

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

January 19, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: London Hydro Inc.
2012 IRM3 Distribution Rate Application
Board Staff Interrogatories
Board File No. EB-2011-0181**

In accordance with the Notice of Application and Hearing, please find attached Board Staff Interrogatories in the above proceeding. Please forward the following to London Hydro Inc. and to all other registered parties to this proceeding.

In addition please advise London Hydro Inc. that responses to interrogatories are due by February 2, 2012.

Yours truly,

Original Signed By

Georgette Vlahos
Analyst – Applications & Regulatory Audit

Encl.

**London Hydro Inc.
EB-2011-0181**

Board Staff Interrogatories

Tax-Savings Workform

Interrogatory #1

Ref: Tax-Savings Workform, Tab 3

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers	Re-based Billed kWh	Re-based Billed kW	Rate ReBal Base	Rate ReBal Base Distribution	Rate ReBal Base Distribution
				or Connections			Service Charge	Volumetric Rate kWh	Volumetric Rate kW
				A	B	C	D	E	F
RES	Residential	Customer	kWh	131,936	1,091,392,572		12.68	0.0143	
GSLT50	General Service Less Than 50 kW	Customer	kWh	12,349	422,161,110		30.34	0.0094	
GSGT50	General Service 50 to 4,999 kW	Customer	kW	1,595	1,651,048,316	4,093,815	289.12		1.6023
GSGT50	General Service 50 to 4,999 kW (CoGeneration)	Customer	kW	3	36,489,491	43,849	2,667.75		4.6542
SB	Standby Power	Connection	kW	0	0	154,800			2.3733
LU	Large Use	Customer	kW	3	200,485,379	383,763	17,479.04		1.9302
USL	Unmetered Scattered Load	Connection	kWh	1,581	5,326,529		1.13	0.0094	
Sen	Sentinel Lighting	Connection	kW	734	856,841	2,342	1.82		5.9054
SL	Street Lighting	Connection	kW	34,187	23,921,899	67,170	0.86		4.3630

Board staff notes that columns D, E and F do not match London's current Tariff of Rates and Charges.

- a) If London believes the above figures entered are correct, please confirm, and provide justification for these figures.
- b) If the answer to (A) is no, please confirm, and Board staff will update the workform using those numbers from London's current Tariff of Rates and Charges.

Interrogatory #2

Ref: Tax-Savings Workform, Tab 5

Board staff notes Tax Credits entered (i.e. \$58,000) and Regulatory Taxable Income entered (i.e. \$5,420,533) on tab 5 does not reconcile with London previous cost of service Revenue Requirement Work Form (EB-2008-0235).

Board staff notes that the approved amounts for Tax Credits were \$128,000 and \$5,808,413 for Regulatory Taxable Income.

- a) If London believes the figures entered are correct, please confirm, and provide evidence for the figures.
- b) If the answer to (A) is no, please confirm, and Board staff will make the necessary adjustments to the workform.

Rate Generator

Interrogatory #3

Ref: Rate Generator Model, Tab 4

London has entered a sunset date for its "Service Charge" line item for all rate classes of April 30, 2012.

Board staff notes that on London's current Tariff of Rates and Charges, the "Service Charge" is a standard on-going charge which does not have a sunset date.

- a) Please explain why London is proposing to establish a sunset date of April 30, 2012 for all rate classes.

Interrogatory #4

Ref: Rate Generator Model, Tab 6

Board staff notes that a unit of measurement (i.e. kW or kWh) has not been selected for the Rate Rider for Tax Change for each rate class on tab 6 of the Rate Generator Model.

- a) If London agrees that a unit of measurement should be entered, please confirm, and Board staff will update the model with the units as found in London's current Tariff of Rates and Charges.
- b) If the answer to (A) is no, please explain this discrepancy.

Interrogatory #5

Ref: Rate Generator Model, Tab 7 and 8

Board staff notes that units of measurement (i.e. kW or kWh) have not been selected for the Retail Transmission Rate - Network and Line and Transformation for each rate class on tabs 7 and 8 of the Rate Generator Model.

- a) If London agrees that units of measurement should be entered for each respective rate class, please confirm, and Board staff will update the model with the units as found in London's current Tariff of Rates and Charges.
- b) If the answer to (A) is no, please explain these discrepancies.

Interrogatory #6

Ref: Rate Generator Model, Tab 10

Board staff notes that Metered kWh for the General Service 50 to 4,999 kW rate class does not match the figure as found in London’s previous cost of service Board approved load forecast (EB-2008-0235) and also differs from what London has entered in the Tax-Savings Workform (which does match London’s previously approved load forecast).

