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BY EMAIL

December 19, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ritchie Murray:

**Re: Lakeland Power Distribution
Application for 2026 Distribution Rates
Ontario Energy Board File Number: EB-2025-0024**

In accordance with Procedural Order No. 1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Lakeland Power Distribution's responses to interrogatories are due by January 16, 2026.

Any questions relating to this letter should be directed to Kelli Benincasa at Kelli.Benincasa@oeb.ca or at 416-440-7624. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Kelli Benincasa

Kelli Benincasa
Analyst, Incentive Rate Setting

Encl.

**OEB Staff Interrogatories
Lakeland Power Distribution
EB-2025-0024**

Please note, Lakeland Power Distribution (Lakeland Power) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

OEB Staff-1

Ref 1: IRM Rate Generator Model, Tab 3

Preamble:

On December 10, 2025, the OEB published the 2026 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.

Question(s):

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q1 2026 OEB-prescribed interest rate of 2.55%.

OEB Staff-2

Ref 1: 2026 Rate Generator Model, Tabs 11, 15 and 20

Ref 2: OEB Letter, EB-2025-0232, 2026 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, October 9, 2025

Preamble:

On October 9, 2025, the OEB issued a letter regarding 2026 Preliminary Uniform Transmission Rates (UTRs) and Hydro One Sub-Transmission Rates. The OEB determined the use of preliminary UTRs to calculate 2026 Retail Service Transmission Rates (RTSRs) to improve regulatory efficiency, allowing for this data to feed into the rate applications including annual updates for electricity distributors on a timelier basis. The OEB also directed distributors to update their 2026 application with Hydro One Network Inc.'s (HONI) proposed host RTSRs.

OEB staff has updated Lakeland Power’s Rate Generator Model with the preliminary UTRs and proposed host RTSR by HONI as follows:

Table 1: Updated Uniform Transmission Rates

Uniform Transmission Rates		Unit	2024		2025		2026
			Jan to Jun	Jul to Dec	Jan to Jun	Jul to Dec	
Rate Description			Rate		Rate		Rate
Network Service Rate	kW	\$	5.78	6.12	6.37	6.37	\$ 6.42
Line Connection Service Rate	kW	\$	0.95	0.95	1.00	1.00	\$ 1.02
Transformation Connection Service Rate	kW	\$	3.21	3.21	3.39	3.39	\$ 3.47

Table 2: Updated HONI Sub-Transmission Rates

Hydro One Sub-Transmission Rates		Unit	2024		2025		2026
			Rate		Rate		Rate
Network Service Rate	kW	\$	4.9103		5.3280		\$ 5.4282
Line Connection Service Rate	kW	\$	0.6537		0.6882		\$ 0.6896
Transformation Connection Service Rate	kW	\$	3.3041		3.4894		\$ 3.4965
Both Line and Transformation Connection Service Rate	kW	\$	3.9578		4.1776		\$ 4.1861

Question(s):

- a) Please confirm the accuracy of the Rate Generator Model update, as well as the accuracy of the resulting RTSR following these updates.

OEB Staff-3

Ref 1: 2026 Rate Generator Model, Tab 18

Preamble:

Effective November 1, 2025, the Time-of-Use RPP prices and percentages were updated as noted in Table 1 below. In addition, the Ontario Electricity Rebate was changed to 23.5%.

Table 1: Updated Time of Use RPP Prices

Time-of-Use RPP Prices and Percentages

As of	November 1, 2025		
Off-Peak	\$/kWh	0.0980	64%
Mid-Peak	\$/kWh	0.1570	18%
On-Peak	\$/kWh	0.2030	18%

On December 11, 2025, the OEB established an updated Capacity Based Recovery and Rural and Remote Electricity Rate Protection rates of \$0.0006.

Question(s):

- a) The Rate Generator Model was updated to reflect the updated values established in Reference 1. Please confirm the accuracy of the Rate Generator Model update.

