PUBLIC INTEREST ADVOCACY CENTRE
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**January 20, 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")**
**May 1, 2025 Cost of Service Rates**
**Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

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

Yours truly,

Mark C. Garner
Digitally signed by Mark C. Garner
Date: 2025.01.20 06:30:54 -05'00'

Mark Garner
Consultants for VECC/PIAC

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| | |
|---|---|
| **REQUESTOR NAME** | **VECC** |
| **TO:** | **Lakeland Power Distribution Inc. (LPDL)** |
| **DATE:** | **January 20, 2025** |
| **CASE NO:** | **EB-2024-0039** |
| **APPLICATION NAME** | **2025 Cost of Service Rate Application** |

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## 1.0 ADMINISTRATION (EXHIBIT 1)

### 1.0-VECC-1

**Reference: Exhibit 1, pages 47-**

a) Please provide the date an acquisition/amalgamation for each of the six separate service territories of LPDL.

### 1.0-VECC-2

**Reference: Exhibit 1, page 65 (Table 24) and pages 69-70**
**Exhibit 2, Appendix A (DSP), page 48 (Table 5.2-7)**

a) With respect to Table 24 (Exhibit 1), please provide the annual (2019-2023) values for LPDL's average number of hours that power to a customer is interrupted separately for: i) the former Parry Sound service area and ii) the balance of LPDL's service area.

b) With respect to Table 24 (Exhibit 1), please provide the annual (2019-2023) values for LPDL's average number of times that power to a customer is interrupted separately for: i) the former Parry Sound service area and ii) the balance of LPDL's service area.

c) With respect to Table 5.2-7 (DSP), please provide the 2023 emergency response performance percentages separately for: i) the former Parry Sound service area and ii) the balance of LPDL's service area.

### 1.0-VECC-3

**Reference: Exhibit 1, page 68 & Appendix G**

"*For more than ten years now, LPDL has engaged a third party to conduct biennial customer satisfaction surveys*."

d) Has LPDL employed the same party to conduct the last 10 years surveys?

e) What was the cost of the last (2023?) biennial customer survey?

**1.0-VECC-4**

**Reference: Exhibit 1, pages 75 – 82**

a) Please update Tables 27 through 36 to include 2023 and 2024 results.

b) Please update Table 26 to show the 2018 to 2024 average unit costs

c) Please add a column to Table 26 which shows LPDL's average unit costs for the 2018-2025 (forecast) period.

**1.0-VECC-5**

**Reference: Exhibit 1, page 65**

b) Please update the OEB Scorecard to include 2024 results.

**1.0-VECC-6**

**Reference: Exhibit 1, pages 65-**

a) What are the ten most frequent reasons for live agent phone interactions/transactions? Please provide a list, in the order of frequency and, if available, the number of such transactions in each of the years 2024 through 2024.

b) What are the most common complaints of customers registered either through on-line or agent calls?

c) Based on 2024, what are the most common residential customer payment methods?

## 2.0 RATE BASE AND CAPITAL (EXHIBIT 2)

**2.0-VECC -7**

**Reference: Exhibit 2, pages 14- Appendix 2-BA**

a) LPDL did not record any amounts under construction work in progress (CWIP) prior to 2024. For 2024 and 2025 and amount $158,698 is shown for both years. Please explain this change.

**2.0-VECC -8**

**Reference: Exhibit 2, Distribution System Plan**

a) Please explain the derivation of the capital contribution forecasts for each year 2024 through 2029.

b) What were the actual contributions in 2024?

**2.0-VECC -9**

**Reference: Exhibit 2, Distribution System Plan, Appendix 2-AA**

a) Please explain the derivation of the $250k for "All Capital Storm Damage/Trouble Call Capital for each year 2024 through 2029.

b) What is the actual amount expended in this category in 2024?

**2.0-VECC -10**

**Reference: Exhibit 2, Appendix 2-AA**

a) Please confirm (or correct) that the following 27.6kV conversion projects have been completed and are in service:

i. McMurray St.;

ii. John, Buller, Willis; and,

iii. Mary & St. James St.

**2.0-VECC -11**

**Reference: Exhibit 2, Distribution System Plan**

a) Please update Tables 5.2-11, 5.2-12, 5.2-16, 5.2-18, 5.2-19, and 5.2-20 for 2024 results.

b) Does LPDL maintain its reliability data separately for each of its six non-contiguous service territories? If not, please explain why this is not possible.

c) If LPDL does collect data for each of the six service areas separately then please provide the updated tables requested in a), for each of the six service areas.