- a) If London believes the figure entered is correct, please provide an explanation for this discrepancy.
- b) If London believes this figure needs adjustment, please confirm, and Board staff will update the model with the figure as found in the Tax-Savings Workform and London’s previous Board approved load forecast.
- c) Board staff also cannot verify Metered kWh and Metered kW for the Standby Power rate class.
- d) Please confirm that the figures entered are the most recent 12-month actual data.

Interrogatory #7

Ref: A portion of the Rate Generator Model, Tab 10

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	Distribution Revenue ¹
Residential	\$/kWh	1,091,392,572		180,538,663	-	35,663,122
General Service Less Than 50 kW	\$/kWh	422,161,110		101,996,655	-	8,482,697
General Service 50 to 4,999 kW	\$/kW	1,588,653,289	4,093,815	1,250,690,538	3,222,916	12,094,123
General Service 50 to 4,999 kW (CoGeneration)	\$/kW	36,489,491	43,849	-	-	300,122
Large Use	\$/kW	200,486,379	383,763	187,604,233	359,105	1,370,000
Unmetered Scattered Load	\$/kWh	5,326,529		29,143	-	71,785
Sentinel Lighting	\$/kW	856,841	2,342		-	29,877
Street Lighting	\$/kW	23,921,899	67,179	24,472,475	68,725	646,887
Standby Power	\$/kW	62,393,027	154,800		-	367,384
Total		3,431,681,137	4,745,748	1,745,331,707	3,650,745	59,025,997

Board staff cannot verify the figures entered for each rate class for the column “Distribution Revenue”.

- a) Please provide evidence for the figures entered for each rate class from London’s previous cost of service Board approved Rate Order (EB-2008-0235).
- b) If adjustments are necessary, please confirm the correct figures, and Board staff will make the necessary adjustments to the model.

Smart Meter Funding Adder (“SMFA”)

Interrogatory #11

Ref: EB-2011-0181, Manager’s Summary, Page 26

At the above reference, London states that it is requesting approval for the continuation of the existing SMFA of \$1.46 until April 30, 2012 or until such time as a Smart Meter Cost Recovery Application is filed by London Hydro and approved by the Board. London also states that this smart meter application is scheduled to be filed in December 2011 or January 2012 with a request for approved rates to be effective May 1, 2012.

- a) Please provide information on the status of London’s smart meter program. For example, has London completed its smart meter deployment? If it has not completed smart meter deployment please explain.
- b) Please provide an update with respect to the status of London’s stand-alone smart meter application.

Lost Revenue Adjustment Mechanism (“LRAM”)

Interrogatory #12

Ref: Manager’s Summary, Page 15-18

London has requested an LRAM recovery associated with 2009 and 2010 CDM programs for a total amount of \$291,445.

- a) Please confirm that London has used final 2010 program evaluation results from the OPA to calculate its LRAM amount.
- b) If London did not use final 2010 program evaluation results from the OPA, please explain why and update the LRAM amount accordingly.
- c) Please provide a table that shows the LRAM amounts London has collected historically.
- d) Please confirm that London has not received any of the lost revenues requested in this application in the past. If London has collected lost revenues related to programs applied for in this application, please discuss the appropriateness of this request.
- e) Please identify the CDM savings that were proposed to be included in London’s last Board approved load forecast for CDM programs deployed from 2006-2009 inclusive.
- f) Please provide a table that shows the LRAM amounts requested in this application by the year they are associated with and the year the lost revenues took place, divided by rate class within each year. Use the table below as an example and continue for all the years LRAM is requested:

Program Years (Divided by rate class)	Years that lost revenues took place			
	2008	2009	2010	2011
2008	\$xxx	\$xxx	\$xxx	\$xxx
2009		\$xxx	\$xxx	\$xxx
2010			\$xxx	\$xxx

Payments in Lieu of Taxes (“PILS”) – Account 1562

Interrogatory #13

Ref: Account 1562 Continuity and PILs recovery 2001 to 2012.XLS

Ref: PILs Recoveries

In Table 8 which appears on page 13 of the paper evidence and in tab ‘AC 1562 Continuity Sched’ column G and H list the PILs proxies by period compared to the amounts recovered for the same periods. Ontario distributors generally show a trend where the amounts recovered from customers are greater than the proxies for the same period. Excluding 2002 which was a partial recovery year, the 2004 period of April 1st to December 31st shows the opposite trend. The proxy for the period is shown as \$4,962,092 and the amount recovered was only \$4,315,067. The April through June 2004 recoveries shown in Table 8.2 seem to be extremely low.

