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

BY E-MAIL

January 17, 2025

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Marconi:

Re: Lakeland Power Distribution Ltd. (Lakeland Power)
2025 Cost of Service Rate Application
Ontario Energy Board (OEB) File Number: EB-2024-0039

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Lakeland Power and all intervenors have been copied on this filing.

Lakeland Power's responses to interrogatories are due by February 6, 2025. Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Yours truly,

Georgette Vlahos

Digitally signed by Georgette Vlahos
Date: 2025.01.17 16:19:10 -05'00'

Georgette Vlahos
Advisor – Electricity Distribution Rates

cc. All parties to EB-2024-0039

OEB Staff Interrogatories

2025 Electricity Distribution Rates Application
Lakeland Power Distribution Ltd. (Lakeland Power)
EB-2024-0039
January 17, 2025

*Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Exhibit 1 – Administration

1-Staff-1
Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2025 Electricity Distributor Rate Applications webpage.

1-Staff-2
Internal Scorecard
Ref: Exhibit 1, Part 1 of 2, Appendix A, PDF pp. 112-114

Preamble:
At the above reference, Lakeland Power provides its internal "2024, 2025, 2026 Balanced Scorecard" showing various Key Performance Indicators and associated timelines.

Questions:

(a) If available, please provide the 2024 results of this scorecard. If not available, please provide a summary of the expected results.
(b) Does Lakeland Power expect the Key Performance Indicators and targets to evolve over time?

1-Staff-3
Paperless Billing
Ref 1: Exhibit 1, Part 1 of 2, Section 1.1.2, p. 11
Ref 2: Exhibit 1, Part 1 of 2, Appendix A, PDF p. 114 of 238

Preamble:
One of Lakeland Power's strategic priorities for 2024 onwards is to increase the number of customers on paperless billing. Reference 2 includes Lakeland Power's internal scorecard showing a Key Performance Indicator to annually increase e-billing, thereby "reducing costs by proactively engaging customers to enroll". The 2025 target is 47%.

Questions:
(a) Please provide the cost savings associated with an increase of three percent in enrollment of customers on e-billing (i.e., target of 44% in 2024 to 47% in 2025) and explain how the savings were calculated.
(b) Has Lakeland Power incorporated any anticipated OM&A savings in the 2025 test year related to its 2025 target to have fewer customers on paper billing? If not, please explain why.

1-Staff-4
Application Specific Customer Engagement
Ref 1: Exhibit 1, Part 1 of 2, Section 1.4.3, p. 58
Ref 2: Exhibit 1, Part 1 of 2, Appendix I

Preamble:
Lakeland Power completed an application specific customer engagement survey. The purpose of the engagement was to gather and consider the feedback received on Lakeland Power's Distribution System Plan filing and proposed investment plan.

Reference 2 shows a summary of options presented to customers as statements (e.g., affordability of electricity), and asked customers to select their respective top five in terms of importance to them.

Questions:
(a) Please confirm whether specific capital projects were presented to customers to gather feedback.
(b) If the answer is (a) is yes, what was the customers' feedback on each project?

1-Staff-5
Activity and Program-Based Benchmarking - Billing O&M
Ref: Exhibit 1, Section 1.5.4, p. 76

Preamble:
Lakeland Power has an average Billing O&M cost that is higher than the industry average by 31%. Lakeland Power states that COVID and bad debt are the drivers for the cost abnormalities.

Question:

(a) Please provide detailed explanations to the impact of bad debt on Billing O&M unit cost since the bad debt USoA shouldn't be included in the calculation.

Exhibit 2 – Rate Base and Capital

2-Staff-6
2024 Bridge Year
Ref: Chapter 2 Appendices

Question:

(a) Please update the Chapter 2 Appendices, Tabs 2-AA, 2-AB, 2-BA, and other affected models to reflect updates to 2024 estimates, if any.

2-Staff-7
Asset Retirement
Ref 1: Chapter 2 Appendices, Tab 2-BA
Ref 2: Chapter 2 Appendices, Tab 2-H
Ref 3: Exhibit 2, Part 1 of 4, Section 2.3.3, p. 27

Preamble:
Lakeland Power states that it plans to dispose and sell an existing double bucket truck in the 2025 test year.

There are disposals in Appendix 2-BA for 2025 in the amount of ($314k) relating to transportation equipment. There are no gains or losses on asset disposition/retirement in Tab 2-H for the 2025 test year.

Question:

(a) Please confirm that Tab 2-H is accurate with respect to gains or losses on asset disposition/retirement for the 2025 test year. If not confirmed, please revise the evidence as necessary.

2-Staff-8
Cost of Power
Ref 1: Exhibit 2, Part 1 of 4, Section 2.5.2, p. 54
Ref 2: Regulated Price Plan Price Report, November 1, 2024 to October 31, 2025, issued October 18, 2024
Ref 3: Chapter 2 Appendices, Tabs 2-ZA – Commodity Exp. Forecast and 2-ZB – Cost of Power
Ref 4: Revenue Requirement Workform, Tab 3 – Data Input Sheet

Preamble:
On October 18, 2024, the OEB announced electricity prices under the Regulated Price Plan (RPP) effective November 1, 2024. Also, effective November 1, 2024, the Ontario government's Ontario Electricity Rebate (OER) will be 13.1%.

Questions:

(a) Please update Tabs 2-ZA and 2-ZB of the Chapter 2 Appendices to reflect the latest RPP Report.
(b) Please update the Revenue Requirement Workform to reflect the updated Cost of Power where required. Please also ensure the updated Cost of Power reflects any updates to RTSRs, regulatory charges etc. made as part of Lakeland Power's interrogatory responses.

2-Staff-9
Ref 1: Non-Wires Solutions Guidelines for Electricity Distributors/Conservation Demand Management in Distribution System Planning EB-2024-0118, Non-Wires Solutions Guidelines for Electricity Distributors, March 28, 2024
Ref 2: Exhibit 2, Rate Base and Capital, Table 32-Summary of Capital Projects

Preamble:
The OEB recently released its Non-Wires Solutions Guidelines for Electricity Distributors (NWS Guidelines) and the Benefit-Cost Analysis Framework for Addressing Electricity System Needs (BCA Framework). These aim to help distributors assess the economic feasibility of using non-wires solutions (NWS) to address defined electricity system needs. Electricity distributors must incorporate consideration of NWS into their distribution system planning process by evaluating whether a distribution rate-funded NWS may be a preferred approach to meeting a system need, thus avoiding or deferring spending on traditional infrastructure.

The NSW Guidelines state that:

> Distributors are required to document their consideration of NWSs when making investment decisions on electricity system needs with an expected capital cost of

$2 million or more as part of distribution system planning, excluding general plant investments.

Question:

(a) Lakeland Power is proposing capital spending of $1M in 2026 and $2M in 2027 for the Bracebridge MS3-New 27.6kV Substation (Bracebridge Substation). Please provide documentation/evidence of the screening and/or consideration of non-wires solutions related to the Bracebridge Substation.

2-Staff-10
Historical Capital Expenditures
Ref 1: Exhibit 2, part 2, Table 5.4-34, p. 101
Ref 2: Exhibit 2, part 2, pp. 103-108

Preamble:
During the historical period, there was a significant net underspend compared to plan in several categories and years, for example:

- Net System Renewal spending was 70% below plan in 2020 and 34% below plan in 2021.
- Net System Service spending was 73% below plan in 2020, 54% below plan in 2021, and 67% below plan in 2022.
- Net General Plant spending was 45% below plan in 2019.

This underspend is primarily attributed to reallocation of funds to meet unexpectedly high System Access requirements, as well as delays due to the Covid-19 pandemic.

Questions:

(a) What impacts has this underspend had on system performance, and what actions are planned to address these?
(b) For any deferred projects that are yet to be completed, how has this backlog been accounted for in the planned expenditures during the forecast period?
(c) What actions are planned to improve overall budget forecasting to ensure that necessary investments are not unduly deferred or abandoned?

2-Staff-11
Capital Meters
Ref: Exhibit 2, part 3, Material Investment Narrative, Meters, pp. 64-65 of PDF

Preamble:
Lakeland Power has forecasted a capital meter budget of $380k in 2024, $50k in 2025 and $150k from 2026 to 2029. Lakeland Power notes that it proactively ordered a larger

than typical number of meters that arrived in Spring 2024. Lakeland Power also notes that it plans to replace 265 meters in 2024 when on average it has replaced 242 meters on average from 2020 to 2023.

Questions:

(a) Please note how much of the $380k budget is for the capital expenditure of meters and how much is for the replacement of meters. If this is the case, what are the in-service additions of meters in 2024?
(b) How many meters has Lakeland Power replaced or is forecasted to replace from 2019-2029?

2-Staff-12
Trouble Call Capital
Ref: Exhibit 2, part 3, Material Investment Narrative, Trouble Call Capital, p. 21 of PDF

Preamble:
Lakeland Power has forecasted a trouble call budget of $250k in 2024 to 2029. On average, the budget for trouble call capital has been $167k from 2019 to 2023.

Questions:

(a) Please detail how Lakeland Power estimated the trouble call budget for 2024 and the forecast period (2025-2029) and why it is higher than historical years.

2-Staff-13
Cybersecurity
Ref: Exhibit 2, part 3, Material Investment Narrative, Cybersecurity, p.3 of PDF

Preamble:
Lakeland Power has forecasted a cybersecurity budget of $200k in 2024.

Question:

(a) Please explain the increased cybersecurity budget in 2024 and what constitutes the budget.

2-Staff-14
Underground Renewal
Ref 1: Exhibit 2, part 3, Material Investment Narrative, Underground Renewal, pp. 26-27 of PDF
Ref 2: Exhibit 2, part 2, Table 5.4-51: Project Prioritization Matrix, p. 132
Preamble:

According to reference 1, Lakeland Power has forecasted an underground renewal budget of $290k in 2025 to replace aging underground infrastructure. The existing 12.47kV radial feed at the Westvale Dr. subdivision will be replaced with a 27.6kV loop feed system.

According to reference 2, the project has a low priority rating compared to all other projects, including other voltage conversion and other general asset replacement projects.

Questions:

(a) Please explain why the underground renewal project has a low priority rating compared to other voltage conversion and asset replacement projects.
(b) Please explain the fallbacks of deferring the underground renewal project one or two years due to its low priority rating.