OEB Staff-4

Ref 1: 2026 Rate Generator Model, Tab 8

Ref 2: Revenue Requirement Work Form (RRWF) Settlement Agreement, Tab 4 and 6, EB-2024-0039, March 18, 2025

Preamble:

Rate Generator Model Tab 8

Summary - Sharing of Tax Change Forecast Amounts

	2025	2026
OEB-Approved Rate Base	\$ 35,833,065	\$ 35,833,065
OEB-Approved Regulatory Taxable Income	\$ 111,212	\$ 111,212

RRWF Tab 4. Rate Base

Rate Base and Working Capital

Line No.	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) ⁽²⁾	\$65,728,459	\$5,618	\$65,734,077	\$ -	\$65,734,077	\$ -	\$65,734,077
2	Accumulated Depreciation (average) ⁽²⁾	(\$33,150,788)	\$47,158	(\$33,103,631)	\$ -	(\$33,103,631)	\$ -	(\$33,103,631)
3	Net Fixed Assets (average) ⁽²⁾	\$32,577,671	\$52,776	\$32,630,446	\$ -	\$32,630,446	\$ -	\$32,630,446
4	Allowance for Working Capital ⁽¹⁾	\$3,163,383	(\$104,094)	\$3,059,289	\$143,330	\$3,202,619	(\$3,202,619)	\$ -
5	Total Rate Base	\$35,741,053	(\$51,318)	\$35,689,735	\$143,330	\$35,833,065	(\$3,202,619)	\$32,630,446

(1) Allowance for Working Capital - Derivation

>	1. Info	2. Table of Contents	3. Data_Input_Sheet	4. Rate_Base	5. Utility Income	6. Taxes_PILs	7. Cost_of_Capital	8. Rev_Def_Suf	...	+	:	◀
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RRWF Tab 6. Taxes PILs

Taxes/PILs

Line No.	Particulars	Application	Interrogatory Responses	Settlement Agreement	Per Board Decision
<u>Determination of Taxable Income</u>					
1	Utility net income before taxes	\$1,316,700	\$1,320,520	\$1,325,823	\$1,207,327
2	Adjustments required to arrive at taxable utility income	(\$946,547)	(\$900,364)	(\$1,178,778)	(\$1,178,778)
3	Taxable income	\$370,153	\$420,156	\$147,045	\$28,549
<u>Calculation of Utility income Taxes</u>					
4	Income taxes	\$98,091	\$111,342	\$38,967	\$38,967

Question(s):

- a) Please explain why Lakeland Power has input the OEB Approved Rate Base amount of \$35,833,065 in Tab 8 of the Rate Generator Model when the Board approved amount is \$32,630,446 in the RRWF Tab 4. Please update the Rate Generator Model to reflect the Board approved amount of \$32,630,446.
- b) Please explain why Lakeland Power has input the OEB Approved Regulatory Taxable Income amount of \$111,212 in Tab 8 of the Rate Generator Model when the Taxable income amount is \$28,549 in the RRWF Tab 6. Please update the Rate Generator Model to reflect the Board approved amount of \$28,549.

OEB Staff-5

Ref 1: Manager’s Summary, Appendix Z-1 and Appendix Z-2

Preamble:

Lakeland Power is seeking cost recovery for the following two Z-factor events:

- Z-Factor #1: Recovery of lightning storm damage in June 2024 to the Centennial MS Substation Transformer Failure in the amount of \$861,566
- Z-Factor #2: Recovery of Ice Storm Damage in the amount \$1,302,242

Question(s):

- a) Please indicate whether the costs contained within both requests have been audited.
- b) If not, please indicate when audited costs will be available.
- c) Please provide a copy of Lakeland Power’s 2024 year-end Audited Financial Statements.

