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

BY EMAIL

March 21, 2025

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Nancy Marconi:

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

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to the OEB's March 14, 2025 letter.

Yours truly,

Georgette Vlahos

Digitally signed by Georgette Vlahos
Date: 2025.03.21 15:08:08 -04'00'

Georgette Vlahos
Advisor – Electricity Distribution Rates

Encl.

cc: All parties in EB-2024-0039

ONTARIO ENERGY BOARD

OEB Staff Submission

Lakeland Power Distribution Ltd.

Cost of Service Application

EB-2024-0039

March 21, 2025

1. Introduction

This is OEB staff's submission on the settlement proposal filed by Lakeland Power Distribution Ltd. (Lakeland Power) related to its application for May 1, 2025 electricity distribution rates (Application). The settlement proposal represents a partial settlement on the issues on the OEB-approved issues list.[1] Among the 21 approved issues on the final issues list, this settlement proposal represents 20 fully settled issues, and one partially unsettled issue.

The partially unsettled issue falls under Issue 6.1 on the OEB-approved issues list and is described below as per the settlement proposal:

> The Parties were unable to settle the amounts to be included in Account 1595 in relation to a rate calculation error for non-RPP Class B Global Adjustment customers described in section 9.2.2 of the Application for 2021 to 2022, and more particularly described in Table 16 of Exhibit 9. LPDL calculates as an under-recovery of $345,659 for 2021 and an over-recovery of $50,942 for 2022 from these customers. LPDL is not requesting disposition of Account 1595 as part of this Application and therefore rates in this Application will not be impacted by a decision of the OEB. However, rates could be impacted in the future when the amounts recorded in this account become eligible for disposal. The Parties agreed that this issue can be dealt with by the way of written submissions.[2]

With respect to the partially unsettled issue, OEB staff agrees with the Parties that this issue can be dealt with by way of written submissions.

The settlement proposal is a result of a settlement conference held from February 19, 2025 to February 20, 2025. The parties to the settlement proposal include Lakeland Power and the following approved intervenors: School Energy Coalition (SEC) and Vulnerable Energy Consumers Coalition (VECC) (collectively, the Parties). The Trestle Brewing Company is also an approved intervenor in this proceeding, but did not participate in the settlement conference. OEB staff attended the settlement conference; however, it is not a party to the settlement proposal.

If the settlement proposal is approved as filed, a typical residential customer with a monthly consumption of 750 kWh will see a total bill decrease of $3.42 (2.41%) in a monthly bill (excluding taxes and the Ontario Electricity Rebate).

This submission reflects observations that arise from the OEB staff's review of the

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[1] EB-2024-0039, Decision on Issues List and Confidentiality, January 15, 2025
[2] Settlement Proposal, p.47

evidence and the settlement proposal. It is intended to assist the OEB in deciding upon Lakeland Power’s application and the settlement proposal.

2. Overview

OEB staff submits that the explanations and rationale provided by the Parties support the settlement proposal and that the outcomes arising from the OEB's approval of the settlement proposal would reflect the public interest and would result in just and reasonable rates for customers.

OEB staff's position was developed in consideration of the objectives of the *Renewed Regulatory Framework*[3] (RRF), the *Handbook for Utility Rate Applications*[4], applicable OEB policies, relevant OEB decisions, and the OEB's statutory obligations.

Below, OEB staff provides specific submissions on the issues as they appear on the OEB-approved issues list, as shown below. Each of the seven issues listed contains one or more sub-issues.

- Issue 1: Capital Spending and Rate Base
- Issue 2: Operating, Maintenance and Administration (OM&A)
- Issue 3: Cost of Capital, PILs, and Revenue Requirement
- Issue 4: Load Forecast
- Issue 5: Cost Allocation, Rate Design, and Other Charges
- Issue 6: Deferral and Variance Accounts (DVAs)
- Issue 7: Other

[3] Report of the Board – *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach*, October 18, 2012
[4] *Handbook for Utility Rate Applications*, October 13, 2016

3. OEB Staff Submissions on the Settlement Proposal

Issue 1: Capital Spending and Rate Base

1.1 Are the proposed capital expenditures and in-service additions appropriate?

OEB staff supports the capital expenditures and in-service additions as presented in the settlement proposal.

In response to interrogatories, Lakeland Power updated its net capital in-service additions budget for the 2024 bridge year and the 2025 test year to $2.8M and $3.9M respectively.