2-Staff-15
Transportation Equipment/Fleet
Ref 1: Exhibit 2, part 3, Material Investment Narrative, Transportation Equipment/Fleet, pp. 9-11 of PDF
Ref 2: Exhibit 2, part 1, p. 38
Ref 3: Exhibit 2, part 1, p. 40

Preamble:
Lakeland Power has a transportation equipment/fleet budget of $470k in 2024 and $730k in 2025 according to reference 1. Lakeland Power notes that in 2024 it has replaced a single bucket truck (reference 2) and in 2025 it has purchased a new double bucket truck to replace an aging truck from Parry Sound (reference 3). The double bucket truck was pre-ordered with a portion of the truck's cost being already paid (reference 1).

Questions:

(a) Please provide a breakdown of the 2025 Transportation Equipment/Fleet budget by vehicle. Has Lakeland Power explored any opportunities to defer some of the 2025 expenditures in this category to the year 2026?
(b) Please confirm if the pre-paid portion of the double bucket truck is included in the 2025 opening rate base and if so, why is that the case?
(c) Please confirm if the single bucket truck was received in 2024.
(d) Please provide the factor point score of the single bucket truck and the double bucket truck broken down by each factor at the time of replacement using the investment priority criteria in reference 1 (i.e., age, kilometers/hours, type of service, reliability, maintenance and repair costs, and condition).

(e) Lakeland Power notes it has scheduled the replacement of a small bucket truck at 5 years of age. What is the reason for replacing the truck at this stage, given Lakeland Power's general guidelines in the Material Investment Narrative consider a minimum age threshold of 10 years for vehicle replacement?

2-Staff-16
Capacity Upgrades
Ref: Exhibit 2, part 3, Material Investment Narrative, Capacity Upgrades, pp. 41-42 of PDF

Preamble:
Lakeland Power has a capacity upgrade budget of $440k in 2025, $190k in 2026, and $145k in 2027. In 2025, Lakeland Power has budgeted for the installation of new conductors to address the growing energy demands in the Isabella St., Parry Sound area. Lakeland Power notes that it has conducted feeder-modelling and consultations with developers and Electric Vehicle Supply Equipment (EVSE) installers in preparing the estimate.

Questions:

(a) Is Lakeland Power anticipating capital contributions from developers for the capacity upgrade projects? If not, why not?
(b) When performing feeder-modelling, does Lakeland Power take into account residential electric vehicle charging, or only charging at the EVSE locations identified? Has Lakeland Power considered other electrification measures in its feeder-modelling such as the adoption of heat pumps? If not, why not?
(c) Please provide a cost breakdown of the Isabella St., Parry Sound project in 2025.
(d) When are the new loads expected?

2-Staff-17
Distribution Automation/SCADA
Ref: Exhibit 2, part 3, Material Investment Narrative, Distribution Automation/SCADA, p. 48 of PDF

Preamble:
Lakeland Power has an Automation/SCADA budget of $140k in 2024 and $266k in 2025. Lakeland Power notes that the 2025 budget is for three advanced smart-switch installations.

Questions:

(a) Please describe what the $140k budget is for in 2024 in this category.
(b) Please describe the risks of deferring one or all of the switch installations in 2025 to a future year.

2-Staff-18
Voltage Conversion Projects
Ref: Exhibit 2, part 3, Material Investment Narrative, Voltage Conversions, p. 35 of PDF

Preamble:
According to reference 1, Lakeland Power has forecasted voltage conversion projects of $610k in 2024 and $445k in 2025. The projects involve the replacement and upgrading of existing pole lines that have reached end of life or require replacement.

Questions:

(a) Please provide a table listing how many poles have been replaced (or are planned for replacement) as part of this program from 2019-2029 along with the cost of replacement.
(b) Please provide a similar table outlining the total number of poles replaced in all programs with associated costs from 2019-2029.
(c) Please describe what techniques are used to estimate costs for projects within the Voltage Conversions program and how voltage conversion projects are prioritized amongst each other, especially for the projects within the 2025 test year.
(d) What impacts are these projects anticipated to have on system performance and losses? How does this compare to the alternative of maintaining existing infrastructure?

2-Staff-19
New 27.6kV Substation
Ref: Exhibit 2, part 3, Material Investment Narrative, New 27.6kV Substation, pp. 74-76 of PDF

Preamble:
Lakeland Power has budgeted $1M in 2026 and $2M in 2027 to construct a new 27.6kV substation in Bracebridge to replace Bracebridge MS3. Bracebridge MS3 is the last remaining 4.16kV substation in Bracebridge.

Lakeland Power notes that beyond voltage conversion, the project aligns with its asset management process as typically the oldest and most at-risk infrastructure is on the 4.16kV system.

Questions:

(a) Please provide the cost breakdown for the 27.6kV substation project.

2-Staff-20
Asset Condition Assessment
Ref: Exhibit 2, part 2, pp. 68-69

Preamble:
Lakeland Power notes that it employed Barkley Technology Inc. to carry out an asset condition assessment (ACA). Lakeland Power notes that the ACA plays a critical role in informing Lakeland Power's maintenance and capital investment decisions.

Questions:

(a) Please provide a breakdown of all Lakeland Power-owned substation equipment by age, asset condition, and overall condition based on Lakeland Power's Asset Condition Assessment results.
(b) Please describe the general methodology employed by Barkley Technology to assess and determine the Overall Risk Rating and Asset Risk Rating for each asset assessed as part of the ACA. What factors contribute to the ratings assigned to an asset?
(c) Please provide an example of how Lakeland Power weighs age versus condition when calculating the asset risk of a wood pole. How is the asset condition determined and weighed?
(d) Please provide an example of how Lakeland Power weighs all factors when calculating the overall risk of a wood pole. How would an asset in 'very good' asset condition result in an overall risk condition of 'good' or 'fair'?
(e) Please describe if and how Lakeland Power extrapolated data to form the risk rating or overall rating for wood poles to account for missing data.
(f) Please note what role Barkley Technologies had in carrying out the ACA given that Lakeland Power does not have a third-party ACA report.
(g) Did Barkley Technologies provide any recommendations based on the ACA results, such as a recommended flagged for action plan or ways to improve the asset data registry?

2-Staff-21
Asset Condition Summary
Ref 1: Exhibit 2, part 2, pp. 76 & 88
Ref 2: Exhibit 2, part 2, Figure 5.3-20, p. 79
Ref 3: Exhibit 2, part 2, Figure 5.3-21, p. 80
Ref 3: Exhibit 2, part 3, Material Investment Narrative, System Renewal: General Asset Replacement, p. 14 of PDF

Preamble:
The 2024 ACA resulted in many of Lakeland Power's assets being assigned health ratings of Poor or Very Poor. For example, according to Figure 5.3-21, at least 60% of

all underground secondary conductors, overhead secondary conductors, overhead primary conductors, switches, and wood poles are rated Poor or Very Poor. However, as many of these assets result in minimal customer impact upon failure, Lakeland Power's system has been deemed to exhibit relatively low overall risk.

Questions:

(a) Lakeland Power states that availability of condition data is limited for underground primary conductors, underground secondary conductors, and overhead secondary conductors. What is the process undertaken for assessing the condition of these assets and determining replacement needs? What plans are in place to improve the availability of condition data?

2-Staff-22
Reliability
Ref 1: Exhibit 2, part 2, p. 55
Ref 2: Exhibit 2, part 2, p. 58
Ref 3: Exhibit 2, part 2, p. 59
Ref 4: Exhibit 2, part 2, p. 26

Preamble:
In reference 1, Lakeland Power notes that 24% of outage numbers derive from defective equipment, and in reference 2 and reference 3, Lakeland Power notes that 2% of customer interruptions and 2% of customer hours of interruption are derived from defective equipment.

In reference 2 and reference 3, Lakeland Power notes that loss of supply makes up 73% of all customers interrupted and 69% of customer hours of interruption from 2019-2023.

In reference 4, Lakeland Power notes that the new 27.6kV substation scheduled to be in service in 2027 will greatly decrease the duration of loss of supply outages and reduce the risk of widespread outages.

Questions:

(a) Please provide a breakdown of outages by defective equipment type and how the capital plan addresses outages for equipment that has experienced high outages.
(b) Has Lakeland Power conducted a detailed assessment of the types of adverse weather and foreign interference incidents that occurred over the historical period? If so, what specific capital measures seek to improve outage causes due to these interferences and adverse weather events?

(c) What does Lakeland Power attribute to its lowered SAIDI and SAIFI (without loss of supply and major event days) in 2023 and has Lakeland Power seen a similar trend in 2024?
(d) Please explain in further detail how the 27.6kV station will reduce loss of supply outages specifically as well as reduce the risk of widespread outages.
(e) Besides the new substation, what has Lakeland Power done to improve reliability concerning loss of supply outages in collaboration with Hydro One? Please provide plans that Hydro One has to improve reliability, if any, and the timeline for its expected in-service dates.

2-Staff-23
Performance Metrics Overview
Ref 1: Exhibit 2, part 2, p. 29
Ref 2: Exhibit 2, part 2, p. 50

Preamble:
Lakeland Power states that improvements have been made to its Outage Management System (OMS) during the historical period to improve communication with customers during outages and enhance its ability to respond to disruptions. Nevertheless, Customer Satisfaction Survey results show a declining trend in customer satisfaction with respect to system reliability.

Question(s):
(a) What specific system improvements has Lakeland Power made or planned to make to improve response times to outages and overall outage management?
(b) What measures have been implemented or are included in the system plan to enhance customer satisfaction with system reliability?

2-Staff-24
Outage Times
Ref 1: Trestle Brewing Company_IntervenorRQST_20241209
Ref 2: Dave B_LOC_Lakeland Power_rate increase_20241216

Preamble:
In reference 1, Trestle Brewing Company notes having an issue with service. Reference 1 states that there is one Lakeland Power employee present in the Parry Sound catchment area with equipment assets being dispatched from Bracebridge which extends outage times. In reference 2, a letter of comment was received noting a similar concern.

Questions:

(a) Please explain what measures have been taken or contemplated by Lakeland Power in the historical period to address the customer concerns.
(b) How will the 2025-2029 capital or OM&A plan address these customer comments? If these comments are not being directly addressed over the forecast period, please explain why.
(c) Does Lakeland Power have separate reliability figures per area or town? If so, please provide SAIDI and SAIFI figures from 2019-2024 with and without loss of supply and major event days per area.
(d) Are there particular areas within Lakeland Power's service territory that are experiencing more significant reliability issues compared to others? If so, how has this factored into the regional distribution of Lakeland Power's planned investments over the forecast period?