**2.0-VECC -12**

**Reference: Exhibit 2, pg.57, App A – Material Investments PDF pg. 74**

"*LPDL has a discrete capital project within the five-year horizon that would potentially be eligible 2 for this policy option; however, it is too early in the investment planning process to make an 3 adequate business case to meet all of the criteria of an ACM. LPDL is not requesting approval 4 for an ACM mechanism in this rate application*."

a) Is it LPDL's intention to seek an ICM for the Bracebridge MS3 project? If so when is that application expected?

b) The DSP anticipates this project to start in 2026, is less than a year from the present. Please explain what in the planning process needs to be done in order to prepare an application for incremental funding for this project (if the Utility will be seeking funding).

## 3.0 OPERATING REVENUE (EXHIBIT 3)

### 3.0-VECC -13

**Reference:** **Exhibit 3, page 6**
**Exhibit 8, Appendix B**

**Preamble:** The Application (Exhibit 3) states:
"*Customer/Connection values are presented on an average basis throughout this evidence for the purpose of rate design, and the Unmetered Scattered Load (USL), Sentinel Lighting and Street Lighting rate classes are measured as connections*".

a) The proposed tariff 2025 tariff sheet does not indicate the billing determinants used for the Sentinel Lighting, Street Lighting and USL monthly service charges. Please confirm that, in each case, the billing determinant is the number of connections.

### 3.0-VECC -14

**Reference:** **Exhibit 3, page 10**

**Preamble:** The. Application states:
"*The multivariate regression model has determined the drivers of year-over-year changes in LPDL's load growth are: weather (heating degree days), days in month, a spring/fall flag, a summer flag, and a Trend variable*."

a) What other independent variables were tested and why were they not used?

b) It is noted that cooling degree days was one of the explanatory variables used in LPDL's last cost of service application (EB-2018-0050). If not addressed in part (a), please provide a version of the proposed load forecast model (and resulting 2025 forecast) that also includes cooling degree days as an explanatory variable.

c) If not addressed in part (a), please provide a version of the proposed load forecast model (and resulting 2025 forecast) that uses monthly customer count (Residential, GS<50 and GS>50) as an explanatory variable instead of a trend variable.

d) If not addressed in part (a), please provide a version of the proposed load forecast model (and resulting 2025 forecast) that also includes a COVID flag for those months when there was a provincial shut-down.

**3.0-VECC -15**

**Reference: Exhibit 3, page 9**

**Preamble:** The Application states:
"*The dependent variable in the multivariate regression analysis is Power Purchases by month, and the regression model uses monthly values of independent variables from January 2014 to December 2023 to determine the monthly regression coefficients*."

a) Please update the regression model to include 2024 customer counts, power purchases and customer class usage for those months where actual values are available.

**3.0-VECC -16**

**Reference: Exhibit 3, pages 15 and 16**

**Preamble:** The Application states:
"*The 2024 and 2025 forecast of usage per customer/connection have been held constant at the 2023 level since the usage per customer/connection has generally been declining in most rate classes, which may reflect conservation programs over these years. Since incremental conservation programs have not been assumed in 2024 and 2025, additional usage decline has not been incorporated into the forecast*." (page 15)
And
"*The difference between the non-normalized and normalized forecast is assumed to be the adjustment to move the forecast to a weather normal basis, and this amount will be assigned to those rate classes that are weather sensitive*" (page 16)

a) Please provide a schedule that sets out: i) the actual annual HDD value for 2023 and ii) the weather normal annual HDD value used by LPDL in its load forecast?

b) If the 2023 actual annual HDD value is greater than the weather normal HDD value, please reconcile this with the fact that the adjustment described on page 16 is positive and increases the billed energy for the weather sensitive classes.

## 4.0 OM&A (EXHIBIT 4)

**4.0 -VECC -17**

**Reference: Exhibit 4, Appendix 2-JA & 2-JC**

a) Please update Appendices 2-JA and 2-JD (programs) for 2024 actual results.

**4.0 -VECC -18**

**Reference: Exhibit 4, Appendix 2-JA**

a) Please clarify as to whether there are any costs of this application shown in the OM&A reported for the year 2024 in Appendix 2-JA.
b) What were the annual amortized one-time costs of the prior application in each year from 2019 onward?