Through settlement, the Parties agreed that the proposal capital in-service additions were appropriate.[5]

OEB staff submits that the proposed in-service additions budget is reasonable for Lakeland Power to continue operating its system reliably. OEB staff notes that the net 2025 test year in-service additions budget of $3.9M is 54% greater than the net historical average in-service additions of $2.5M (2019-2024). Test year spending includes capital projects such as voltage conversions, SCADA automation upgrades, capacity upgrades, and the replacement of a double bucket truck. OEB staff believes that Lakeland Power's test year capital spending is prudent, with projects expected to positively impact reliability and system losses while addressing future capacity needs.

Further, OEB staff supports the Parties' agreement that Lakeland Power will provide an updated Asset Condition Assessment no later than the earlier of either its next cost of service application or the first request by Lakeland Power for incremental capital module funding with the following additions:

a) an assessment of station assets
b) an explanation of the methodology used in the Asset Condition Assessment

1.2 Are the proposed rate base and depreciation amounts appropriate?

OEB staff supports the proposed rate base and depreciation amounts which have been calculated in accordance with the settlement proposal.

The proposed 2025 rate base is $35.8M, a $143k increase from the amount included in response to interrogatories.[6] The main drivers for the total change in rate base when

[5] Settlement Proposal, p. 14
[6] Settlement Proposal, Table 1.2B, p. 17

comparing the interrogatory responses and the settlement proposal include the reduction agreed to by Parties with respect to OM&A expenditures (see Issue 2.1) and an increase in working capital allowance. One of the reasons for the increase in working capital allowance is an increase in the cost of power as a result of reflecting the latest Ontario Electricity Rebate credit of 13.1%, which at the time of the interrogatory responses, had not been updated to the latest rate.[7]

The proposed 2025 depreciation expense is $2.04M. This amount did not change from the amount included in response to interrogatories.[8]

Issue 2: OM&A

2.1 Are the proposed OM&A expenditures appropriate?

OEB staff considers the 2025 OM&A expenses reflected in the settlement proposal to be reasonable.

Lakeland Power proposed total OM&A expenses of $6.58M for the 2025 test year (excluding property taxes), an increase of about 31% (or 4.64% compounded annually) compared to the 2019 OEB-approved OM&A expenses of $5.01M.[9] Lakeland Power cited improved maintenance practices, wages/merit increases and FTE changes, corporate allocation, and cloud computing costs as OM&A drivers since 2019.[10]

Through settlement, the Parties agreed to reduce OM&A expenditures by $325k, resulting in OM&A expenses of $6.26M for the 2025 test year (excluding property taxes). Parties agreed that Lakeland Power will manage its OM&A on an envelope basis and that areas of spending may change as is necessary and appropriate.[11] Lakeland Power applied the reduction in the tables throughout the settlement proposal and the Excel models as it has determined in its judgment.[12]

OEB staff calculates that the proposed revised 2025 OM&A expenditures represent an increase of about 25% (or 3.76% compounded annually) compared to the 2019 OEB-approved OM&A expenses. OEB staff note that Lakeland Power is in group 2 (the second most efficient group) according to the *Empirical Research in Support of*

[7] See response to pre-settlement clarification question 2-Staff-85 (Settlement Proposal, Appendix F).
[8] Settlement Proposal, Table 1.2A, p. 17
[9] Application, Exhibit 4, Section 4.1.3, p. 11
[10] Exhibit 1, Section 1.1.3.1, p. 14 and LPDL_Combined Responses to Staff_SEC_VECC IRs_20250206, February 6, 2025, IRR 4-Staff-33
[11] Settlement Proposal, p. 19
[12] Ibid

Incentive Rate-Setting: 2023 Benchmarking Update.[13] OEB staff note that Lakeland Power has continued to remain in group 2 since 2017 when its rank improved from Group 3 to Group 2.[14] The impact of the settlement proposal with regards to capital expenditures and OM&A expenses results in an estimated efficiency assessment of -17.68% below predicted costs, and Lakeland Power is forecasted to remain in Group 2.[15]

In the context of the overall settlement proposal, OEB staff submits that the envelope reduction of $325k in OM&A is reasonable and that the settled OM&A envelope should ensure that Lakeland Power has sufficient resources to maintain a safe and reliable distribution system.

