PUBLIC INTEREST ADVOCACY CENTRE
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January 7, 2018 **VIA E-MAIL**

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Toronto, ON

Dear Ms. Walli:

Re: EB-2018-0050 – Lakeland Power Distribution Inc. (Lakeland Power) 2019 Rates
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Bill Harper/Mark Garner
Consultants for VECC/PIAC

Ms. Margaret Maw, Chief Financial Officer, Lakeland Power
mmaw@lakelandholding.com

For interrogatory clarifications please contact Mark Garner at 647-408-4501 or markgarner@rogers.com

REQUESTOR NAME	**VECC**
TO:	**Lakeland Power Distribution Limited (Lakeland or LPDL)**
DATE:	**January 7, 2019**
CASE NO:	**EB-2018-0050**
APPLICATION NAME	**2019 COS Rate Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: Exhibit 1, pg. 168

a) Please provide the (preliminary) 2018 Scorecard results.

1.0-VECC-2

Reference: Exhibit 1, Business Plan, pgs. 169-

a) Lakeland has had a modest decline in telephone calls answered on time and a small increase in complaints as compared to 2013. Please explain what steps the Utility is taking over the term of the rate plan to improve its performance in these areas.

2.0 RATE BASE (EXHIBIT 2)

2.0-VECC -3

Reference: Exhibit 2, pg.43

a) Please provide a list of all buildings (leased or owned) showing the capital improvements for each location for each year 2013 through 2023.

2.0-VECC-4

Reference: Exhibit 2, Appendix 2-AA

a) Please update Appendix 2-AA to show 2018 actual year-end (unaudited) capital expenditures.

2-VECC-5

Reference: Exhibit 2, Appendix 2-G, pg.7 / DSP, pgs. 69-

a) Lakeland appears to have significant issues with respect to loss of supply (see for example Figure 2-11 of DSP, pg.70). Please explain the nature of

these issues and any specific problematic transformation stations accessed by the Utility.

b) What programs has Lakeland instituted to reduce the duration of outages (SAIDI)?

2-VECC-6

Reference: Exhibit 2, DSP, pg. 35

a) Please provide the outage management program budget for 2018 - 2023

2-VECC-7

Reference: Exhibit 2, DSP, pg. 37

a) Please explain the USF Component Condition Factors inspection process. Does this process apply only to poles or also to other distribution asset categories?

2-VECC-8

Reference: Exhibit 2, DSP, pg. 41

a) How many customers are currently part of a long-term load transfer (LTLT)?

b) What is the cost of transferring these customers to their respective physical service utility?

c) Is Lakeland building any new infrastructure to accommodate exist LTLT customers? If yes, what are those capital expenditures over the 2019-2023 period?

2-VECC-9

Reference: Exhibit 2, DSP, pg. 43

a) For each year 2019 through 2023 what are the annual capital expenditures and OM&A costs related to the Town of Parry Sound project to source 100% of its energy needs from renewable sources?

b) Please explain how these initiatives are funded.

2-VECC-10

Reference: Exhibit 2, DSP, Section 3.2.3, pg.115

a) For each of the asset categories listed in Table 3-3 please create a new table which shows whether the Health index is based on: (1) age; (2) asset

condition testing; (3) combination of both age and testing

b) For those asset categories where testing is identified as a health index derivative please provide a brief description of the type of testing carried out (for example transformer oil gas level test) and include the frequency of testing.

c) For each category please also list the total count of assets and the percentage of assets subject to testing.

2-VECC-11

Reference: Exhibit 2, DSP, pg. 172

a) Lakeland is proposing a significant increase in its annual capital budget during the 2019-2023 rate term as compared to the previous 5 years (approximately $2.97 vs $2.30 million on average). What would be the consequence if Lakeland were required to plan within an annual capital budget of $2.6 million (on average) for the 5 year period of the rate plan?

b) What is the estimated cost of the new 27.6 kV substation (current site of MS3) to be built in 2023?

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC-12

Reference: Exhibit 3, page 11
Load Forecast Model, Purchased Power Model Tab

a) Please confirm that the purchases set out in the Purchased Power Model Tab (column B) include purchases from the IESO, Hydro One and embedded generators.