OEB Staff-6

Ref 1: Manager’s Summary pp. 30-31

Ref 2: EB-2024-0039, Settlement Proposal, Appendix - 2AA

Preamble:

Lakeland Power incurred \$608,210 of OM&A and \$253,256 in capital costs for the Z-1 event (Centennial MS Substation Transformer Failure) and \$882,679 of OM&A and \$457,564 in capital cost for the Z-2 event (Ice Storm Damage).

In Appendix 2-AA, Lakeland Power shows the following capital costs for reactive capital:

Projects	2024 Bridge Year \$	2025 Test Year \$	2026 \$	2027 \$	2028 \$	2029 \$
Asset Replacement for all Areas Served	92,239	250,000	350,000	350,000	350,000	350,000
All Capital Storm Damage/Trouble Call Capital	81,550	250,000	250,000	250,000	250,000	250,000

Question(s):

- a) Please provide the amount in base rates related to reactive OM&A.
- b) Please provide the amount budgeted for 2025 for reactive OM&A and the amount spent to date in 2025.
- c) Please provide the last five years of actual expenditure for reactive OM&A.
- d) If Lakeland Power does not have a budget for Reactive OM&A, please explain why.
- e) Please elaborate if Lakeland Power has any reactive capital budget (shown above) available to cover some costs for either storm.
 - a. If so, how much. Please provide further details.
 - b. If not, please explain why.

OEB Staff-7 – Emergency Preparedness

Ref 1: Appendix 2-Z, pp. 8-9

Preamble:

Lakeland Power notes that it relies on its Emergency Preparedness Plan (EPP) which outlines the processes and procedures for responding to power disruptions outside of routine operations.

On p. 9, Lakeland Power stated that while its EPP operates within the broader framework of Lakeland Power's Business Continuity Plan, which addresses a range of emergency scenarios, Lakeland Power could not have reasonably anticipated the scale and severity of the March 2025 Ice Storm event.

Question(s):

- a) Please provide details and a copy of Lakeland Power's EEP.
- b) Please comment on the degree to which Lakeland Power's response to 1) the ice storm and 2) the thunderstorm accorded with the provisions of the plan and explain the main reasons for any deviation from it.
- c) Please discuss any lessons learned from each event.
- d) Does Lakeland Power have strategies in place for mitigating the impact of weather events in the future? If so, please outline the strategies.

OEB Staff-8

Ref 1: Appendix Z-2

Question(s):

- a) Please provide the number of interruptions, number of customer interruptions, and number of customer interruption minutes by Cause Code for each of the years 2020 to 2025.
- b) Please discuss the trend in Tree Contact interruptions.
- c) If applicable, provide a summary of Lakeland Power's historical Z-factor applications related to storm events and in the response, include the requested amount compared to the OEB approved amount.
- d) Please discuss Lakeland Power's historical investments in resilient infrastructure.

Z-factor #1: Centennial MS Substation Transformer Failure

OEB Staff-9

Ref 1: Appendix Z-1, pp. 8-9

Preamble:

Lakeland Power states that it investigated the options to repair the transformer or purchase a new transformer. For the replace/purchase new option, Lakeland Power obtained numerous initial quotes from vendors including an indication of time to delivery.

Question(s):

- a) Please provide quotes for the purchase of a new transformer and the associated lead times for delivery.

Ref 2: Appendix Z-1, p. 9

Preamble:

Lakeland Power's Z-factor request includes capital costs for a 25% progress-payment in the amount of \$243,463.¹ In Appendix Z-1, Lakeland Power notes Surplec offered a complete rewind for \$634,000.

- b) Please provide the service contract with Surplec as well as two other estimates received, including the estimate from Hitachi.
- c) Please confirm that Lakeland Power's expected total repair cost is \$634,00. If not, please provide the most current estimate.
- d) Please elaborate on why Lakeland Power believes it is appropriate to collect progress-payments prior to having the asset back in service.

¹ EB-2024-0024, Manager's Summary p. 30

OEB Staff-10

Ref 1: Appendix Z-1, p. 9

Preamble:

Lakeland Power's Z-factor claim includes OM&A costs of \$68,408 related to the installation of a temporary replacement transformer.