2.2 Is the proposed shared services cost allocation methodology and the quantum appropriate?

The Parties through the settlement proposal accept that Lakeland Power's proposed shared services and cost allocation methodology and quantum are appropriate.[16]

OEB staff has no issues with the proposed shared services cost allocation methodology and quantum.

Issue 3: Cost of Capital, PILs, and Revenue Requirement

3.1 Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?

OEB staff supports the proposed cost of capital and capital structure as summarized in Tables 3.1A and 3.1B of the settlement proposal on the basis that the cost of capital calculations have been appropriately determined in accordance with OEB policies and practices, including the applicable OEB's latest cost of capital parameters for 2025.[17,18]

The total 2025 deemed long-term debt principal is a forecast of $20M with $956k interest, resulting in a weighted long-term debt rate of 4.76%. This rate is the weighted average of Lakeland Power's existing third-party debt instruments.[19] Lakeland Power

[13] Empirical Research in Support of Incentive Rate-Setting: 2023 Benchmarking Update, July 2024.
[14] Exhibit 1, Section 1.5.3, p.74
[15] Settlement Proposal p.8
[16] Settlement Proposal, p. 23
[17] OEB Letter, 2025 Cost of Capital Parameters, October 31, 2024
[18] Table 3.1B of the settlement proposal summarizes the cost of capital calculation for the Application, interrogatories and settlement proposal which uses the OEB's deemed capital structure of 4% short term debt, 56% long term debt, and 40% equity.
[19] Settlement Proposal, Table 3.1A, p. 24

used the OEB's 2025 deemed cost of capital parameters of 5.04% for the short-term debt rate and 9.25% for the return on equity.[20] As such, the weighted average cost of capital is forecasted to be 6.57%.

In addition, the Parties agreed that Lakeland Power will comply with any orders or directions from the OEB resulting from the Cost of Capital Generic Proceeding that are applicable to Lakeland Power. The Parties agree that Lakeland Power shall: (a) use the interim cost of capital parameters and the deferral and variance accounts from the OEB letter dated October 31, 2024 from EB-2024-0063; and (b) shall use the interim deemed short term debt rate and deferral and variance account established in the OEB letter dated July 26, 2024 to capture the revenue requirement impact from the changes to the Deemed Short-term Debt Rate described therein.[21] OEB staff is of the view that this is appropriate.

OEB staff highlights that the settlement proposal also stipulates that if the Cost of Capital decision is received early enough to make rate adjustments prior to the effective date of Lakeland Power's new rates, Lakeland Power may make such adjustments prior to finalizing their rate order.[22] For regulatory efficiency purposes, OEB staff supports this proposal.

3.2 Is the proposed PILs (or Tax) amount appropriate?

OEB staff takes no issue with the proposed PILs amount of $53,016 as shown in Table 3.2A of the settlement proposal.[23] The PILs also reflected a five-year smoothing method for capital cost allowance (CCA) to address the phase-out of the accelerated CCA rules in 2028.

The smoothing adjustment added to the Test Year regulatory net income before taxes of $41,488, set out under Issue 3.2 of the settlement proposal, is calculated based on forecasted capital additions in 2028 and 2029. Without smoothing adjustment, the regulatory taxable income would have been $105,557.

Regarding the CCA smoothing method, OEB staff notes that in its July 25, 2019 letter titled Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, the OEB stated that it may consider a smoothing mechanism to address any timing differences that could lead to volatility in tax deductions over the rate-setting term. OEB staff also notes that CCA smoothing

[20] Ibid, Table 3.1B, p. 25
[21] Settlement Proposal, p. 24
[22] Ibid
[23] Settlement Proposal, Table 3.2A, p. 27

proposals have been previously accepted by the OEB in settlement proposals of other proceedings.[24] In OEB staff's view, the agreed-upon smoothing adjustment calculation is an appropriate method to address the phase-out of accelerated CCA. Therefore, OEB staff does not take issue with Lakeland Power's smoothing adjustment calculation.

Additional details of Account 1592, Sub-account CCA Changes are discussed under Issue 6.1.

3.3 Is the proposed Other Revenue forecast appropriate?

OEB staff have no issues with the 2025 test year Other Revenue forecast of $1.19M, as presented in the settlement proposal. This is an increase of $55k compared to $1.14M in the Application (as set out in Table 3.3A of the settlement proposal). This adjustment is mainly driven by increases in Other Operating Revenues and Other Income or Deductions.