2-Staff-25
System Demand and Efficiency
Ref 1: Exhibit 2, part 2, Table 5.3-26, p. 73
Ref 2: Exhibit 2, part 2, Table 5.3-27, p. 73

Preamble:
Per Tables 5.3-26 and 5.3-27, losses have generally trended upwards over the historical period. Approximately one third of these losses are attributed to Hydro One transmission losses. Losses were highest in 2023, at 6.93% when including Hydro One transmission losses or 4.53% when excluding Hydro One transmission losses.

Questions:
(a) What is the expected impact that planned investments, such as voltage conversion, will have in reducing losses?

2-Staff-26
Other Fixed Assets
Ref 1: Exhibit 1 (1 of 2), p. 175 of 230
Ref 2: Chapter 2 Appendices, Tab 2-BA_Fixed Asset Cont

Preamble:
OEB staff has compiled the following table outlining the other fixed assets reflected in reference 1 versus reference 2.

	Other Fixed Assets as per Notes to Financial Statements 2023	Other Fixed Assets as per Appendix 2-BA 2023	Difference
Starting balance 2023	$5,518,518	$5,356,053	$162,465
Additions	$650,166	$650,166	$0
Disposals	($239,907)	($239,907)	$0
Ending Balance 2023	$5,928,777	$5,766,312	$162,465

Questions:

(a) Please explain the difference between other fixed assets amount between reference 1 and reference 2 in the chart above.
(b) Please update the evidence as needed.

2-Staff-27
Depreciation – Land Rights
Ref 1: Exhibit 2 (1 of 4), p. 47
Ref 2: LPDL_2025_Filing_Requirements_Chapter2_Appendices_1.0_ 20241216
Ref 3: Exhibit 1, p. 38

Preamble:
In reference 1, Lakeland Power states "The depreciation expenses in OEB Appendix 2-C for each year reconciles with the accumulated depreciation balances in the fixed asset continuity schedule from 2019 through the 2025 Test Year found in Appendix 2-BA. The discrepancy for account 1612 Land Rights is related to the approved former PSP accounting treatment that LPDL had adopted. LPDL will deem this account as indefinite with no depreciation starting in 2027."

OEB staff compiled the following table using values from the Chapter 2 Appendices.

	Depreciation as per		
Year	**Appendix 2-C Depreciation Expense**	**Appendix 2-BA Fixed Asset Continuity**	**Difference**
2019	$1,453,821	$1,396,295	($57,526)
2020	$1,531,972	$1,467,255	($64,717)
2021	$1,614,229	$1,540,266	($73,962)
2022	$1,718,620	$1,632,331	($86,289)
2023	$1,839,255	$1,735,707	($103,547)
2024	$1,967,837	$1,838,418	($129,419)
2025	$2,102,952	$1,930,373	($172,579)

In reference 3, Lakeland Power states that it has applied a materiality of $50,000 throughout this application.

Questions:

(a) OEB staff noticed differences between Appendix 2-C and Appendix 2-BA are above the materiality threshold. Please explain further the approved former PSP accounting treatment that Lakeland Power had adopted.

Exhibit 3 – Customer and Load Forecast

3-Staff-28
Customer Forecast
Ref: Exhibit 3, p. 14

Preamble:
Lakeland Power has used a geometric mean analysis from 2014 to 2023 applied to 2024 customer numbers to determine the 2024 and 2025 customer forecast.

Questions:

(a) Please provide the customer numbers for the most recent historical months for 2024.
(b) Please update the customer forecast using 2024 actuals for the months available.

3-Staff-29
Load Forecast
Ref: Exhibit 3, Attachment 3-A, pp. 39-41

Preamble:
Lakeland Power has developed a consumption forecast based on 2014 to 2023 actual data.

Question:

(a) Please provide the consumption numbers for the most recent historical months for 2024.
(b) Please provide an updated load forecast based on 2024 data for the months available.

3-Staff-30
COVID-19
Ref: Exhibit 3, p. 22

Preamble:
Lakeland Power notes a 7.8% decrease in consumption in 2020 due to businesses closing down during COVID-19 for the GS<50 kW rate class.

Question:

(a) Did Lakeland Power test for COVID-19 as an explanatory variable in its regression analysis? If so, please provide the results. If not, please explain why.

3-Staff-31
Electric Vehicles and Heat Pumps
Ref 1: Exhibit 3
Ref 2: Exhibit 2, part 3, p. 41

Preamble:
The load forecast make no reference to electrification through electric vehicles, heat pumps, or other emerging technologies.

In reference 2, Lakeland Power states,

> *"Through feeder-modelling and consultation with developers and Electric Vehicle Supply Equipment (EVSE) installers, LPDL has identified critical areas in the north end of Parry Sound that require new conductors to meet the increasing demand. This includes a new subdivision, a high school, a recreation centre, two level-three EVSE charger locations, and several vehicle dealerships installing EVSEs. LPDL plans to commence this essential work in 2025."*

Questions:

(a) Has Lakeland Power considered how EVs and Heat Pumps will affect load growth over the forecast period?
(b) How has Lakeland Power accounted for the additional load in reference 2?

Exhibit 4 – Operations, Maintenance & Administration

4-Staff-32
General
Ref: Chapter 2 Appendices, Tabs 2-JA, 2-JB and 2-JD

Question:

(a) Please update the Chapter 2 Appendices, Tabs 2-JA, 2-JB and 2-JD, to reflect 2024 actuals.

4-Staff-33
OM&A Expenses
Ref 1: Exhibit 1, Section 1.1.3.1, p. 14
Ref 2: Exhibit 4

In reference 1, Lakeland Power states that one of the contributing factors for its proposed 2025 service revenue requirement compared to its 2019 OEB-approved service revenue requirement is the increase in its OM&A costs "due to increased staffing for succession planning, cloud computing costs, and improved maintenance practices".

With respect to the driver "increased staffing for succession planning", OEB staff observes that Lakeland Power's forecast 2025 FTE count of 23 represents an increase of only 1 FTE relative to the OEB-approved number in 2019.

With respect to the driver "cloud computing costs", OEB staff is unable to locate discussions in the evidence on specific drivers and associated costs in Exhibit 4.

Questions:

(a) Please further elaborate on the statement that "increased staffing for succession planning" is one of the OM&A drivers for the increase in Lakeland Power's revenue requirement.

(b) Please provide a breakdown of increased OM&A costs associated with cloud computing for 2019-2024 and those included in the 2025 test year.

i. Please indicate which cost drivers in (b) is a result of shifting from on premise solutions to cloud-based solutions.

ii. Please describe any cost savings as a result of moving to cloud-based solutions which Lakeland Power would otherwise being incurring with on-premise solutions.

iii. Please complete the following table on spending between on premise and cloud-based solutions.

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
On Premise												
	Capex	$										
	OM&A	$										
Cloud												
	Capex	$										
	OM&A	$										

4-Staff-34
OM&A Expenses
Ref 1: Responses to OEB staff Error Checking Questions, Item 1, December 16, 2024
Ref 2: RRWF, Tab 3

Preamble:
In reference 1, Lakeland Power notes that truck depreciation of $303,799 is allocated to and included in the proposed total 2025 OM&A expenses of $6,580,856.

Questions:

(a) Please explain why this specific truck-related depreciation is allocated to OM&A expenses as opposed to the “Depreciation/Amortization” line in reference 2.
(b) Please confirm if Lakeland Power included any other depreciation amounts in its OM&A expenses for each of the following: 2019-OEB approved, 2019 actuals, 2020-2024.
    i. If the answer to (b) is yes, please confirm the respective amounts, what the depreciation was related to, and explain why it was included in OM&A as opposed to depreciation/amortization.

4-Staff-35
OM&A Expenses
Ref 1: Exhibit 4, Section 4.1.4, p. 12
Ref 2: Chapter 2 Appendices, Tab 2-JD

Preamble:
Lakeland Power states that the 2025 test year expenditures were budgeted based on the actual expected costs, and not specifically based on an overall inflation rate.

Based on Tab 2-JD of the Chapter 2 Appendices, OEB staff calculates that, apart from Accounts 5155 and 5655, the 2025 test year costs reflect an increase of 5% for all accounts from the 2024 bridge year forecasted costs.

Question:

(a) Please explain how the 5% increase was derived, and why it was applied uniformly to all accounts (apart from Accounts 5155 and 5655).

4-Staff-36
Cost Drivers – U/G Locates
Ref 1: Chapter 2, Appendices, Tab 2-JB – OM&A Cost Drivers
Ref 2: Exhibit 4, Section 4.2, p. 22

Preamble:
OEB staff notes that the overall increase for underground locates from the 2019 actuals to OEB-approved to 2025 proposed is $149k, with increases beginning in 2021.

Lakeland Power states that labour shortages negatively impacted its compliance metrics. To address these challenges, Lakeland Power’s locate provider “implemented

a mass hiring campaign and significantly increased wages to attract and retain employees, subsequently raising the costs for utilities."

Lakeland Power conducted an analysis of the benefits, risks, and costs associated with bringing underground locate services in-house. It was concluded that continuing to contract out these services was the most financially viable option.

Questions:

(a) Please confirm which USoA account(s) Lakeland Power records locate expenses.
(b) Please provide total annual locate expenses incurred during the historic period (i.e., for each of 2019-2024)
    i. What amount is forecasted for locate expenses in 2025 and how was the amount determined?
(c) Please provide the analysis used to conclude that continuing to contract out locate services was the most financially viable option.

4-Staff-37
OM&A Programs: Distribution Expenses – Maintenance and Cost Drivers – OH/UG Maintenance and Storm Trouble Calls
Ref 1: Chapter 2 Appendices, Tabs 2-JA, 2-JB and 2-JD
Ref 2: Exhibit 1, Section 1.1.3.1, p. 14
Ref 3: Exhibit 4, Section 4.3, pp. 27-34

Preamble:
The total 2019 OEB-approved amount for OM&A Expenses – Maintenance was $1.47M. Lakeland Power is proposing a 2025 test year amount of $2.31M, an increase of about $837k or 57%.

In reference 2, Lakeland Power states that one of the contributing factors for its proposed 2025 service revenue requirement compared to its 2019 OEB-approved service revenue requirement is the increase in its OM&A costs due to improved maintenance practices.