Question(s):

- a) Please confirm that the temporary transformer has been installed by Lakeland Power's staff.
 - i. If so, please confirm that the installation costs of the temporary transformer are incremental to Lakeland Power's regular labour costs.
 - ii. If not, please provide more details.
- b) If the transformer was installed by a third party, please provide the invoice(s) for this expense.

OEB Staff-11

Ref 1: Appendix Z-1, p. 10

Question(s):

- a) Please describe the affiliate relationship between Bracebridge Power and Lakeland Power and its parent company.

OEB Staff-12

Ref 1: Appendix Z-1, p. 9

Preamble:

Lakeland Power notes that it reached out to transformer repair vendors and short-listed Hitachi's reduced estimate of \$1.2M for purchase of a new transformer and Surplec's estimate of \$634,000 for repair of the damaged transformer.

Lakeland Power noted that the repair option with Surplec was assessed to be the most economical course of action with the lowest repair cost and reasonable lead times (10 months).

Lakeland Power stated that to mitigate risk, it decided to purchase the temporary transformer it was renting. The supplier agreed to sell the transformer for \$375,000.

The transformer was ultimately purchased by Bracebridge Generation, an affiliate of Lakeland Power. The affiliate now rents the unit to Lakeland Power at a reduced amount of \$30,000 a month.

In this application, Lakeland Power requests recovery of \$507,000 in transformer rental fees as shown in the following table:

Category	Operating	Capital	Total
Install of temporary transformer	\$68,408	\$0	\$68,408
Transformer rental	\$507,000	\$0	\$507,000
Consulting fees / reports	\$9,341	\$1,870	\$11,211
Transformer re-build costs	\$0	\$243,593	\$243,593
Sub-Total	\$584,748	\$245,463	\$830,211
Carrying charges	\$23,462	\$7,893	\$31,355
Total incl. carrying charges	\$608,210	\$253,356	\$861,566

Question(s):

- a) Lakeland Power noted that the rental amount of \$507,000 is for the rent of the temporary transformer up to September 30, 2025 and further rental costs will be incurred. Please provide an estimate of the expected rental costs based on the current timeline for the repair of the damaged transformer.
- b) Discuss what rental options were discussed with the supplier.
 - i. Did Lakeland Power receive quotes for long-term rental options (6-month, 12-month, 18-month, 24-month). If not, why not.
 - ii. If so, please provide the pricing scale.
 - iii. Discuss how a monthly rent of \$30,000/month compares to current rental units at market price.
- c) Provide a table showing how much of the rental amount of \$507,000 was paid to the original supplier and how much of it has been paid to Bracebridge Generation.
- d) Please confirm the date and purchase price of \$375,000 for the temporary transformer.
- e) Please confirm that the purchase was negotiated by Lakeland Power, but ultimately bought by Bracebridge Generation.

OEB Staff-13

Ref 1: Appendix Z-1, p. 10

Preamble:

On page 10, Lakeland Power noted that it continues to rent the transformer from Bracebridge Generation. It further noted that Surplec's repair timelines are still not certain and in the event of a delay, Lakeland Power and Bracebridge Generation would have the ability to adjust the rental agreement as required to ensure Lakeland Power was not any worse off than if it had purchased the transformer itself.

Question(s):

- a) Explain at what point Lakeland Power would be worse off renting the transformer from Bracebridge Generation rather than having purchased it outright.
- b) Please provide a cost-benefit analysis for i) purchase of the temporary transformer by Lakeland Power and ii) rental of the unit from Bracebridge Generation .
- c) Please provide a scenario where Lakeland Power would have purchased the temporary unit instead of Bracebridge Generation, including the annual revenue requirement, bill impacts and forecasted netbook value at the estimated time of repair and recommissioning of the damaged unit.
- d) Please provide the estimated salvage value of the temporary transformer in fall of 2026 when the damaged transformer is expected to be back in service.