Further, OEB staff supports Parties' agreement to increase Lakeland Power's Other Revenue forecast for 2025 from the microFIT charge collected to represent the difference between the $10 monthly fee paid by Lakeland Power's microFIT customers versus the $29.35 monthly fee incurred by Lakeland Power from its vendor.[25] In OEB staff's view, it is appropriate in this instance to increase Other Revenues (and therefore reduce distribution revenue requirement) to reflect the difference between the revenues Lakeland Power would collect if the microFIT charge was updated to $29.35, as opposed to the $10 rate requested by Lakeland Power. This will act as a mechanism to avoid cross-subsidization between Lakeland Power's microFIT customers and its other customers.

3.4 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

OEB staff agrees with the position of the Parties as reflected in the settlement proposal that the impacts of any changes in accounting standards, policies, estimates and adjustments have been properly identified and recorded, and the rate-making treatment of these impacts is appropriate.

3.5 Is the proposed calculation of the Revenue Requirement appropriate?

OEB staff supports the proposed revenue requirement which has been calculated in the

[24] Brantford Power Inc. 2022 Cost of Service Decision and Rate Order, EB-2021-0009, November 25, 2021, PUC Distribution Inc. 2023 Cost of Service Decision and Rate Order, EB-2022-0058, April 6, 2023
[25] Settlement Proposal, p. 29

settlement proposal and referenced documents.

Table 3.5A of the settlement proposal shows the change in revenue requirement between the Application, interrogatory responses, and the settlement proposal. As indicated in the table, the Parties agreed to a service revenue requirement of $10.77M and a base revenue requirement of $9.57M. These values have been calculated based on the elements of the Parties' settlement proposal.

Issue 4: Load Forecast

4.1 Is the proposed load forecast methodologies and the resulting load forecasts appropriate?

OEB staff submits that the load forecast included in the settlement proposal is reasonable.

OEB staff supports the proposed consumption, demand and customer forecasts of 303 GWh, 314 MW, and 17,829 respectively (Table 4.1A of the settlement proposal). Relative to the Application, this reflects an increase of 5 GWh for consumption and 2 MW for demand. The proposed customer forecast increased by 131 compared to the Application.

Issue 5: Cost Allocation, Rate Design, and Other Charges

5.1 Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?

The revenue-to-cost ratios for all rate classes except the Street Lighting rate class are within the OEB prescribed ranges. The Street Lighting revenue-to-cost ratio is 151.45%, while the prescribed range is 80% to 120%.[26] The Parties agreed Lakeland Power would decrease the revenue-to-cost ratio to 120% in 2025. To maintain revenue neutrality, the revenue to cost ratio for the GS 50 to 4999 kW rate class is increased to 96.65% from 94.88%.

OEB staff has no concerns with the cost allocation methodology as agreed to by the Parties through the settlement proposal, or with the resulting revenue-to-cost ratios.

5.2 Is the proposed rate design, including fixed/variable splits, appropriate?

OEB staff does not have any concerns with the proposed rate design, including the fixed/variable splits.

[26] Settlement Proposal, Table 5.1A, p. 39

5.3 Are the proposed Retail Transmission Service Rates (RTSR) and Low Voltage (LV) Service rates appropriate?

OEB staff supports the RTSR and LV service rates as agreed to by the Parties.

The Parties agreed to update the LV expense using 2024 volumes and 2025 host rates.

5.4 Are the proposed loss factors appropriate?

OEB staff supports the proposed total loss factor of 6.52% as shown in the settlement proposal. OEB staff notes that this reflects a decrease from the current approved 7.23%. The proposed Distribution loss factor is 4.22% which remains below 5%.

5.5 Are the Specific Service Charges and Retail Service Charges appropriate?

OEB staff supports the agreement in which Parties' accepted that Lakeland Power's proposed Specific Service Charges and Retail Service Charges are appropriate. OEB staff notes that the 2025 wireline pole attachment charge, and 2025 retail service charges are consistent with the values approved in the OEB's latest Decisions and Orders.[27]

5.6 Are rate mitigation proposals required and appropriate?

The settlement proposal results in bill impacts for Lakeland Power's various rate classes that range between decreases of 2.0% and 11.8%. For residential and GS<50kW rate classes, the monthly total bill impacts including taxes and rebates are decreases of 2.41% and 2.78% respectively. OEB staff agrees with the position of the Parties as presented in the settlement proposal that no rate mitigation is required. OEB staff notes that the total bill impact for all customer classes fall below the 10% threshold.