3.0-VECC-13

Reference: Exhibit 3, pages 12-13 and page 17 (Table 11)
Appendix 2-IB

a) In Table 11 the actual and weather normal GWh for each year differ for the Residential, GS<50 and GS>50 classes. However, in Appendix 2-IB the actual and weather normal values are the same for these classes. Please reconcile.

b) Please fully explain how the weather normal GWh values in Table 11 were derived for the Residential, GS<50 and GS>50 classes.

3.0-VECC-14

Reference: Exhibit 3, pages 20-21

a) Did LPDL test whether there were any activity based variables such as regional employment, GDP or customer count that would be statistically significant?

   i. If yes, what were the results?

   ii. If not, why not?

b) Please provide the results of an alternative load forecast model where the dependent variable is gross purchases (i.e., actual purchases plus CDM activity – where the CDM values are grossed up for losses) including the regression equation and statistics as well as projected gross purchases for 2018 and 2019 using the same explanatory variables (apart from CDM Activity) and a trend variable (if the coefficient is statistically significant)

3.0-VECC-15

Reference: Exhibit 3, pages 21-22
Load Forecast Model, CDM Activity Tab

a) Please provide the OPA/IESO reports that support the annual CDM activity values for 2008 to 2016 set out in the CDM Activity Tab.

b) In column E of the CDM Activity Tab the 2017 CDM results are “labelled” as estimated. In Table 13 (page 22) there is no reference to the IESO in heading for the column setting out the 2017 CDM Program activity. Please clarify whether the 2017 CDM values used were based on the actual 2017 verified results reported by the IESO.

   a. If not, what are the 2017 values based on?

   b. If not, please provide a copy of the IESO 2017 verified results report for LPDL and update the load forecast model accordingly.

   c. If yes, please provide a copy of the IESO 2017 verified results report for LPDL.

3.0-VECC-16

Reference: Exhibit 3, page 24

a) What is the 10-year average loss factor based on the entire period (2008-2017) used to estimate the purchased power model.

3.0-VECC-17

Reference: Exhibit 3, pages 24-25

a) Please provide the actual customer/connection counts for each customer class for each of the months in 2018 and the resulting average 2018 value for each class.

b) Is LPDL aware of any plans for either residential or commercial/industrial developments in its service area that would increase customer/connection counts in 2019?

3.0-VECC-18

Reference: Exhibit 3, pages 27-28

a) Please provide a copy of the most recently approved 2015-2020 CDM Plan for LPDL.

b) Based on the IESO's verified results reports what are the 1-year persistence values for the savings from: i) 2015 CDM Programs, ii) 2016 CDM Programs and iii) 2017 CDM programs – for each of the Residential, GS<50 and GS>50 classes?

3.0-VECC-19

Reference: Exhibit 3, pages 45-46
EB-2017-0049, HONI Dx's Response to PO11

a) In its response to EB-2017-0049, PO#11, Hydro One Networks confirmed that it was adopting the OEB's province-wide pole attachment charge of $43.63 effective January 1, 2019. What impact will this have on LPDL's forecast 2019 OM&A?

b) Has LPDL incorporated the impact of the Board's EB-2015-0304 Report regarding Energy Retailer Service Charges in its determination of the 2019 Other Revenues?
    a. If yes, please indicate where in the Application this is discussed/included.
    b. If not, what is the estimated impact on 2019 Other Revenues?

3.0-VECC-20

Reference: Exhibit 3, pages 48 and 62-63

Preamble: The referenced pages identify a number of specific service charges that are currently applied to only the former PSP service area or the former LPDL service and which are being proposed to continue for

all LPDL customers as of May 1, 2019.

a) What is the impact on LPDL's forecast Other Revenue for 2019 of extending these charges to all of LPDL's customers and how has it been reflected in the current Application?

b) The Application proposes to almost double the microFIT service charge ($10 vs. $5.40). However, the revenues from the service charge are the same for 2018 and 2019 (see page 48). Please reconcile.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -21
Reference: Exhibit 4, Section 4.1.4, pg. 13

a) Please explain the reasons for the increase in Community Relations from approximately 34k in 2013 to 80k in 2019.