In the table below Board staff has compared the volumetric billing determinants for the twelve months of 2004 compared with the 2004 statistics included in London’s 2006 EDR application in tab ‘6-2 DEMAND, RATES (Input)’.

Customer Class	Billing Parameter	Table 9.1 Billed & Unbilled Consumption Jan 1/04 to Mar 31/04	Table 9.2 Billed Consumption Apr 1/04 to Dec 31/04	Total Actual 2004	2004 Statistics Filed in 2006 EDR
Residential	kWh's	406,330,276	658,880,860	1,065,211,136	1,112,109,365
General Service < 50 KW	kWh's	147,147,549	263,390,177	410,537,726	429,496,209
General Service > 50 KW	kW's	631,713	1,226,357	1,858,070	3,722,088
General Service > 50 KW - TOU	kW's	584,266	1,288,418	1,872,685	
Large User - TOU	kW's	130,336	294,933	425,269	420,543
Cogeneration < 1MW - incremental	kW's	3,253	8,023	11,276	15,431
Cogeneration < 1MW - standby	reserved kW's	51,600	99,700	151,300	?
Streetlight - TOU	kW's	20,448	41,175	61,623	61,695
Sentinel Lights	kW's	841	1,636	2,477	2,471
Unmetered Loads < 50 KW	kWh's	2,917,303	5,877,791	8,795,094	8,759,094

The 2003 billing determinants for the twelve months of 2003 as shown in Table 9.1, when compared with the 2003 statistics included in London's 2006 EDR application, display material differences as well.

- a) Please explain why the amount recovered in the period April 1st to December 31st 2004 is so much lower than the proxy.
- b) Please explain why the statistics for 2004 in the recovery calculations are different from the actual statistics for 2004 provided in the 2006 EDR application.
- c) Please explain why the statistics for 2003 in the recovery calculations are different from the actual statistics for 2003 provided in the 2006 EDR application.
- d) In more recent cost of service applications, distributors provided several years of billing determinants in order to develop a load forecast. Are the 2001 to 2006 statistics used for PILs recoveries the same statistics as were used for London's load forecast in its most recent cost of service application?
- e) Did London have billing system problems in 2004?
- f) Did London replace its billing system in 2004?

Interrogatory #14

Ref: 2004 SIMPIL Model

In the 2004 SIMPIL model, London added back \$25,600 on sheet TAXREC and also on sheet TARXEC3 for non-deductible meals. Taxable income does not balance to the tax return. In the 2005 SIMPIL model, London disclosed the addition for non-deductible meals on TAXREC3.

- a) Please remove one of the additions so that the SIMPIL model balances to the tax return and correct the continuity schedule.

Interrogatory #15

Ref: Interest Expense

When the actual interest expense, as reflected in the financial statements and tax returns, exceeds the maximum deemed interest amount approved by the Board, the excess amount is subject to a claw-back penalty and is shown in sheet TAXCALC as an extra deduction in the true-up calculations.

For the tax years 2001 to 2005:

- a) Did London have interest expense related to liabilities other than debt that is disclosed as interest expense in its financial statements?
- b) Did London net interest income against interest expense in deriving the amount it shows as interest expense in its financial statements and tax returns? If yes, please provide details to what the interest income relates.

- c) Did London include interest expense on customer security deposits in interest expense for purposes of the interest true-up calculation?
- d) Did London include interest income on customer security deposits in the disclosed amount of interest expense in its financial statements and tax returns?
- e) Did London include interest expense on IESO prudentials in interest expense?
- f) Did London include interest carrying charges on regulatory assets or liabilities in interest expense?
- g) Did London include the amortization of debt issue costs, debt discounts or debt premiums in interest expense? If the answer is yes, did London also include the difference between the accounting and tax amortization amounts in the interest true-up calculations? Please explain.
- h) Did London deduct capitalized interest in deriving the interest expense disclosed in its financial statements? If the answer is yes, did London add back the capitalized interest to the actual interest expense amount for purposes of the interest true-up calculations? Please explain.
- i) Please provide London's views on which types of interest income and interest expense should be included in the excess interest true-up calculations.
- j) Please provide a table for the years 2001 to 2005 that shows all of the components of London's interest expense and the amount associated with each type of interest.

Interrogatory #16

Ref: 2001 to 2005 Tax Returns

Ref: Tax Years – Statute-barred

- a) Please confirm that all tax years from 2001 to 2005 are now statute-barred.