Issue 6: Deferral and Variance Accounts

6.1 Are the proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?

The Parties agreed to the disposition of the following Deferral Variance Account (DVA) balances as of December 31, 2023 and forecasted interest through to April 30, 2025, over a one-year disposition period:

- Group 1 DVAs credit balance of $573,665 (excluding Account 1589)

[27] EB-2024-0226, Decision and Order, September 26, 2024 and EB-2024-0227, Decision and Order, September 26, 2024

- Account 1589 RSVA – Global Adjustment debit balance of $129,160
- Group 2 DVAs of a total credit balance of $418,893

Some of the Group 2 DVA balances also include forecasted principal amounts up to April 30, 2025.

In the Settlement Proposal, the Parties agreed to the following:

- The Parties agreed that Lakeland Power will dispose of Account 1518 - Retail Cost Variance Account – Retail and Account 1548 - Retail Cost Variance Account – STR based on the number of accounts, not the number of connections as proposed in the Application.

- The Parties agreed that Lakeland Power will remove Class A billing errors resulting in cumulative total of $121,068 over three years from 2019 through 2021 from Account 1595 and may seek to recover this amount from Class A customers through a billing adjustment, provided that such recovery is in accordance with the relevant provisions of the Retail Settlement Code.

OEB staff supports the agreement reached by the Parties related to the DVAs. OEB staff's submission on certain accounts are as follows:

Account 1518 Retail Cost Variance Account – Retail and Account 1548 - Retail Cost Variance Account – STR

OEB staff supports the Parties' agreement as reflected in the settlement proposal regarding the allocation method of the two retail settlement variance accounts (Account 1518 and Account 1548) balances. OEB staff notes that allocating the balances based on the number of accounts results in equitable distribution, with each customer receiving their respective share, while allocating the balance based on the number of connections will result in an unproportionate balance to some of the rate classes such as Street Lighting.

Class A Billing Errors:

OEB staff takes no issue regarding the Parties' agreement on this issue because OEB staff notes that the billing adjustments are not within the scope of the cost-of-service application. Furthermore, the accounting of the incorrect collection of these billings should not have been recorded in Account 1595 in the first place. OEB staff agrees with the Parties that any recovery from Class A customers in respect of improperly billed amounts must be done in accordance with the relevant provisions of the Retail Settlement Code.

Account 1592 – PILs and Tax Variances, Sub-account CCA Changes

Bill C-97 introduced the Accelerated Investment Incentive Program (AIIP), which provides for a first-year increase in CCA deductions on eligible capital assets acquired after November 20, 2018. The AIIP is expected to be phased out starting in 2024 and fully phased out by 2028. In its July 25, 2019 letter entitled Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, the OEB provided accounting direction on the treatment of the impacts from accelerated CCA resulting from the AIIP. The OEB established a separate sub-account, Account 1592 – PILs and Tax Variances, Sub-account CCA Changes to track the impact of any differences that result from the CCA change to the tax rate or rules that were used to determine the tax amount that underpins rates.

The credit balance of $609,716 in sub-account CCA Changes of Account 1592 represents the full revenue requirement impact of the application of accelerated CCA as of December 31, 2024, including interest to April 30, 2025.

The Parties also agreed through the settlement proposal to the continuation of Account 1592 – PILs and Tax Variances, Sub-account CCA Changes subsequent to December 31, 2024. Although Lakeland Power has smoothed out the AIIP impact in its incentive period in this proceeding and AIIP is going to fully phase out by 2028, OEB staff agrees that Account 1592, Subaccount CCA Changes should remain open to track the impact of any differences that result from a change in the CCA rule used to determine the tax amount that underpins rates. [28]

Discontinuation of Group 2 Accounts

In the settlement proposal, the Parties agreed to discontinue the following Group 2 accounts:

- Account 1508 Deferred IFRS Transition Costs
- Account 1508 Pole Attachment Revenue Variance
- Account 1508 Retail Service Charge Incremental Revenue
- Account 1508 Local Initiative Programs
- Account 1508 Green Button Initiative Costs
- Account 1508 Designated Broadband Project Impacts
- Account 1508 ULO Implementation Cost
- Account 1508 GOCA Variance Account
- Account 1508 LEAP EFA Funding

[28] Account 1592, Sub-account CCA Changes was established in the OEB's letter Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, July 25, 2019.