**4.0 -VECC -19**

**Reference: Exhibit 4, Appendix 2-JD**

a) Please provide the annual cybersecurity related costs in each year from 2019 to 2025 forecast. Please show the costs paid to affiliates separately.

**4.0 -VECC -20**

**Reference: Exhibit 4, Appendix 2-JD**

a) Please describe the elements of "miscellaneous expenses" (line 86) and explain why these costs have increase from $887,737 in 2020 to $1.3 million in 2025.

**4.0 -VECC -21**

**Reference: Exhibit 4, Appendix 2-JD**

b) Please explain how the bad debt expense for 2025 was estimated.

**4.0 -VECC 22**

**Reference: Exhibit 4,**

a) Under what category of costs in Appendix 2-JD (OM&A programs table) are memberships costs found?
b) Please provide a list of the memberships (e.g. EDA, CHEC, USF etc.) and provide a breakdown for each for each of the years 2020 through 2025 (forecast).

**4.0 -VECC -23**

**Reference: Exhibit 4, Tab 1, Schedule 1, Table 3**

a) Under what category of costs in Appendix 2-JD (OM&A programs table) are Insurance costs found?
b) Please provide a breakdown of Insurance costs for each year 2019 through 2025 (forecast) showing those costs paid to MEARIE separately from other insurance costs.
c) Does LPDL or any of its affiliates receive any dividends or financial payments related to their membership in MEARIE? If yes are these reported as income or revenue?

**4.0 -VECC -24**

**Reference: Exhibit 4, -**

a) Please provide the labour costs and FTEs attributable to the Customer Billing Costs (Appendix 2-JD line 60) for each year 2019 through 2025 (forecast).
b) Please provide the number of FTEs in this category that are currently vacant.

**4.0 -VECC -25**

**Reference: Exhibit 4, Tab 4, Schedule 5**

a) Please provide the OEB annual Assessment costs for each year 2019 through 2025 (forecast).

**4.0 -VECC -26**

**Reference: Exhibit 4, Tab 4, Schedule 5**

a) Please provide the spent-do-date actual one-time cost of this application as per the categories in Appendix 2-M.
b) Please explain how the incremental operating costs of staff associated with this application were calculated.

**4.0 -VECC -27**

**Reference: Exhibit 4, page 64**

a) Please provide the most recent third-party review/audit of LPDL's affiliate corporate cost allocation methodology.

## 5.0 COST OF CAPITAL (EXHIBIT 5)

**5.0-VECC-28**

**Reference: Exhibit 5,**

a) Please Appendix 2-OA using the OEB's updated 2025 Cost of Capital Parameters issued on October 3, 2024.
b) Please provide the adjustment to revenue requirement resulting from this change.

**5.0-VECC-29**

**Reference: Exhibit 5, page 11**

a) Please update Table 4 to include 2024 ROE results.

**5.0-VECC-30**

**Reference: Exhibit 5, page 11**

a) Please explain what due diligence LPDL undertakes to ensure that the loans offered by TD Bank are at a competitive rate.

b) Please explain why LPDL has no debt with a term over 5 years.

c) Please explain how the short-term debt which LPDL has acquired since 2022 is competitive with longer-term debt that might have been acquired.

**5.0-VECC-31**

**Reference: Exhibit 5, Appendix 2-OB**

a) Appendix 2-OB (Debt Instruments) shows that in 2022 LPDL had a total of $13,494,435 (5 x $2,698,887) in loans with a 10-year term that were issue in July of 2022. Yet for 2025 no such loans are shown. Please explain this discrepancy.

b) Please explain why the loan shown in Row 1 in 2022 with a Start Date of 1-Feb-22 (principal $4,000,000) has a rate of 2.167% in that year and, what appears to be the same loan, has in 2025 a rate of 2.98% notwithstanding it is described as a "fixed" rate loan.

c) Similarly, please explain why the "fixed" 2023 5-year term loan of 24-Mar-23 (principal $1,162,500) is shown in 2023 with a rate of 3.736% whereas in 2025 this loan now has a rate of 5.0%.

d) There are similar discrepancies in the "fixed" loans of 5-Jul-23, 28-Oct-22 and 1-Aug-24 where the loans are described in the year of acquisition as fixed and yet the rates in 2025 exceed those at the time of acquisition. Please explain these discrepancies.