Z-Factor #2: Ice Storm Damage

OEB Staff-14

Ref 1: Appendix Z-2, pp. 18 and 29, Table 1

Preamble:

Out of the total claim of \$1,340,242, Lakeland Power is showing capital costs of \$457,564.

Category	Operating	Capital	Total
Incremental Labour / Material costs	\$268,930	\$184,051	\$452,981
3rd Party contractors	\$588,730	\$260,544	\$849,274
Total	\$857,660	\$444,595	\$1,302,255
Carrying charges	\$25,018	\$12,969	\$37,987
Total Z-Factor claim costs	\$882,679	\$457,564	\$1,340,242

On p. 18, Lakeland Power noted the following damage from the ice storm:

- 48 broken poles
- Approximately 185 spans of broken wire
- Approximately 9.25 kms of downed power lines
- 65 instances of broken customer equipment, such as masts, requiring inspection by the Electrical Safety Authority

On p. 29, Lakeland Power also stated that six transformers were damaged during the storm.

Question(s):

- Please confirm that the capitalized contractors' cost of \$260,544 is capitalized according to Lakeland Power's capitalization policy.
- Please provide an itemized list of the capital cost of \$184,051 for internal material/labour as well as \$260,544 for third party contractors by filling out the table below.

Asset/Equipment	Quantity	Repaired or Replaced	Estimated Net Asset Value	Useful Life
Total				

- Please provide further details regarding the six damaged transformers noted on p. 29 of Appendix Z-2.
- Please confirm that Lakeland Power has written off damaged assets from its books and that their depreciation expense will no longer be recognized during the course of their useful life listed in its 2025 Cost of Service application.
- Please identify any assets that were scheduled for replacement as part of the capital plan.

- f) Please confirm if there are changes expected to Lakeland Powers’s future capital investment plans due to replacing damaged assets caused by the Z-factor event. If yes, please elaborate. If not, please explain why not.
- g) Please confirm that the Z-factor claim does not include repair/upgrade cost of the current assets that were not impacted by the ice storm.
- h) Please provide invoices for all third-party contractors.

OEB Staff-15

Ref 1: Appendix Z-2, pp. 8 and 29

Preamble:

On p. 8, Lakeland Power noted that tree-trimming contracts are typically awarded on a three-year basis. On p. 29, Lakeland Power states that it maintains a six-year cycle to clear vegetation around its power lines.

Question(s):

- a) Please describe Lakeland Power’s Vegetation Management strategy and confirm Lakeland Power’s tree trimming cycles and a map showing the trimming zones.
- b) Please discuss the budget reserved for Lakeland Power’s vegetation management program in detail.
- c) Please provide the 2025 budget and actual amounts for capital and OM&A expenses related to vegetation management. Discuss any budget versus actuals variance.
- d) Please explain how storm restoration or other emergency response/maintenance costs are normally considered in Lakeland Power’s budgeting process.
- e) Please provide the following table:

	2020	2021	2022	2023	2024	2025
Planned Trimming Zones						
Actual Trimming Zones						

Vegetation Management Budget \$						
Vegetation Management Actuals \$						

OEB Staff-16

Ref 1: Appendix Z-2, p. 6

Preamble:

Lakeland Power noted that an Ice Storm event heavily affected Bracebridge, Lakeland Power’s largest municipal territory, accounting for 7,564 of 8,967 (or 84%) of customers affected. Other areas of Lakeland Power’s territory were also impacted, but less than Bracebridge.

Question(s):

- a) Please provide a copy of the outage map of Lakeland Power’s service territory displaying the affected outage service area(s).

OEB Staff-17

Ref 1: Appendix Z-2, p. 11, Table 3

Preamble:

Lakeland Power is requesting \$588,730 in incremental operating costs for third party contractors.