- Account 1508 Late Payment Penalty Litigation
- Account 1508 OEB Cost Assessment
- Account 1508 TransCanada
- Account 1509 Impacts Arising from COVID-19
- Account 1518 Retail Cost Variance Account – Retail
- Account 1548 Retail Cost Variance Account - STR
- Account 1522 Pension & OPEB Forecast Accrual versus Actual Cash
- Account 1525 Misc Deferred Debits
- Account 1555 Stranded Smart Meters
- Account 1568 LRAM
- Account 1574 Deferred Rate Impact
- Account 1576 Accounting Changes Under CGAAP
- Account 1582 RSVA – One-Time
- Account 2425 Other Deferred Credits

OEB staff supports the discontinuation of the above Group 2 accounts since the costs for some accounts either have been forecasted and included in the rates (for example, Account 1508 OEB Cost Assessment and Account 1508 Pole Attachment Revenue Variance) or the relevant policy initiatives for some accounts have been completely implemented and there are no further anticipated activities moving forward (for example, Account 1508 Green Button Variance Costs and Account 1508 GOCA Variance Account).

Issue 7: Other

7.1 Is the proposed effective date appropriate?

OEB staff has no issues with the Parties' agreement of a May 1, 2025 effective date. As stated in the cover letter to the settlement proposal, the last date for an OEB decision that would provide sufficient time for Lakeland Power to implement rates for May 1, 2025 is May 9, 2025.

7.2 Has the applicant responded appropriately to all relevant OEB directions from previous proceedings?

As part of its previous cost of service settlement agreement, parties in that proceeding agreed that Lakeland Power would have a full asset condition assessment in place and to implement a project prioritization process, both of which were to inform Lakeland Power's current Distribution System Plan.[29]

[29] EB-2018-0050, Decision and Rate Order, April 18, 2019

OEB staff supports the Parties' view as expressed in the settlement proposal that Lakeland Power has appropriately addressed all previous OEB directions. However, OEB staff believes there is room for improvement in Lakeland Power's Asset Condition Assessment due to the limited data on station equipment. OEB staff is confident that Lakeland Power's commitment in Section 1.1 to enhance its next Asset Condition Assessment by including station assets will result in a more comprehensive assessment of its distribution system, which will better guide the development of Lakeland Power's next capital spending plan.

7.3 Is the continuation of Lakeland Power's $10 utility-specific microFIT rate appropriate?

As part of its Application, Lakeland Power requested to maintain its utility-specific microFIT charge of $10 per month per customer.[30] As part of its interrogatory responses, Lakeland Power confirmed that it incurs a monthly fee per microFIT meter point of $29.35.[31]

As part of the settlement proposal, the Parties agreed that subject to the adjustment in section 3.3 of the settlement proposal, the continuation of Lakeland Power's $10 utility-specific microFIT rate should be allowed.[32]

In the context of the overall settlement proposal, OEB staff does not take issue with the agreement given Parties' agreement under Issue 3.3 with respect to Other Revenues.

7.4 Is the proposed request for Distribution Rate Protection (DRP) funding appropriately calculated and appropriately applied to "a consumer who has an account with Lakeland Power Distribution Ltd. that falls within a residential-rate classification, within the former Parry Sound Power service area" as set out in O.Reg 198/17?

Parties agreed through the settlement proposal that the proposed request for DRP funding is appropriately calculated and appropriately applied to a consumer who has an account with Lakeland Power Distribution Ltd. that falls within a residential-rate classification, within the former Parry Sound Power service area as set out in O.Reg 198/17.[33]

OEB staff support the Parties' agreement on this matter.

[30] Application, Exhibit 8, October 31, 2024, p. 23
[31] Interrogatory Responses, February 6, 2025, 7.0-VECC-38
[32] Settlement Proposal, p. 57
[33] Settlement Proposal, p. 58

Eligibility for the DRP is prescribed in the DRP Regulation.[34] Eligible residential customers served by certain utilities qualify for the DRP. Lakeland Power (former Parry Sound service area) is one of these utilities.

The calculation of the maximum monthly base distribution charge for DRP customers is issued by the OEB through a generic decision. The OEB issued its most recent Decision and Rate Order in the matter of DRP effective July 1, 2024.[35]

~All of which is respectfully submitted~

[34] Ontario Regulation 198/17 (Distribution Rate-Protected Residential Consumers)
[35] EB-2024-0133, Decision and Rate Order, May 30, 2024