**5.0-VECC-32**

**Reference: Exhibit 5,**

a) LPDL's 2025 long-term debt for the purpose of rate setting is $20,014,990 as shown in Appendix 2-OB. For 2025 the amount of embedded debt shown for the derivation of the weighted interest rate to be used is $21,186,387. Since LPDL is "overleveraged" as compared to its allowed regulator long-term debt amount how did the utility adjust the calculation of the weighted cost of embedded long-term debt?

b) If the Utility did not make any adjustment, then please recalculate the embedded long-term weighted cost of debt by removing the "overage" of $1,171,397 from the most expensive issuance debt (i.e. 5-Jul-23 @ 5.95%) from the calculation. Please provide the revenue requirement adjustment of this change.

## 6.0 REVENUE REQUIREMENT (EXHIBIT 6)

### 6.0-VECC-33

**Reference: Chapter 2 Appendices, Appendix 2-H**
**Exhibit 6, page 26**

a) Please provide a revised version of Appendix 2-H that includes the 2024 actual values.

b) With respect to Account #4210, please provide the details supporting the 2023, 2024 and 2025 Joint Pole Use revenues (i.e. number of poles and annual rate used).

c) With respect to Accounts #4375 and #4389, please explain why, for 2023, the expenses exceed the revenues for: i) Billable Customer Work and ii) Billable Union Work,

## 7.0 COST ALLOCATION (EXHIBIT 7)

### 7.0-VECC-34

**Reference: Cost Allocation Model, Tab I8 (Demand Data)**
**Load Profile Model**
**Exhibit 7, page 4**

**Preamble:** The Application states:
"*LPDL's load profile calculation utilized three years of actual hourly data by rate class for 2021-2023 to determine the Coincident Peak (CP) and Non-Coincident Peak (NCP) contributions to the system to prepare inputs into tab "I8 Demand Data" of the OEB's Cost Allocation Model*."

a) Please confirm that the CP and NCP values used in Tab I8 were based on the average of the values CP and NCP calculated using the actual 2021-2023 data.

b) If confirmed, please explain why the actual CP and NCP values in each year for each customer class were not adjusted to account for the difference between the class's total annual usage in that year and the class's forecast 2025 energy use.

c) Please provide a schedule setting out, for each customer class: i) the actual 2021-2023 CP and NCP values as calculated by LPDL, ii) the actual customer class use for each of 2021-2023 as a ratio of the forecast 2025 customer class use, iii) the adjusted CP and NCP values for each years based on these ratios and iv) the resulting average CP and NCP values.

**7.0-VECC-35**

**Reference:** **Exhibit 7, pages 12-13**
**Preamble:** The Application states:
"*The proposed Billing and Collecting weighting factor for both classes (i.e. GS>50 and Street Lighting) is 0.9. All customers within this classification have interval meters that are read and verified by a third-party vendor with a retail meter account. The retail settlement provider costs attributed to these customer classes are less than the overall smart meter network costs required for residential and GS < 50 kW customers*."

a) The statement copied in the Preamble suggests that Street Lighting customers have interval meters. Please clarify whether this is the case.

b) What are the costs that LPDL considers to be "smart meter network costs" for purposes of determining the Billing and Collection weighting factors? (Note: The question is not asking for the dollar value but rather the types of activities and costs included).

c) For the GS>50 and Street Lighting classes is the third-party vendor responsible all costs comparable to those identified in response to part (b)?

**7.0-VECC-36**

**Reference:** **Exhibit 7, page 14**
**Cost Allocation Model, Tab 6.2**

a) In Tab 6.2, for the GS>50 class the customer count for use of LPDL transformers (103) is less than the customer count for LPDL secondary assets. This would suggest that there are some GS>50 customers that own their transformer but LPDL owns the secondary assets on the low voltage side of the transformer. Please confirm that this is the case.

**7.0-VECC-37**

**Reference:** **Exhibit 7, page 15**
**Cost Allocation Model, Tabs 7.1 and 7.2**

a) Please explain why the cost of meter reading for interval meter is less than the cost of meter reading for smart meters.

b) Do any of LPDL's GS customers have more than one meter that is owned and/or read by LPDL? If yes, how many such customers are there in each GS class and how many additional meters are owned and/or read by LPDL?