In reference 3, Lakeland Power provides a year-over-year variance analysis for its Maintenance costs, among other matters. OEB staff observes that except for certain references to overhead scanning and infrared scanning for preventative maintenance, the changes in expenses seem to be associated with storm damage/storm burden and locate expenses.

Questions:

(a) Please summarize the improvements made to Lakeland Power's maintenance practices compared to the historical period which contribute to and support the proposed increase in Maintenance costs in the 2025 test year.
(b) Please explain the main cost drivers and associated amount ($) for each driver that contributes to the increases in the following accounts in the 2025 test year amounts compared to the 2019 OEB-approved amounts.
    i. Account 5105 - Maintenance Supervision and Engineering. As part of this response, please also specifically explain the increase in costs beginning in 2022.
    ii. Account 5120 - Maintenance of Poles, Towers and Fixtures. As part of this response, please also explain why the 2019 OEB-approved amount is shown as $0.
    iii. Account 5125 - Maintenance of Overhead Conductors and Devices. As part of this response, please also explain why the 2019 OEB-approved amount is shown as $0.
    iv. Account 5130 - Maintenance of Overhead Services. As part of this response, please also explain the causes for the fluctuations in this account.
    v. Account 5155 - Maintenance of Underground Services
(c) Please explain how:
    i. Increases in voltage conversion projects over the historical period influenced the 2025 test year maintenance amounts.
    ii. The asset risk and overall risk of overhead and underground assets influenced the 2025 test year maintenance amounts.
(d) Please provide actual OM&A costs relating to Storm Trouble Calls for each year between 2019 and 2024, and the amount forecasted for 2025. As part of the response, please explain how the 2025 test year amount was forecasted.

4-Staff-38
Cost Drivers – OH/UG Maintenance and Storm Trouble Calls
Ref: Exhibit 4, Section 4.2, p. 19

Preamble:
Lakeland Power "initiated a porcelain switch replacement program in 2020. Over the past few years, approximately 700 porcelain switches have been proactively replaced with more resilient polymer switches."

Questions:
(a) For each year between 2020 and 2024, please provide the number of porcelain switches replaced and the total OM&A related costs/year.

(b) How many porcelain switches does Lakeland Power intend to replace in the 2025 test year? Please also provide the total OM&A related costs included in the 2025 test year related to this initiative.

4-Staff-39
OM&A Programs: Billing and Collecting, CIS
Ref 1: Chapter 2 Appendices, Tabs 2-JA and 2-JD
Ref 2: Exhibit 4, Section 4.3, pp. 33-34

Preamble:
When comparing the 2024 bridge year to the 2025 test year, total Billing and Collecting costs are increasing by about $56k. In reference 2, Lakeland Power states that "In addition to regular wage increases, LPDL is planning to implement a new version of its CIS, Northstar, along with continued work with PowerAssist to send customers notifications."

Questions:

(a) Please provide the OM&A costs ($) included in 2025 test year specifically associated with the new version of Lakeland Power's CIS.
    i. What is the basis for this cost estimate?
    ii. What are the ongoing costs related to this product?
(b) Please explain why there does not seem to be costs associated with the CIS included in Lakeland Power's proposed capital expenditures for 2025 or previous years.
(c) What are the reasons behind the decision for a new version of the CIS?
    i. What are the expected benefits and/or cost savings, both to Lakeland Power and its customers, of this new version of the CIS.
        a. Please confirm if any associated savings have been factored into the 2025 test year forecast.

4-Staff-40
OM&A Programs: Administrative and General
Ref 1: Chapter 2 Appendices, Tabs 2-JA and 2-JD
Ref 2: Exhibit 4, Section 4.3, p. 33
Ref 3: Exhibit 4, Section 4.2, pp. 19-21

Preamble:
When comparing the 2025 test year to the 2024 bridge year, Administrative and General costs are increasing by about $155k in 2025.

In reference 2, Lakeland Power states that this increase is largely due to the new ERP, HR and Asset Management software **being implemented** to replace end of life products. **(OEB staff emphasis added)**

In reference 3, Lakeland Power states that it "has **fully implemented** its Asset Condition Assessment software to assist with planned capital upgrades and "has **recently launched** a new HR software system provided by Bamboo HR to replace Compliance Science." **(OEB staff emphasis added)** Lakeland Power plans to implement a new ERP in 2025.

Questions:

(a) With respect to the Asset Management and HR software, respectively, please reconcile the evidence in reference 2 which states that part of the increase in 2025 compared to 2024 is a result of these systems "being implemented" with the evidence in reference 3 that states that the Asset Condition Assessment software has been "fully implemented" and the new HR software has been "fully launched".
   i. Please confirm the year that the Asset Condition Assessment software was implemented/will be implemented.
   ii. Please confirm the year that the HR software was implemented/will be implemented.
   iii. If one or both programs have already been implemented (i.e., prior to the 2025 test year), please explain how/what aspects of the Asset Management software and the HR software drive the $155k increase between 2024 and 2025.

(b) Please confirm the OM&A costs ($) specifically associated with each product listed above (i.e., Asset Condition Assessment software, HR software, new ERP) and the line item(s) these costs have been incorporated into the evidence in each of Tabs 2-JA, 2-JB, 2-JD.
   i. Please confirm the basis of the respective project cost estimates.
   ii. What are the ongoing costs related to each new software included in OM&A (e.g., licensing, as applicable)?

(b) Please explain why costs associated with these three software programs do not seem to be included in Lakeland Power's proposed capital expenditures for 2025 or previous years.

(c) What are the expected benefits and/or cost savings, both to Lakeland Power and its customers, of each new software.
   i. Please confirm if any associated savings have been factored into the 2025 test year forecast.

4-Staff-41
OM&A Programs: Administrative and General
Ref: Chapter 2 Appendices, Tab 2-JD

Preamble:
Account 5665 – Miscellaneous Expenses has increased from approximately $1.1M (2019 OEB-approved) to a proposed amount of about $1.3M (2025 test year). The 2025 test year amount proposed is an increase of about $62.5k over the 2024 bridge year. Further, OEB staff notes that this line item makes up about 51% of total Administrative and General Expenses.

Questions:
(a) What items are captured in Miscellaneous Expenses in Account 5665.
(b) What are the main cost drivers for increases in this account when compared to the 2019 OEB-approved amount, and when compared to the 2024 bridge year.
(c) Please provide an explanation for material year over year variances in this account.

4-Staff-42
OM&A Programs: Administrative and General
Ref: Exhibit 4, Section 4.3, p. 32

Preamble:
In explaining the variance between 2023 actual and 2024 bridge year costs, Lakeland Power states that “Administrative and General is increasing by $106,825 due to increases in office expenses, software costs, estimated regulatory expenses and shared services.”

Questions:
(a) Please explain the nature of the increase in office expenses in 2024. Are these expenses one-time costs or expected to continue.
(b) Please explain the nature of the increase in software costs in 2024. Are these expenses one-time costs or expected to continue.

4-Staff-43
Regulatory Charges
Ref: Chapter 2 Appendices, Tab 2-M – Regulatory Costs

Preamble:
OEB staff has reproduced Tab 2-M of the Chapter 2 Appendices below.

	Regulatory Costs (One-Time)	Last Rebasing (2019 OEB Approved)	Last Rebasing (2019 Actual)	Sum Of Historical Years (2020-2023)	2024 Bridge Year	2025 Test Year
		(A)	(B)	(C)	(D)	(E)
1	Expert Witness costs	0				
2	Legal costs	34,450	38,980	4,486	45,000	45,000
3	Consultants' costs	87,050			55,000	55,000
4	Intervenor costs	50,000	24,033		30,000	30,000
5	OEB Section 30 Costs (application-related)	0	27,067		15,000	15,000
6	Include other items in green cells, as applicable[1]					
7	Incremental operating expenses associated with ot	16,500	4,043			
8	Difference in OEB Assessment from Board Approved		-3,453			
	Sub-total - One-time Costs	$ 188,000	$ 90,670	$ 4,486	$ 145,000	$ 145,000

Application-Related One-Time Costs	Total (F =C+D+E)
Total One-Time Costs Related to Application to be Amortized over IRM Period	$ 294,486
1/5 of Total One-Time Costs	$ 58,897

Questions:

(a) Please provide 2024 actual regulatory one-time application-related costs for each line item populated in Appendix 2-M.
   i. If necessary, please shift forecasted 2024 expenses to the 2025 test year, as applicable.

(b) With respect to legal costs:
   i. Please explain the proposed increase from 2019 actuals ($39k) to the amount forecasted for Lakeland Power's current application ($90k).
   ii. Please provide the assumptions used to forecast $90k in legal costs for the current application.

(c) With respect to consultant costs:
   i. Please confirm if 2019 actuals were $0 when the OEB-approved amount was about $87k
   ii. Please break down the total of $110k in consulting costs into its components for the current application and if all consulting costs have already been accrued for this application.

(d) With respect to intervenor costs:
   i. Please provide the assumptions used to forecast $60k in intervenor costs for the current application.

4-Staff-44
FTEs - Recruiting
Ref: Exhibit 4, Section 4.4.5, p. 50

Question:

(a) Lakeland Power planned to add one junior linesman in 2024. Please provide an update on the status of the hiring for the junior linesman position.
   i. Why was an additional linesman required?

(b) Lakeland Power plans to add an Engineering Technologist in January 2025. Please provide an update on the status of the hiring for this individual.
    i. What is the role and responsibilities of the Engineering Technologist and why was the position required?

4-Staff-45
FTEs
Ref 1: Exhibit 4, Section 4.1.5, pp. 13-14
Ref 2: Chapter 2 Appendices, Tab 2-K

Preamble:
At reference 1, Lakeland Power states that it has faced turnover in its engineering and operations roles. Further, **while some positions remain unfilled** due to challenges in finding qualified candidates, others have been filled but are currently undergoing training to address the learning curve typical in the industry. **(OEB staff emphasis added)**

Questions:
(a) Please confirm if Tab 2-K of the Chapter 2 Appendices reflects Lakeland Power's actual FTE count per year for 2019-2024.
    i. If not confirmed, please provide Lakeland Power's current actual FTEs and provide a list of the current vacancies and how long those positions have been unfilled for.
(b) Please update Tab 2-K for 2024 actuals, if required.

4-Staff-46
Compensation
Ref: Exhibit 4, Section 4.4.5, p. 43

Lakeland Power states that management increases are based on recognition for individual performance against pre-determined KPI's that are formally reviewed annually. Further, "the incentive plan is based on mutually agreed upon goals and objectives that recognize performance that exceeds normal job requirements."