4.0 -VECC -22
Reference: Exhibit 4, pg. 45, Appendix 2-JC OM&A Progams Table

a) Please update Appendix 2-JC to show 2018 actuals (unaudited).

b) Please identify separately any amounts in the 2017 and 2018 OM&A related to the cost of this Application.

4.0 -VECC -23
Reference: Exhibit 4, Table 5, pg. 19

a) Please explain what the Smart Grid/EV research/MaRS costs are related to in 2013. Are any of these types of costs ongoing in 2019?

4.0 -VECC -24
Reference: Exhibit 4, pg. 136

a) For each of the years 2013 through 2019 please provide the percentage of residential customers on ebilling or prepayment plans.

b) Does Lakeland have any specific objective over the term of the rate plan to decrease the number of customers paying by mail or in-person?

4.0 -VECC -25
Reference: Exhibit 4, Appendix 2-K pg. 63

a) Please amend Appendix 2-K to show year end actual FTEs.

b) Please provide the hiring status of the two positions (Substation/Engineering Technologist and Junior Linesman) which Lakeland is recruiting in 2018.

c) Please also add a row to show the total amount of compensation capitalized in each year.

4.0 -VECC -26
Reference: Exhibit 4, pg. 74

a) Please explain why in 2019 the budget for non-union wages (3%) exceeds the unionized increase of 1.25%.

4.0 -VECC -27
Reference: Exhibit 4, Appendix 2-N Shared services

a) Why has the rent for Lakeland Energy ($31,500) and Bracebridge Generation ($16,500) not increased since 2013 and notwithstanding that the building rent allocated from Lakeland Holding to Lakeland Power has increased during the same period?

b) Please explain why the corporate allocations for executive and management services have increased to $554,843 in 2019 from $456,526 in 2013 and notwithstanding the allocation has dropped from 57% to 41% during the same period.

c) Please describe the executive and management services provided by Lakeland Holding.

d) Are these executive and management costs represented as FTEs in Appendix 2-K? If so please identify the number of FTEs in 2019 represented by these services. Please identify separately FTEs represented by services provided to Lakeland from any other affiliates.

4.0 -VECC -28
Reference: Exhibit 4, pg. 93

a) Please provide (separately) the annual dues/fess for Lakeland's participation in CHEC and the EDA (if any) for each year 2013 through 2019.

4.0 -VECC -29
Reference: Exhibit 4, pg. 96

a) Please provide a breakdown of the $263,000 in Application Related One-Time Costs (Appendix 2-M) into the following categories: (1) legal costs; (2) consulting costs; (3) internal costs; (4) intervenor costs; (5) other – please specify.

b) Please provide the actual Application costs (broken down as above) incurred to date.

4.0-VECC-30
Reference: Exhibit 4, pg. 116

a) Please provide a table showing the actual PILs paid for each year 2013 through 2018 (forecast).

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0-VECC-31

Reference: Exhibit 5, Appendix 2-OA (Table 3)

a) Please update Appendix 2-OA for the OEB's revised cost of capital parameters (November 2, 2018).

5.0-VECC-32

Reference: Exhibit 5, Appendix 2-OB

a) Please explain why Lakeland has chosen short to mid-term debt instruments (i.e. 2- 5 years) in contrast to longer term (10-20 year) debt instruments. What risk evaluation has the Utility done to understand its exposure to the potential for increased borrowing rates in the future?

b) Please explain why all Lakeland's debt is only with one institution (TD Bank). How does the Utility ensure it is achieving the best possible rates?

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

N/A

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –33

Reference: Exhibit 7, pages 5-7

a) Do the 4NCP values for LPDL and PSP in Table 3 represent: i) the 4NCP as used on the Cost Allocation models filed by each utility in the referenced COS Applications or ii) the 4NCP values from the 2004 load profiles for each utility?

b) If the former, please explain why this is appropriate when the load profile scaling factors (per Table 2) are calculated relative to the 2004 weather normal usage.

c) Please explain why it is appropriate to simply add the values for the two former utilities in order to obtain the Blended values. Won't the 4NCP values for each of the former utilities occur at different times during the year?

d) Please explain how the 2019 4NCP values for each class were determined and provide the supporting calculations.

e) Please explain how the 2019 12CP values for each class were determined and provide the supporting calculations.

f) With respect to Table 4, please explain why, for the GS>50 class, the NCP values for Line Transformer are less than those for Secondary:

7.0 – VECC –34

Reference: Exhibit 7, page 12

a) Please confirm that, in the case of Street Lighting, each device is separately connected to LPDL's distribution system. If not, please revise the number of connections vs. devices.