**7.0-VECC-38**

**Reference: Exhibit 7, page 15**
**EB-2018-0050, Exhibit 3, page 63**

**Preamble:** In EB-2018-0050 LPDL's evidence stated: "*LPDL incurs a $10.00 monthly fee per microFIT meter point from LPDL's vendor, Utilismart, and would like to pass this charge onto its microFIT customers*."

a) Has Utilismart's fee increased since EB-2018-0050? If yes, what is its current monthly fee per microFIT delivery point?

## 8.0 RATE DESIGN (EXHIBIT 8)

**8.0-VECC-39**

**Reference: Exhibit 8, page 13-15**
**RTSR Workform**

a) Please confirm that the RRR data used in Tab 3 and the billing data used in Tab 5 are both based on the same year.

b) Do any of LPDL's customers have embedded generation that is subject to gross load billing for purposes of applying HON's ST rate? If yes, has the RRR data used in Tab 3 been adjusted to reflect the gross loads for these customers?

c) The historic RRR usage values in Tab 3 of the RTSR Workform by customer class differ from the actual class usage values set out in the Load Forecast Model (Load Forecast Summary Tab). Please reconcile.

d) Please update the RTSR Workform to reflect: i) the preliminary 2025 UTRs issued by the OEB on November 1, 2024 and ii) HON's 2025 ST RTSRs (EB-2024-0032) approved on December 19, 2024.

**8.0-VECC-40**

**Reference: Exhibit 8, page 20**
**Tariff Schedule and Bill Impact Model**
**EB-2024-0133, Decision and Rate Order re Distribution Rate Protection effective July 1, 2024**

**Preamble:** The Application states:
"*The DRP Regulation still includes Lakeland Power Distribution Ltd (former Parry Sound Power service area) customers as eligible for the DRP. LPDL's current distribution rate of $39.61 effective May 1, 2024, is below this DRP cap so no DRP claim is currently required. As of May 1, 2025, the proposed rate for residential customers of $43.03 will be higher than the current*

*DRP cap of $41.39 and the monthly claim for the rate differential will once again be claimed by LPDL*."

a) Based on the most recent actual data, how many of LPDL's Residential customers are in the former Parry Sound Power service area and how many are not?

b) Please confirm that only Residential customers in the former Parry Sound Power Service are eligible for the DRP. If not confirmed, please explain why.

c) Does LPDL plan to undertake any customer communications in order to explain to its Residential customers why they are not all paying the same rates as of May 1, 2025?

d) Please revise the Bill Impact calculations to show separately the bill impacts for Residential customers eligible for DRP and those not eligible for DRP.

e) Assuming the OEB updates the maximum monthly base distribution charge that utilities subject to the DRP program can charge an eligible residential customer for consumption on or after July 1, 2025, will LPDL adjust the DRP discount applicable to Residential customers in the former Parry Sound Power Service area accordingly as of the same date?

**8.0-VECC-41**

**Reference: Exhibit 8, page 23**

a) Please update the pole attachment rate to reflect the approved rate for 2025 of $39.14. What impact, if any, does this update have on LPDL's Other Revenue forecast?

**8.0-VECC-42**

**Reference: Exhibit 8, page 24**

**Preamble:** The Application states:
"*LPDL is projecting 2025 LV costs based on 2023 volumes at current 2024 Hydro One Sub-Transmission rates*."

a) Please update the forecast 2025 LV costs based on Hydro One's approved 2025 ST Rates (EB-2024-0032) and actual 2024 volumes.

**8.0-VECC-43**

**Reference: Exhibit 8, page 26**

a) With respect to Table 21, for each year please break down both the A(1) and A(2) values as between IESO purchases, HON purchases and embedded generation.

## 9. DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

### 9.0 –VECC -44

### Reference: Exhibit 9, page 27

**Table 22 - OEB Assessment Cost**

| OEB Assessment Variance Costs | USoA | Amount $ |
|---|---|---|
| 2018 | 1508 | 11,539 |
| 2019 | 1508 | 3,471 |
| Interest Costs - projected through to April 30, 2025 | 1508 | 3,458 |
| **1508 OEB Assessment Variance Claim** | | **18,468** |

a) Please confirm (or correct) that LPDL's last cost of service application included an estimate of annual OEB costs based on the Board's revised methodology.

b) Please confirm (or correct) that the balances claimed to not include any new variances from OEB assessments since the last cost of service application.

**End of document**