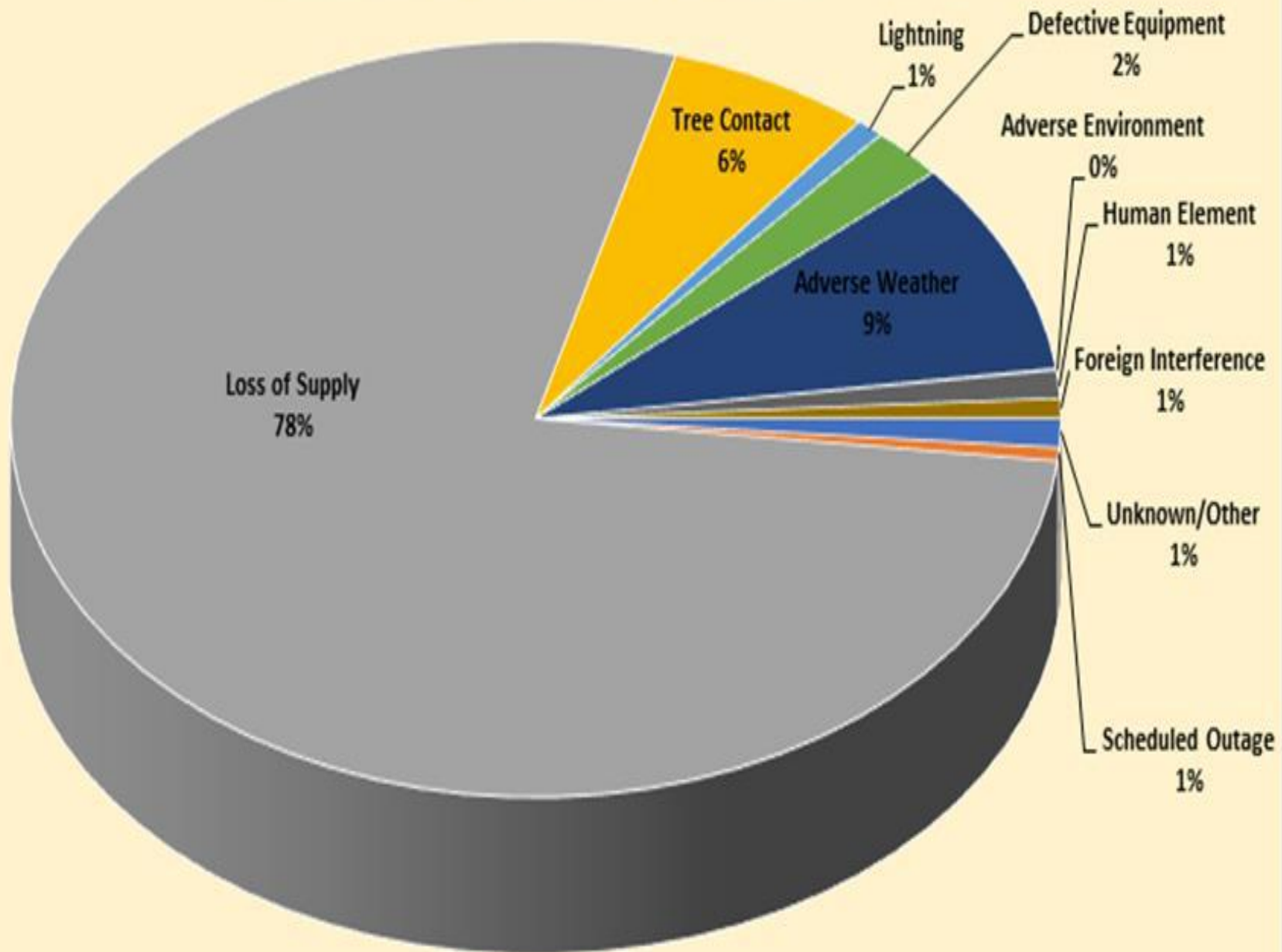
Merger has allowed for 2019 OM&A to be:

- Below 2013 to 2015 Actual Expenditures
- \$200,000 below annual inflation over 6-year window

**OM&A Expenditures
2013 Actual vs 2019 Test Year**



SAIFI from 2014-2017 Including HONI



Scorecard - Lakeland Power Distribution Ltd.										8/27/2018
									Target	
Performance Outcomes	Performance Categories	Measures	2013	2014	2015	2016	2017	Trend	Industry	Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	94.60%	98.00%	99.20%	100.00%	⬆️	90.00%	
		Scheduled Appointments Met On Time	95.60%	99.80%	97.60%	98.60%	100.00%	⬆️	90.00%	
		Telephone Calls Answered On Time	95.00%	97.30%	92.70%	90.60%	88.20%	⬇️	65.00%	
	Customer Satisfaction	First Contact Resolution		99.89%	99.93%	99.98%	99.95%			
		Billing Accuracy		99.99%	94.39%	99.86%	99.94%	⬆️	98.00%	
		Customer Satisfaction Survey Results		Completed	86.5%	74.5%	74.5			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness			82.50%	82.50%	83.80%			
		Level of Compliance with Ontario Regulation 22/04 ¹		C	C	C	C	C	➡️	C
		Serious Electrical Incident Index	Number of General Public Incidents		0	0	0	0	➡️	0
			Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.000	➡️	0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²		2.06	1.00	1.74	2.01	1.46	⬇️	1.76
		Average Number of Times that Power to a Customer is Interrupted ²		0.82	0.39	0.82	0.73	0.83	⬆️	0.49
	Asset Management	Distribution System Plan Implementation Progress		In Progress	In Progress	In Progress	In Progress			
	Cost Control	Efficiency Assessment		2	3	3	3	2		
		Total Cost per Customer ³		\$700	\$741	\$756	\$734	\$697		
		Total Cost per Km of Line ³		\$22,852	\$26,216	\$27,506	\$27,559	\$26,273		
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Cumulative Energy Savings ⁴			28.11%	48.42%	74.50%			15.77 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		100.00%	100.00%	100.00%	100.00%	100.00%		
		New Micro-embedded Generation Facilities Connected On Time		100.00%	100.00%	100.00%	100.00%	100.00%	➡️	90.00%
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)		0.86	1.28	1.12	1.70	1.80		
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		0.41	0.40	0.31	1.13	1.00		
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		8.93%	8.93%	9.08%	9.08%	9.08%	
			Achieved		10.70%	12.50%	9.90%	10.86%	12.69%	

Reporting on Progress

How Lakeland Power keeps their customers updated:

- Direct conversations with our customers
- Website - www.lakelandpower.on.ca
- Social Media – Twitter@LakelandPower / Facebook@LakelandPower
- Community Meetings
- Bill Inserts & Messages
- Email blasts and information
- Interactive voice messaging by phone call
- Customer portal
- Sign up for e-billing

For More Information

Lakeland Power shares many documents, reports and information for customers on the corporate website:

www.lakelandpower.on.ca

LakelandPower

HOME

MY HOME

MY BUSINESS

CONTRACTORS

OUTAGES & SAFETY

CORPORATE

COMMUNITY

SUPPORT

My Account

Servicing our Communities

Safety and reliability is our core.
Lakeland Power strives to provide reliable service
to our customers while keeping our community safe.

Our Mission & Vision

Our History

Financials

2017 Scorecard

Policies & Regulatory Affairs

Careers

POWER OUTAGES

SAFETY CHECKLIST

Conclusion

- ✓ Rate application being considered for May 1, 2019
- ✓ Affecting 13,500+ customers
- ✓ Merger synergy savings between Lakeland and Parry Sound has reduced operating costs to below inflation
- ✓ Small increase to decrease in distribution rates across residential & small business customers
- ✓ Overall bill decreases for residential & small business
- ✓ Customer input – ongoing & appreciated
- ✓ Capital & Maintenance plans created to meet customer needs
- ✓ Priorities: Safety, Lowest Operating Costs, Reliability, and Customer Service

Thank You



Successful Participants