7.0 – VECC –35

Reference: Cost Allocation Model, Tab I7.1 – Meter Capital and Tab I7.2 – Meter Reading

a) Please explain why, in Tab I7.1, the number of meters in each of the Residential, GS<50 and GS>50 classes does not equal the number of

customers forecast for 2019.

b) Please explain why, in Tab I7.2, the number of meter reading units in each of the Residential, GS<50 and GS>50 classes does not equal the number of customers forecast for 2019.

7.0 – VECC –36

Reference: Exhibit 7, pages 15 and 25-26

a) Please explain why the Status Quo ratios in Table 17 don't match the results of the CA model per page 15.

b) What would be the R/C ratio for Street Lighting if it was the only ratio changed in order to reduce the ratios for GS>50 and USL to 120% (i.e. no change to the Residential ratio)?

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 37

Reference: Exhibit 8, page 6-8

a) Please explain how the forecast load for 2018 for each customer class was split between the former LPDL and PSP service areas.

8.0 –VECC - 38

Reference: Exhibit 8, page 12

a) With respect to the table at lines 13-14 please explain what the "Existing Rate" represents and how it was derived.

8.0 –VECC - 39

Reference: Exhibit 8, pages 14-18

a) Please provide a schedule that sets out what the fixed and variable charges would be for each customer class (except Residential) if the current fixed/variable split (per Table 10) was maintained for each customer class.

b) Based on LDPL's proposals what percentage of the Base Distribution revenue requirement is recovered from fixed rates?

c) How does this percentage change if the 2019 revenues for each class are based on the rates set out in the response to part (a)?

8.0 –VECC - 40

Reference: Exhibit 8, page 38
Exhibit 3, page 63

a) For the $10 fee per MicroFIT meter point, what services does Utilismart provide LPDL with respect to its MicroFIT customers?

b) Does LPDL provide any MicroFIT services (e.g., billing, meter maintenance, etc.) internally? If yes please outline: i) what these services/activities) are, ii) what is the monthly cost per MicroFIT meter point to provide these services/activities, and iii) why aren't these costs also included in the MicroFIT service charge?

c) LPDL is requesting (Exhibit 8, page 38) a change to the MicroFIT rate class to include Net Metering Accounts. Please address the following: i) how many Net Metering Accounts does LPDL currently have, ii) why is it appropriate to include Net Metering Accounts in the MicroFIT rate class, and iii) does the Other Revenue forecast for 2019 also include the additional revenues from applying the MicroFIT service charge to Net Metering Accounts?

8.0 –VECC - 41

Reference: Exhibit 8, pages 41-42

d) Please explain more fully how the forecast 2019 LV charges (per Table 24) were determined.

8.0 –VECC - 42

Reference: Exhibit 8, page 44

a) Please explain why the forecast LV charges for 2019 are $959,657 but the amount added to the power supply expense is only $923,433.

8.0 –VECC - 43

Reference: Exhibit 8, page 46

a) Please provide the calculation supporting the Supply Facilities Loss Factors set out for the years 2013-2017.

8.0 –VECC - 44

Reference: Exhibit 8, Appendices C and D

a) In Appendices C and D, the bill impact calculations for USL, Sentinel Lighting and Street Lighting do not appear to include the monthly service charges. Please review and correct as required.

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -45

Reference: Exhibit 9, pg. 12

a) Please explain the difference between the $365,471 credit in account 1576 described at page 12 of the evidence and the $364,916 shown in Table 1 at page 6 for account 1576.

b) Please explain how the disposition methodology proposed for this account appropriately (fairly) allocates the credit to the former rate payers of Parry Sound Power and those of Lakeland Power Distribution.

9.0 –VECC -46

Reference: Exhibit 9, pg. 29

a) With respect to Account 1592 PILS and Tax Variance please explain how the $169,295 debit to customers is appropriately been recovered as between the former ratepayers of Parry Sound Power and those of Lakeland Power Distribution.

End of document