Questions:
(a) Please provide the KPIs used to assess recognition for individual management performance.
(b) What is the percentage incentive compared to total compensation for each of 2019-2024.
(c) Is the reasonability of the incentive plan and resulting incentives paid benchmarked. If so, how? If not, why not?

4-Staff-47
Compensation
Ref 1: Chapter 2 Appendices, Tab 2-K
Ref 2: Exhibit 4, Section 4.4.5, p. 49
Ref 3: Exhibit 4, Section 4.4.4, p. 42

Preamble:
Based on reference 1, OEB staff calculates an increase of 10.06% on a unitized basis (i.e., per FTE) for non-management (union and non-union) when comparing 2024 to 2023 with respect to total salary and wages including overtime and incentive pay.

In reference 2, Lakeland Power states that a driver for the 2024 increase is the new Collective Labour Agreement effective January 1, 2024, with 5% wage increase. In reference 3, Lakeland Power states that "In preparation for the 2024 negotiations, LPDL reviewed the Collective Labour Agreements of other LDC's in its geographic service area. This allowed LPDL to ensure that the amount being requested was reasonable and just for the industry, and did not exceed the going rate of other Agreements, but allowed LPDL to remain competitive, assist with employee retention and strive to ensure succession planning was not jeopardized."

Question:

(a) Please provide the results of Lakeland Power's review of Collective Labour Agreements of other LDC's in its geographic service area and where Lakeland Power's negotiated 2024 increase falls in comparison.
    i. Please confirm if Lakeland Power's review of other Collective Labour Agreements also included similarly sized LDCs in addition to those in its geographic service area.
(b) Please explain the drivers for the difference between the 5% negotiated increase and the unitized 10% increase when comparing 2024 to 2023 as calculated by OEB staff.

4-Staff-48
Compensation
Ref: Exhibit 4, Section 4.4.5, p. 43

Preamble:
Lakeland Power uses the Mearie Management Salary Survey for the annual review and benchmarking of non-union positions. Lakeland Power states that it generally pays at or below the average base salary when compared to equivalent positions at similar sized LDC's in the industry.

Question:

(a) Please provide copies, or a summary document, of the compensation review for base salaries of non-union staff.

4-Staff-49
Benefits Costs
Ref: Exhibit 4, Section 4.4.5, p. 50

Preamble:
Lakeland Power notes that in the 2025 test year, there is an estimated 20% increase to Health, Dental, LTD and Life Insurance premiums due to the expiration of 3-year rate guarantee and increase in claims.

Question:

(a) Did Lakeland Power contemplate or search for a new benefits provider? If yes, what were the outcomes of such?

4-Staff-50
Cost Drivers – Wages/Merit Increases & FTE Changes
Ref: Chapter 2 Appendices, Tab 2-JB

Preamble:
In reference 1, two of the OM&A cost drivers listed include 1) “Wages/Merit increase & FTE changes” and 2) “Vacant positions - Offset Corp Allocation”.

Question:

(a) Please confirm if the first driver specifically relates to wages/merit increases and FTE changes within Lakeland Power, while the second driver relates to FTE employee costs allocated to Lakeland Power by Lakeland Holding.

4-Staff-51
Vacant Positions – Offset Corp. Cost Allocation
Ref 1: Chapter 2 Appendices, Tab 2-JB
Ref 2: Exhibit 4, Section 4.2, p. 18
Ref 3: Chapter 2 Appendices, Tab 2-K

Preamble:
In reference 1, Lakeland Power shows that one of the cost drivers leading to increased OM&A expenses is “Vacant positions - Offset Corp Allocation”. The total increase attributable to the OM&A cost driver “Vacant Positions – Offset Corp. Cost Allocation” from 2019 actuals is about $224k. In reference 2, Lakeland Power states that during the 2019 to 2025 period, it lost key employees to Hydro One and retirements, leaving FTE vacancies. One strategy to fill resource gaps was to offset staff losses with additional support from affiliates where possible and appropriate.

Questions:

(a) Please provide a breakdown of the $224k increase between 2019 and 2025 for the cost driver “Vacant Positions – Offset Corp. Cost Allocation” into its major components.
   i. Please provide a list of the vacant positions at Lakeland Power that were being offset by additional support from affiliates. As part of the response, please provide the job titles of the individuals from the affiliates that were used to help offset the associated staff losses/vacancies at Lakeland Power.
   ii. What specific roles and needs were the additional resources from affiliates filling within Lakeland Power?

(b) Based on Tab 2-K, in 2022 Lakeland Power added two FTEs when compared to 2021. Please explain why the “Vacant Positions – Offset Corp. Cost Allocation” cost driver increased in the context of Lakeland Power’s statement in reference 1 that “One strategy to fill resource gaps was to offset staff losses with additional support from affiliates”.

(c) Are there benefits to Lakeland Power’s customers for Lakeland Power relying on corporate cost allocations vs. adding additional FTEs instead? If so, please explain.

4-Staff-52
Corporate Cost Allocation
Ref 1: Exhibit 4, Section 4.5
Ref 2: Chapter 2 Appendices, Tab 2-N

OEB staff has summarized the % of costs for the various items allocated to Lakeland Power from Lakeland Holding between 2019 and 2025 (see table below). OEB staff observes that except for decreases in the % allocations in 2020 from 2019 in line items “Telephone/Internet/IT support/Office expenses” and “Training services”, the % allocations are relatively consistent across all years.

	% of Corp. Costs						
	2019	2020	2021	2022	2023	2024	2025
Executive & Mgmt services	100	100	100	100	100	100	100
Board of Directors	100	100	100	100	100	100	100
Financial/HR/Payroll	100	100	100	100	100	100	100
Telephone/Internet/IT support/Office expenses	40	28	27	28	27	27	27
Audit fees/IFRS conversion	33	31	29	29	29	29	29
Legal services	100	100	100	100	100	100	100
Training services	37	28	27	28	27	27	27
Building rent	41	41	41	41	41	41	41

Based on the references, OEB staff calculates the following. Significant drivers that make-up total 2025 allocated costs include Executive & Management Services and Finance, HR, Payroll.

	2025 Allocated Costs	% of Total 2025 Corporate Cost Allocation
Exec. & Management Services	$650,780	60%
Board of Directors	$75,000	7%
Finance, HR, Payroll	$187,700	17%
Telephone, internet, IT support, office exp.	$74,047	7%
Audit fees, IFRS conversion	$18,862	2%
Legal services	$0	0%
Training services	$24,599	2%
Building rent	$49,767	5%
Total	**$1,080,755**	**100%**

Questions:

(a) Please explain why there are four items listed in the first table above which are allocated 100% to Lakeland Power in 2025 and have been since 2019.
   i. Does Lakeland Holding not provide Lakeland Power's affiliates these services?

(b) With respect to the "Exec. & Management Services" and "Finance, HR, Payroll" line items in the second table, please provide the number of FTEs from Lakeland Holding allocated to each line item which contribute to the total 2025 costs.

(c) Please populate Tab 2-N of the Chapter 2 Appendices for 2025 for the Corporate Cost Allocation table. While the information is provided in Exhibit 4 (section 4.5.1), the Excel version does not seem to be populated.

4-Staff-53
Shared Services and Corporate Cost Allocation - Rent
Ref: Exhibit 4, Section 4.5.1, Table 24

Preamble:
The table below summarizes information gathered by OEB staff. It is based on the evidence provided in the reference with respect to **rent charged** by Lakeland Power, and **rent paid** by Lakeland Power.

Shared Services								
From	**To**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Lakeland Power	Lakeland Energy	$42k	$42k	$42k	$42k	$42k	$42k	$42k
Lakeland Power	Bracebridge Generation	$6k	$6k	$6k	$6k	$6k	$6k	$6k
	Total	**$48k**	**$48k**	**$48k**	**$48k**	**$48k**	**$48k**	**$48k**
Corporate Cost Allocation								
From	**To**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Lakeland Holding	Lakeland Power	$47,560	$44,349	$41,386	$42,446	$43,588	$47,511	$49,767
	% Allocation	41%	41%	41%	41%	41%	41%	41%

Questions:

(a) Please confirm which company owns the building utilized by Lakeland Power.

(b) Please explain why Lakeland Power is both charged rent by its holding company, Lakeland Holding Ltd., and charges rent to its affiliates.

   i. Please confirm if the rent charged by Lakeland Power (i.e., proposed $48k) is included in Other Revenue, while the rent paid by Lakeland Power (i.e., proposed $49.7k) is included in OM&A expenses.

(c) Please explain why the rent charged by Lakeland Power to its affiliates has remained and is proposed to remain constant ($48k) from 2019 to the 2025 test year, while the rent charged to Lakeland Power by Lakeland Holding has changed year-over-year from 2019-2025 and specifically increased since 2022.

   i. Please provide evidence to support that maintaining the rent charged by Lakeland Power to its affiliates should not increase in the context of section 2.3.3.6 of the Affiliate Relationships Code.

4-Staff-54
Shared Services
Ref 1: Exhibit 4, Section 4.5.2, p. 61
Ref 2: Chapter 2 Appendices, Tab 2-N

Preamble:
At reference 1, Lakeland Power states that for Shared Services, the primary pricing methodology is market-based. This applies to transactions provided by Lakeland Power to its affiliates and by the affiliates to Lakeland Power.

OEB staff has reproduced a portion of reference 2 below with respect to shared services forecasted for the 2025 test year.

Year: 2025

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
Lakeland Power	Lakeland Energy	Rent	sq. ft. market	$42,000	
Lakeland Power	Bracebridge Generation	Rent	sq. ft. market	$6,000	
Lakeland Power	Bracebridge Generation/L	Trouble assistance-project assistance	market	$0	$0
Lakeland Power	Lakeland Energy	Trouble assistance-project assistance	market	$0	$0
Lakeland Energy	Lakeland Power	GIS	market based service agreement	$58,695	
Lakeland Energy	Lakeland Power	ISP/Telephone system	market based service agreement	$60,600	
Lakeland Energy	Lakeland Power	IT Support & Cybersecurity	market based service agreement	$330,622	

Questions:

(a) For each applicable market-based service listed in the table above, how does Lakeland Power ensure that it is paying no more than the market price when acquiring that service, product, resource or use of asset from an affiliate?

(b) For the line items noted above provided by Lakeland Energy to Lakeland Power through a market-based service agreement, has Lakeland Power ever undertaken a bidding process for these services? If yes, what were the results of such tendering? If not, why not?

