



PUBLIC INTEREST ADVOCACY CENTRE
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January 12, 2025

VIA E-MAIL

Ms. Nancy Marconi
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

**Re: EB-2024-0039 Lakeland Power Distribution Ltd ("LPDL")
Submission on contested issue**

The School Energy Coalition (SEC) proposes to add to the "standard" Board issues list to the following issue:

"Are the charges and allocations from the Applicant to affiliates, and the charges and allocations from affiliates to the Applicant, appropriate in light of the relative size, complexity, and needs of the Applicant and each of its affiliates? Further, are any revenues or other payments from third parties appropriately allocated between the Applicant and its affiliates"

VECC supported SEC in its proposal to add this issue. The Applicant objects to its addition. While we are not aware of a formal date for submissions on the matter, as other parties have already done so we think it opportune to do so as well.

Clearly the issue of affiliate transactions are an issue in any cost of service rate proceeding. Affiliates which provide service at a cost to ratepayers or utilities which provide services to affiliates for a fee clearly incur transactions that fall with the scrutinized revenue requirement. LPDL's objections which are based on the matter of jurisdiction are therefore wholly without merit. In fact, it is a basic tenant of rate regulation theory is that "intercorporate" transactions should receive special scrutiny since they can be a way to inappropriately transfer resources from the ratepayer.

LPDL's other objection is similarly without merit. LPDL's counsel writes "SEC is seeking to broaden this proceeding to include litigation under section 71 of the *Ontario Energy Board Act, 1998*. The expanded issue proposed by SEC appears to attempt to put the existence and operation of LPDL's affiliates on trial, seeking to ask whether they are *"appropriate in light of the relative size, complexity, and needs of the Applicant and each of its affiliates"*

We do not think that the specific inclusion of a sub-component of the determination of the revenue requirement seeks to broaden the proceeding. As for the second part of the assertion we are at a

loss to understand its point. In any event submission which are based on what “appears” to be a party’s motivation are speculative.

The issue we believe the Board needs to consider is not whether SEC may explore the issue of affiliate cost and revenue as they impact the application. SEC has gone to some effort to file its interrogatories early in order to allow the Applicant to raise any specific objection they may have. We have heard none. The only issue therefore is to determine whether the issue merits specific mention.

In this regard we have observed in past the Board has made determinations that if a specific issue is subsumed within the broader (here revenues and operating and maintenance costs) then it need not be specifically identified. Rather the parties may object to any specific inquiry that are believed to fall outside that scope. However, we suggest the Board not do that and instead add the specific issue as submitted by SEC. It is our view that if a party (here SEC not VECC) wishes to have a particular question answered by the Board Panel as part of its findings, then it is not only right to do so, but it is also an essential part of the OEB’s mandate to be transparent and open to public participation in its proceedings.

We hope our submissions are helpful.

Yours truly,

A handwritten signature in black ink, appearing to read "M. Garner", written in a cursive style.

Mark Garner
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