3 rd Party Contractor	Operating	Capital	Total
LDC Mutual Aid	\$205,998	\$47,375	\$253,373
Anixter Power Solutions Canada inc.	\$5,387	\$0	\$5,387
CC Underground Utilities Inc.	\$0	\$24,947	\$24,947
Davey Tree Expert Co	\$29,862	\$0	\$29,862
Fowler Construction Co	\$121	\$0	\$121
K-line Maintenance & Construction	\$323,504	\$144,776	\$468,280
P. Medley & Sons Ltd	\$1,163	\$0	\$1,163
Reid Utility Services Inc.	\$20,950	\$43,446	\$64,396
Wes Finch & Sons Excavating Ltd	\$1,744	\$0	\$1,744
Total	\$588,730	\$260,544	\$849,274

Question(s):

- a) Please clarify whether Lakeland Power paid any premium amounts to its third-party contractors.
- b) If so, please outline the contractor and the premium amounts paid.
- c) Provide a separate schedule (breakdown) of third-party contractor invoices based on labour, materials, meals, truck, other (provide explanations).

OEB Staff-18

Ref 1: Appendix Z-2, p. 11, Table 2

Preamble:

Lakeland Power is showing the following internal operating costs.

Labour / Material	Operating	Capital	Total
Labour	\$217,058	\$40,804	\$257,862
Materials	\$49,996	\$143,247	\$193,242
Meals	\$1,877	\$0	\$1,877
Total	\$268,930	\$184,051	\$452,981

Question(s):

- a) Please provide a breakdown of all Lakeland Power's internal labour costs (i.e., the \$) applicable for the affected period using the following format.

Department	Number of Eligible Employees	Regular Hours Worked	Total Regular Time Payments	Overtime Hours Worked	Total Overtime Payments
Management					
Other Non-Union Employees					
Sub-Total Non-Union					
Union Employees					
Operations					
Other					

Sub-Total Union					
Total Internal Labour for Affected Parties					
Total Z-Factor Labour Costs					

- b) Please provide Lakeland Power’s policy with respect to overtime for its non-union employees and management.
- c) Please describe whether the Z-factor labour costs included payments made to union employees at regular rates of pay for work on pre-scheduled vacation days.
- d) Please explain the nature of operating costs under “Materials” in the amount of \$49,996.

OEB Staff-19

Ref 1: 2026 IRM Rate Generator Model, Tab 3 - Continuity Schedule

Ref 2: 2024 IRM application², Decision and Order, March 21, 2024

Preamble:

The Continuity Schedule shows -\$299,855 in Account 1595 (2024) under column BE (“OEB-Approved Disposition during 2024”), which does not align with the OEB-approved disposition amount of \$299,235.

Question(s):

- a) Please explain the reason for this difference and update the schedule as needed.

² EB-2023-0036

OEB Staff-20

Ref 1: Lakeland Power 2026 IRM Application (pp. 19-20)

Ref 2: 2026 IRM Rate Generator Model, Tab 3 - Continuity Schedule

Ref 3: 2024 IRM application³, Decision and Order, March 21, 2024

Preamble:

Lakeland states that billing adjustments for the six Class A customers were removed from Accounts 1595 (2020) and 1595 (2021) in 2024 as principal adjustments since the actual billing corrections were not recorded until May 2025 and therefore, they were not included in the 2024 RRR Trial Balance. However, the Continuity Schedule shows these adjustments recorded in 2023 (column AV).

Question(s):

- a) Please confirm the actual posting date of these adjustments in the general ledger.
- b) Please explain why the related Class A billing adjustment is reflected in 2023 in the Continuity Schedule of the Rate Generator Model, while the narrative refers to 2024 and the actual posting occurred in May 2025.
- c) If the correct year for these adjustments is 2023, please explain why and update the narrative accordingly.
- d) If the correct year is 2024, please explain why and update the Continuity Schedule accordingly.

³ EB-2023-0036