(c) Please explain why Lakeland Power has not included any forecasted amounts (both price and cost) for 2024 and 2025 for “Trouble assistance-project assistance” when historically, in each year from 2019 to 2023, a price and cost for the service have both been itemized.

4-Staff-55
Shared Services and Corporate Cost Allocation

Questions:

(a) Has Lakeland Power ever undertaken an independent third-party review of its corporate cost allocation and/or shared services arrangements and related cost allocation methodology? If yes, please provide the results of such review.

(b) How is the allocation methodology designed to avoid the improper shifting of costs between regulated and non-regulated affiliates?

(c) Is there a clear and consistent method to ensure that each affiliate pays its fair share of costs?

(d) Are there safeguards in place to prevent cross-subsidization or preferential treatment of non-regulated affiliates?

4-Staff-56
OMERs and OPEB
Ref: Exhibit 4, p. 56, Table 23

Preamble:

Table 23 in the reference reflects the OMERS and OPEB breakdown between capital and OM&A. There is no amount for OPEB reflected for 2024 Bridge and 2025 Test Year.

Questions:

(a) Please confirm there is no OPEB expense in OM&A for the 2024 bridge year and 2025 test year.
    i. If there should be amount for OPEB expense for 2024 and 2025, please confirm the forecast OPEB does not include actuarial gain/loss. Please explain and provide the necessary details.
(b) Please update the evidence as needed.

Exhibit 5 – Cost of Capital

5-Staff-57
Debt Instruments
Ref 1: Exhibit 5, Section 5.3, p. 10
Ref 2: Chapter 2 Appendices, Tab 2-OB

Preamble:
All of Lakeland Power's long-term debt instruments are with TD Bank. All debt instruments have medium length terms, ranging from two to five years.

Questions:

(a) Please explain why all of Lakeland Power's debt is with one banking institution. As part of the response, please explain if there are cost savings for Lakeland Power and/or its customers by having all its debt at one banking institution.

5-Staff-58
2025 Cost of Capital Parameters
Ref: EB-2024-0063, OEB Letter, October 31, 2024

Preamble:
On October 31, 2024, the OEB issued a letter updating 2025 Cost of Capital parameters.

Question:

(a) Please update the evidence where applicable to reflect the 2025 Cost of Capital parameters.

5-Staff-59
Cost of Capital
Ref 1: EB-2024-0063, Notice, March 6, 2024
Ref 2: EB-2024-0063, OEB Letter, April 22, 2024

Preamble:
On March 6, 2024, the OEB commenced a hearing (EB-2024-0063) on its own motion to consider the methodology for determining the values of the cost of capital parameters and deemed capital structure to be used to set rates for electricity transmitters, electricity distributors, natural gas utilities, and Ontario Power Generation Inc. The methodology for determining the OEB's prescribed interest rates and matters related to the OEB's Cloud Computing Deferral Account will also be considered, including what type of interest rate, if any, should apply to this deferral account.

On April 22, 2024, the OEB approved the final Issues List for this proceeding, including the following two issues, amongst other issues:

18. How should any changes in the cost of capital parameters and/or capital structure of a utility be implemented (e.g., on a one-time basis upon rebasing or gradually over a rate term)?

19. Should changes in the cost of capital parameters and/or capital structure arising out of this proceeding (if any) be implemented for utilities that are in the middle of an approved rate term, and if so, how?

Question:
(a) Please confirm that the applicant proposes to implement the outcomes from the OEB's generic cost of capital proceeding, including what the OEB decides with respect to implementation. If this is not the case, please explain.

5-Staff-60
Ref: EB-2024-0063, OEB Letter, July 26, 2024

Preamble:
On July 26, 2024, the OEB issued a Letter and Accounting Order regarding prescribed interest rates and the deemed short-term debt rate (DSTDR).

Questions:
(a) Please confirm that the applicant will use the 2025 DSTDR, as set on October 31, 2024 on an interim basis.

(b) Please confirm that the applicant will follow all other direction included in the OEB's Letter and Accounting Order issued on July 26, 2024, including the establishment of a new variance account for the DSTDR.

5-Staff-61
Ref: EB-2024-0063, OEB Letter, October 31, 2024

Preamble:
On October 31, 2024, the OEB issued a Letter and Accounting Orders regarding the return on equity (ROE) and deemed long-term debt rate (DLTDR).

Questions:

(a) Please confirm that the applicant will use the 2025 ROE, as set on October 31, 2024 on an interim basis.
(b) Please confirm that the applicant will follow all other direction included in the OEB's Letter and Accounting Orders issued on October 31, 2024, including the establishment of new variance accounts for the ROE and DLTDR, as applicable.

Exhibit 6 – Revenue Requirement

6-Staff-62
Other Revenues – 2024 and 2025
Ref: Chapter 2 Appendices, Tab 2-H

Questions:

(a) Please update Tab 2-H of the Chapter 2 Appendices for 2024 actuals.
(a) Please explain the method Lakeland Power used to forecast its Other Revenues for 2025 for each applicable account noted in Tab 2-H.

6-Staff-63
Other Revenues – Account 4210
Ref: Chapter 2 Appendices, Tab 2-H

Preamble:
The 2025 test year amount in Account 4210 is made up of three items: Pole Rental, Building Rental, and Building Rental – intercompany.

Questions:

(a) Please explain the driver for the forecasted decrease in the Pole Rental line item compared to each historical year from 2020-2024.

(b) Please explain the building rental amount of $(31,469) – is this rent paid to Lakeland Power by a third party (i.e., not an affiliate)?

i. Please explain why the rental amount is not forecasted to increase in 2025 when compared to 2024.

6-Staff-64
Other Revenues – Accounts 4375 and 4380
Ref 1: Chapter 2 Appendices, Tab 2-H
Ref 2: Chapter 2 Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications, December 15, 2022, p. 43

Preamble:
Reference 2 states that revenue from affiliate transactions should be recorded in Account 4375, Revenues from Non Rate-Regulated Utility Operations, and expenses from affiliate transactions should be recorded in Account 4380, Expenses of Non Rate-Regulated Utility Operations. Further, the balances recorded in Account 4375 and Account 4380 must reconcile to the balances recorded in Appendix 2-N – Shared Services and Corporate Cost Allocation for the three historical years, the bridge year and the test year. Any differences must be reconciled.

Questions:

(a) Please explain why no amounts have been entered in 2024 and 2025 for Accounts 4375 and 4380.

(b) If updates are required to the evidence, please ensure Lakeland Power does so in accordance with reference 2.

6-Staff-65
Other Revenues – Account 4405
Ref: Chapter 2 Appendices, Tab 2-H

Preamble:
In each of 2019-2023 an amount has been recorded in Account 4405 for the line item “OEB Carrying Charges”.

Questions:

(a) Please explain what constitutes the balance for this line item and why no amount is forecasted for 2025, if appropriate.

6-Staff-66
Property Taxes
Ref: Exhibit 6, Section 6.3.3

Preamble:
Lakeland Power states that it pays property taxes to the Town of Bracebridge, the Town of Huntsville and the Town of Parry Sound for their Operations Centres and distribution stations.

Questions:

(a) Please provide the last 5 years of property taxes paid by Lakeland Power and the amounts for bridge year and test year.
(b) Please provide a variance analysis for the property tax for the last 5 years.

Exhibit 7 – Cost Allocation

7-Staff-67
Weighting Factors
Ref: Exhibit 7, p. 5

Preamble:
Explanations are provided to support the relative the approximate weighting factors but are not at a level of detail sufficient to determine the appropriate weightings. OEB staff also notes that the weighting factors have changed since the last cost of service application in 2019.

Questions:

(a) Please provide a detailed derivation of the Billing and Collecting weighting factors used.
(b) Please explain why the weighting factors have changed since 2019.

Exhibit 8 – Rate Design

8-Staff-68
microFIT
Ref 1: Exhibit 8, Section 8.1.11, p. 23
Ref 2: EB-2018-0050, Exhibit 3, September 27, 2018, p. 63

Preamble:
Lakeland Power is requesting to retain the current microFIT rate class fixed charge of $10 per month per customer.

In reference 2, in its 2019 rebasing application, Lakeland Power stated that it incurs a $10 monthly fee per microFIT meter point from its vendor and would like to pass this charge onto its microFIT customers.

Question:

(a) Please confirm that Lakeland Power continues to incur a $10 monthly fee per microFIT meter point from its vendor.

8-Staff-69
Regulatory Charges
Ref 1: EB-2024-0282, Decision and Order, December 10, 2024
Ref 2: Exhibit 8, Sections 8.1.7 and 8.1.8, Pages 17-19

Preamble:
On December 10, 2024, the OEB issued its decision and order in the matter of regulatory charges effective January 1, 2025, for the Wholesale Market Services rate and the Rural or Remote Electricity Rate Protection charge.

Question:

(a) Please update the affected portions of the application to reflect the OEB's generic decision (e.g., Cost of Power calculation, Tariff and Bill Impact Model)

8-Staff-70
Bill Impact Model
Ref 1: Exhibit 8, Section 8.1.15, p. 30
Ref 2: Tariff Schedule and Bill Impact Model, Tab 3 – Regulatory Charges and Tab 6 – Bill Impacts
Ref 3: Regulated Price Plan Price Report, November 1, 2024 to October 31, 2025, issued October 18, 2024

Preamble:
The Tariff Schedule and Bill Impact Model requires updating for the following items. Please make the necessary changes. If Lakeland Power requires any assistance, please contact ratemodels@oeb.ca.

Questions:

(a) Please update Tab 3 of the Tariff Schedule and Bill Impact Model to reflect the following:
   i. Time-of-Use RPP Prices to reflect latest RPP Report as noted in reference 3
   ii. Latest OER of 13.1%
   iii. The OEB's Distribution Rate Protection decision, issued May 30, 2024. The maximum monthly base distribution charge increased from $39.49 per month in 2023 to $41.39 effective July 1, 2024
   iv. The OEB's Decision and Order on the Distribution Pole Attachment Charge for 2025 (EB-2024-0227). The distribution pole attachment charge

for 2025 is $39.14 per attacher, per year, per pole. Cell E39 should note the OEB's 2025 approved inflation factor of 3.6%.

v. The OEB's decision for the Wholesale Market Services rate and the Rural or Remote Electricity Rate Protection charge for 2025.

(b) Please ensure that the applicable updates flow-through to Tab 6 of the Tariff Schedule and Bill Impact Model.

8-Staff-71
Bill Impacts
Ref 1: Tariff Schedule and Bill Impact Model
Ref 2: Exhibit 8, Section 8.1.15, p. 30
Ref 3: Exhibit 8, Section 8.1.9, p. 20

Preamble:
The Distribution Rate Protection (DRP) program includes eligible residential customers of Lakeland Power Distribution Ltd. in the former Parry Sound Power service area.

The most recent decision issued by the OEB in the matter of Distribution Rate Protection (DRP) can be found here.

Question:

(a) Please provide a separate version of the Tariff and Bill Impact Model which shows the current DRP adjustment that would be applicable to eligible residential customers in the former Parry Sound Power service area. If Lakeland Power requires any assistance, please contact ratemodels@oeb.ca.

8-Staff-72
RTSRs
Ref: RTSR Workform

Questions:

(a) Please confirm which historic year of RRR data has been used.
(b) Please confirm which year of wholesale purchase volumes have been used.
(c) Please update RTSRs with the 2025 final HONI rates issued on December 19, 2024, in EB-2024-0032.

8-Staff-73
Low Voltage Charges
Ref 1: Exhibit 8, p. 24
Ref 2: RTSR Workform, Tab 9 - LV Rates

Preamble:

The evidence in Exhibit 8 details that Lakeland Power is projecting 2025 LV costs based on 2023 volumes at current 2024 Hydro One Sub-Transmission rates.

Question:

(a) As a scenario, please calculate, and provide the derivation of the LV charge that would result if the 2025 host rates were used.

Exhibit 9 – Deferral & Variance Accounts

9-Staff-74
OEB Prescribed Interest Rates
Ref 1: LPDL 2025 1592 Accelerated CCA
Ref 2: LPDL 2025 DVA Continuity Schedule
Ref 3: OEB Prescribed Interest Rates

On December 11, 2024, the OEB published the 2025 Quarter 1 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Questions:

(a) Please update Tab OEB Prescribed Int Rates and Tab 1592 Balance Calculation in reference 1 as necessary to reflect the Q1 2025 OEB-prescribed interest rate of 3.64%.
(b) Please update column BR in Tab 2a and Tab 2b in reference 2 to reflect the Q1 2025 OEB-prescribed interest rate of 3.64%.

9-Staff-75
Green Button Variance Account
Ref 1: Green Button Implementation – OEB Staff Guidance OEB File No. EB-2021-0183, page 6
Ref 2: Exhibit 9, Table 2

Preamble:
In reference 1, the letter states “The OEB has confirmed that this account is to record the incremental costs directly attributable to the implementation of the Green Button initiative but is not intended to record ongoing costs related to Green Button beyond the initial implementation of the program. As with any other deferral account, disposition of any amounts recorded will be subject to OEB review and established materiality thresholds.”

Reference 2 reflects Lakeland power is requesting disposition of 1508 – Green Button Initiative Costs for $37,220.

Questions:

(a) Please provide the associated periods when these costs were incurred.
(b) Please explain how Lakeland Power determined that the costs recorded in the account are incremental costs.
(c) Please explain why Lakeland Power has not proposed to close this account after disposition or update the evidence accordingly.

9-Staff-76
GOCA Variance Account
Ref: The OEB's Decision and Order for Getting Ontario Connected Act Variance Account, October 31, 2023

Preamble:
On October 31, 2023, the OEB issued a decision and order EB-2023-0143 for Getting Ontario Connected Act Variance Account (GOCA variance account). The decision states that:

> The OEB notes that the GOCA variance account will only be available to a utility until the end of its current IRM period. The account is not available for utilities that have reflected Bill 93 in their most recent rebasing applications.
>
> The disposition of any balance in this account will be subject to a prudence review and a requirement to establish that any cost incurred over and above what is provided for in initial and IRM adjusted base rates is an incremental cost resulting from Bill 93.

Questions:

(a) Please confirm that the OM&A cost in the test year reflects the Bill 93 impact for the utility's locate cost.
    i. If so, please confirm that the Account 1508 sub-account GOCA variance account is to be discontinued after this rebasing application and update the evidence accordingly.
    ii. If not, please provide the rationale why the Bill 93 impact is not reflected in the test year's OM&A cost.

9-Staff-77
Generic Cloud DVA
Ref 1: EB-003-2023, Accounting Order, November 2, 2023
Ref 2: Cloud Computing Implementation Q&A Document, PDF, February 20242

Ref 3: EB-2024-0063, Notice, March 6, 2024

Preamble:
On November 2, 2023, the OEB issued the Accounting Order (003-2023) for the Establishment of a Deferral Account to Record Incremental Cloud Computing Arrangement Implementation Costs (Cloud Computing Implementation Report). The Cloud Computing Implementation Report noted that the Cloud Computing Implementation Account is generally intended to record cloud computing implementation costs when utilities first transition from on-premise solutions to cloud computing. In February 2024, the OEB hosted a webinar and Q&A session related to the Accounting Order for the establishment of a deferral account to record cloud computing arrangement implementation costs and issued a Q&A document.

On March 6, 2024, the OEB commenced a generic hearing (EB-2024-0063) on its own motion to consider cost of capital and other matters, including those related to the OEB's Cloud Computing Deferral Account (e.g., what type of interest rate, if any, should apply to this deferral account).

Questions:

(a) Please confirm whether Lakeland Power has considered cloud computing solutions in its rebasing term and whether any amounts have been included in its forecast.
(b) If not confirmed, please explain why and Lakeland Power's proposal to address its cloud solution implementation needs during its rebasing term.

9-Staff-78
Deferral Variance Accounts
Ref: Exhibit 9, Table 1

Preamble:
In reference 1, Table 1 shows selected Group 1 and Group 2 accounts that are being sought for disposition, with proposal to either leave them open or close them.

Questions:

(a) Please update Table 1 in Exhibit 9 to reflect all accounts reflected in the DVA continuity schedule, even if there is no balance.
(b) For all the accounts, please clarify if Lakeland Power is planning to keep them open or close them in this application.
(c) For the accounts not being proposed to close, please provide an explanation.

9-Staff-79
Account 1595 – 2019, 2020 and 2021
Ref 1: Exhibit 9
Ref 2: OEB letter "Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition" October 31, 2019

Preamble:
In reference 1, page 11, Lakeland Power states:

> Account 1595 Account Disposition and Recovery/Refund of Regulatory Balances (2019), Account 1595 Account Disposition and Recovery/Refund of Regulatory Balances (2020) and Account 1595 Account Disposition and Recovery/Refund of Regulatory Balances (2021) variances reflect amounts that Class A customers were charged for Rate Riders for Disposition of Global Adjustment – Applicable only for Non-RPP customers for May 2019 through to January 2022 in error. Table 4 shows the breakdown of these billing errors.

In reference 1, Table 4 has provided a breakdown of costs by customer numbers per year.

Table 4 - Class A Customers Deferred Variance Non-RPP GA Billing Error 2019-2021

Class A Customer	Rate Year	Billed kWh	Approved Rate $/kWh	Billing Error $
Class A Customer #1	May19-Apr20	4,854,092	$ 0.0046	22,329
Class A Customer #2	May19-Apr20	7,363,656	$ 0.0046	33,873
Class A Customer #3	May19-Apr20	10,255,397	$ 0.0046	47,175
Class A Customer #4	May19-Apr20	11,273,166	$ 0.0046	51,857
Class A Customer #5	May19-Apr20	7,271,323	$ (0.0018)	(13,088)
2019 Rate Year		**41,017,633**		**142,145**

Class A Customer	Rate Year	Billed kWh	Approved Rate $/kWh	Billing Error $
Class A Customer #1	May20-Apr21	2,780,007	$ (0.0004)	(1,112)
Class A Customer #2	May20-Apr21	9,516,496	$ (0.0004)	(3,807)
Class A Customer #3	May20-Apr21	11,696,457	$ (0.0004)	(4,679)
Class A Customer #4	May20-Apr21	14,614,120	$ (0.0004)	(5,846)
Class A Customer #5	May20-Apr21	7,272,003	$ 0.0002	1,454
Class A Customer #6	May20-Apr21	6,889,352	$ (0.0004)	(2,756)
2020 Rate Year		**52,768,434**		**(16,744)**

Class A Customer	Rate Year	Billed kWh	Approved Rate $/kWh	Billing Error $
Class A Customer #1	May21-Jan22	2,587,418	$ (0.0060)	(15,525)
Class A Customer #2	May21-Jan22	7,590,330	$ (0.0060)	(45,542)
Class A Customer #3	May21-Jan22	8,963,364	$ (0.0060)	(53,780)
Class A Customer #4	May21-Jan22	11,012,647	$ (0.0060)	(66,076)
Class A Customer #5	May21-Jan22	5,687,129	$ (0.0060)	(34,123)
Class A Customer #6	May21-Jan22	5,237,157	$ (0.0060)	(31,423)
2021 Rate Year		**41,078,044**		**(246,468)**

		Total Class A Billing Error		**(121,068)**

In reference 2, The OEB's retroactivity letter states that "Where an accounting or other error is discovered after the balance in one of the above-listed variance accounts has been cleared by a final order of the OEB, the OEB will determine on a case-by-case basis whether to make a retroactive adjustment based on the particular circumstances of each case, including factors such as:

- whether the error was within the control of the distributor
- the frequency with which the distributor has made the same error
- failure to follow guidance provided by the OEB
- the degree to which other distributors are making similar errors

Questions:

(a) Please clarify how this error occurred and explain the details of the error.
(b) For the Class A customers listed in Table 4, please explain how they were charged in the respective years. Did they get charged of the Class B GA rate riders on top of the Installment payment/collections?
(c) Please provide journal entries of $142K, $16K, and $246K with the associated date of these entries booked in the general ledger.
(d) Please provide Lakeland Power's thought of whether this error is a rates retroactivity issue, if so, please provide comments on the four factors.
(e) Please describe Lakeland Power's procedures that have been implemented to prevent mistakes like this.

9-Staff-80
1595-2021
Ref 1: Chapter 2 Filing Requirements For Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications, December 15, 2022, p. 67
Ref 2: Exhibit 9, pp. 7, 21 and 22
Ref 3: OEB letter "Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition" October 31, 2019
Ref 4: EB-2020-0037 2021 IRM Decision and Order

Preamble:
OEB staff compiled the following table outlining all the dates for 1595 sub-accounts disposition for Lakeland Power.

Account	Final Balances December 31	Application Number	Application filed in Rate Year	Rate Rider Expires	Audited Sub account balance eligible for dispostion	Disposition Rate Year
Disposition and Recovery/Refund of Regulatory Balances (2019)[3]	2019	EB-2020-0037	2021	30-Apr-20	31-Dec-22	2024
Disposition and Recovery/Refund of Regulatory Balances (2020)[3]	2020	EB-2021-0040	2022	30-Apr-21	31-Dec-23	2025
Disposition and Recovery/Refund of Regulatory Balances (2021)[3]	2021	EB-2022-0047	2023	30-Apr-22	31-Dec-24	2026
Disposition and Recovery/Refund of Regulatory Balances (2022)[3]	2022	EB-2023-0036	2024	30-Apr-23	31-Dec-25	2027
Disposition and Recovery/Refund of Regulatory Balances (2023)[3]	2023	EB-2024-0039	2025	30-Apr-24	31-Dec-26	2028

According to reference 1, Section 2.9.1.3 of the Filing Requirements states that distributors are expected to request disposition of residual balances in Account 1595 Sub-accounts for each vintage year once and on a final basis. Distributors become eligible to seek disposition of these residual balances two years after the expiry of the rate rider. During the two years after the expiry of the rate rider, distributors may still make billing corrections as per the Retail Settlement Code and should record the related transactions in the associated Account 1595 sub-account. The eligibility criteria for disposition of Account 1595 sub-accounts depends on the distributor's rate year. For example:

> • May 1 rate year – If 2019 rate riders expire on April 30, 2020, the balance of subaccount 1595 (2019) is eligible to be disposed after the account balance as at December 31, 2022 has been audited. Therefore, sub-account 1595 (2019) would be eligible for disposition in the 2024 rate year.

No further transactions are expected to be recorded in the Account 1595 sub-account once the residual balance in the sub-account has been disposed of. Generally, after the rate riders associated with balances transferred to an Account 1595 sub-account have expired, the residual balance is expected to be relatively small, represented by the difference between the forecast billing determinants upon which the riders were derived and the actual billing determinants over that period. If there are material residual balances being proposed for disposition, distributors are expected to provide a detailed explanation, including quantifying any significant drivers of the residual balance

As per Table 1 in reference 2, page 7, Lakeland Power is requesting disposition of 1595(2019), 1595(2020) and 1595(2021).

In reference 2, page 22, Lakeland Power states, "In 2022 LPDL realized the 2021 IRM model Tab '6.1 GA' did not include the correct pre populated RRR stats. GS>50 Non-RPP & Street Light kWh were missing thus the total kWh were understated. In Table 15, LPDL has replicated the 2021 IRM rate calculator for the Account 1595 (2021) Non-RPP GA Class B only rate and calculated what the rate should have been if the proper kWh had been included."

In reference 2, page 21, for Account 1595 (2021), Lakeland states that:

> The adjusted balance requested for disposal, including carrying charges to April 30, 2025, is a debit of $454,613. This adjusted balance reflects the 2021 Class A Customer Billing Error of $(246,468) backed out of the audited balance as shown in Table 13.

OEB staff notes from Lakeland's 2021 IRM decision and order, the following dispositions of DVAs were approved by the OEB:

- Group 1 DVAs of a credit balance of $639,991, on an interim basis
- Group 2 DVAs of a credit balance of $3,956 for Parry Sound rate zone
- Group 2 DVAs of a debit balance of $7,849 for former Lakeland Power rate zone.

OEB staff notes that the adjusted residual balance of $454,613 represents a significant portion of the original approved total balance that was transferred to Account 1595 sub-account 2021.

In reference 3, the OEB's 2019 retroactivity letter provides the four factors (see 9-Staff-79 for the details).

Questions:

(a) As per reference 1 and the chart above, Disposition and Recovery/Refund of Regulatory Balances (2021) is not eligible for disposition until rate year 2026. Please explain why Lakeland Power is requesting disposition in this application. If the intention of the disposition is to fix the GA billing error to Class A customers, please confirm that the early disposition would not impact the residual balance in sub-account 2021 under Account 1595 after fixing the error.
(b) As per Chapter 2 filing requirements, Account 1595 representing the residual balance of the DVA and GA rate riders is expected to be relatively small. Lakeland Power is asking to dispose debit amount of $454,613 through 1595-2021 rate rider. Please fill out the attached 1595 analysis workform and provide explanations as required.
(c) As per reference 2, the 2021 IRM model Tab '6.1 GA' did not include the correct pre-populated RRR stats, hence the application being approved on wrong data provided which resulted in incorrect rate riders on the Tariff of Rates and Charges. Please provide Lakeland Power's thought of whether this error is a rates retroactivity issue, if so, please provide comments on the four factors.
(d) Please describe Lakeland Power's procedures that have been implemented to prevent mistakes like this.

9-Staff-81
1595 – 2022
Ref 1: Exhibit 9, p. 24 of 91
Ref 2: OEB letter "Adjustments to Correct for Errors in Electricity Distributor "Pass-Through" Variance Accounts After Disposition" October 31, 2019

Preamble:

In reference 1 Lakeland Power states, “In 2023 LPDL realized the 2022 IRM model Tab ‘6.1 GA’ did not include the correct pre-populated RRR stats. The non-RPP kWh for all Former Parry Sound rate classes were missing thus the total kWh were understated. In Table 17, LPDL has replicated the 2022 IRM rate calculator for the Account 1595 (2022) Non-RPP GA Class B only rate and calculated what the12 rate should have been if the proper kWh had been included.”

In reference 2, the OEB’s 2019 retroactivity letter provides the four factors (see 9-Staff-79 for the details).

Questions:

(a) As per reference 1, 2023 IRM model Tab ‘6.1 GA’ did not include the correct pre-populated RRR stats, hence the application being approved on wrong data provided which resulted in incorrect rate riders on Tariff and Rates. Please provide Lakeland Power’s thought of whether this error is a rates retroactivity issue, if so, please provide comments on the four factors.
(b) Please describe Lakeland Power’s procedures that have been implemented to prevent mistakes like this.

9-Staff-82
GA Analysis Workform
Ref 1: Exhibit 9, p. 47 of 91
Ref 2: LPDL 2025 GA Analysis Workform
Ref 4: Instructions for Completing GA Analysis Workform – 2025 Rates

Preamble:
In reference 1, Lakeland Power states “LPDL has performed the Account 1588 Reasonability Test included in the 2023_GA_Analysis_Workform. As shown in Table 31 below, the calculation indicates that Account 1588 RSVA – Power is -1.1% of Account 4705 Cost of Power. LPDL confirms that 0.98% of this difference is due to unaccounted for system losses included in Account 1588 due to 2023 actual system losses being less than the approved loss factor.”

As per reference 3, any annual Account 1588 variance greater than +/- 1% of that year’s cost of power purchased must be explained.

In reference 2, the GA Analysis Workform Tab GA 2023 reflects Lakeland Power’s records unbilled revenue using the GA 1st estimate price.

Questions:

(a) Please fill out the attached revised 1588 analysis workform and provide explanations as required.
(b) Please explain in detail where there is no amount reflected in Note 5 2a and 2b to reflect the current and prior year unbilled differences.
(c) If done in error, please update the evidence accordingly.

9-Staff-83
DVA Disposition
Ref 1: Chapter 2 Filing Requirements for Electricity Distribution Rate Applications - 2023 Edition for 2024 Rate Applications, December 15, 2022, pages 6-7
Ref 2: Exhibit 1, p. 38
Ref 3: Exhibit 9, p. 9

Preamble:
As noted in section 2.0.8 in reference 1:

> The distributor provide justification for material amounts and material annual variances described in its application… An explanation and/or supporting evidence (e.g., calculations, supporting rationale, etc.) is required for amounts exceeding the materiality threshold, and the threshold should be applied in the following ways:
>
> Deferral and Variance Accounts (DVAs): For each Group 2 DVA, the account balance, unless there is other specific guidance.

In reference 2, Lakeland Power states that it has applied a materiality of $50,000 throughout this application.

As shown in reference 3, the following group 2 accounts reflected in Table 2 are included in this application for disposition.

Group 2 Accounts						
Green Button Initiative Costs	1508	33,943		3,277	37,220	37,220
Other Regulatory Assets, Sub-account ULO Implementation Cost	1508	3,613		378	3,991	3,991
Other Regulatory Assets - Sub-Account - Other - OEB Assessment	1508	15,011		3,458	18,468	18,468
Other Regulatory Assets - Sub-Account - Other - Customer Choice Initiative	1508	14,548		1,840	16,388	16,388
Other Regulatory Assets - Sub-Account - Other - Pole Attachment Revenue Var	1508	80,244	76,227	9,543	166,014	166,014
Retail Cost Variance Account - Retail	1518	(38,596)		(4,358)	(42,954)	(42,954)
Retail Cost Variance Account - STR	1548	(948)		(148)	(1,096)	(1,096)
Deferred Rate Impact Amounts	1574	-		119	119	119
RSVA - One-time	1582	-		(48)	(48)	(48)
PILs and Tax Variance for 2006 and Subsequent Years	1592	-		(21)	(21)	(21)
PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account - CCA Changes	1592	(622,630)		(79,099)	(701,729)	(701,729)
Subtotal Group 2 Accounts		**(514,817)**	**76,227**	**(65,059)**	**(503,649)**	**(503,649)**
Other Accounts						
Accounting Changes Under CGAAP Balance + Return Component	1576	(6,793)		-	(6,793)	(6,793)
Impacts Arising from the COVID-19 Emergency	1509	421,009	621	33,548	455,179	-
Subtotal Other Accounts		**414,216**	**621**	**33,548**	**448,386**	**(6,793)**

Questions:

(a) Please explain why the following accounts are being requested for disposition despite being under the materiality threshold:

- Account 1508 Subaccount – Green Button Initiative Costs
- Account 1508 Subaccount – ULO Implementation Cost
- Account 1508 Subaccount – OEB Assessment
- Account 1508 Subaccount – Customer Choice Initiative
- Account 1518 Retail Cost Variance – Retail
- Account 1548 Retail Cost Variance – STR
- Account 1574 Deferred Rate Impact Amounts
- Account 1582 RSVA – One time
- Account 1592 PILs and Tax Variance for 2006 and Subsequent Years.

(b) Please provide Lakeland Power's thought of writing off the immaterial balances and update the evidence as necessary.