Ontario Energy Board (OEB) Interrogatories

Emergency Financial Assistance

Question OEB 24

Reference: Exh 4 / p. 32

Please confirm that London Hydro does not include in its revenue requirement the cost of any emergency financial assistance other than LEAP (eg. legacy programs such as Winter Warmth). If not confirmed, please describe the nature and cost of the financial assistance.

Response OEB 24:

London Hydro confirms that the cost of any emergency financial assistance other than to LEAP is not included in its revenue requirement.

Advertising Expense

Question OEB 25

References: Exh 4, pp. 59 and 86

a) *Please explain the nature and purpose of London Hydro's total advertising expense of $586,260, included in Table 4-42 on p. 86*

b) *Please explain the purpose of London Hydro's forecast purchase of Advertising at a cost of $217,400, shown in Table 4-27 on p. 59.*

Response OEB 25:

Preamble to response for clarification purposes: London Hydro's Application presents costs and variances from two different perspectives. Firstly, it presents costs and variances by major cost category, such as labour, purchased services, and materials and supplies and are not activity specific. The second perspective is based on the OEB Uniform System of Accounts ("USoA") format which is activity based and is a mix of many cost categories.

Please refer to Page 35 and Page 79 for further discussion related to cost and variance presentations contained in the two separate sections of London Hydro's Application.

Table 4-42 on Page 86 referred to in part a) of this question is based on the OEB USoA format and includes all costs related to the activity known as OEB 5660 - General Advertising Expense. Part b) of this question refers to Advertising expense within Table 4-27 on Page 59 which is a single specific cost within the major cost category known as purchased services. It is not entirely related to the costs presented in OEB account 5660 – General Advertising as a portion of these costs are grouped in OEB 5410 – Community Relations, Sundry.

a) London Hydro's total General Advertising Expense of $586,260, included in Table 4-42, is presented in the OEB's USoA format. The purpose and nature includes:

   - The cost of labour, materials used, advertising expenses, and other costs incurred related to corporate communication with the public, customers, and employees
   - To promote the utility or the industry, promote goodwill and the corporate profile within the community and industry, to inform the public concerning matters that affect London Hydro's operations, such as the cost of providing service, efforts to improve service levels, efforts to improve and protect the environment, etc.
   - To provide public education and safety communications
   - To provide the customer with current information related to industry changes and London Hydro operations such as time of use billing, outage management, etc. and to promote new web based self-service facilities and enhance/update information on London Hydro's corporate website
   - To ensure London Hydro's workforce is knowledgeable about the industry, regulation, and on-going changes

The following Table identifies the various components included in Total General Advertising expense and provides additional information related to the nature and purpose of the expenses.

Table E4 – OEB 25 a)

General Advertising Expense (OEB 5660) - Nature and Purpose		
Cost Category	**2013 TEST Year ($)**	**Description**
Labour and Benefits	341,460	Employee's salaries and benefits for approximately 3 FTE's
Advertising - Corporate Communication	105,000	Preparing advertising material for newspapers, radio, billboards, etc. to increase communication and awareness for the public regarding London Hydro and industry activities.
Advertising - Tenders	27,400	Contract tendering advertising consistent with corporate purchasing policy.
Consulting	35,500	Cost related to obtaining the services of an external consulting professional to assist in enhancing London Hydro's profile within the community and the industry
Materials & Supplies	28,600	Various items such as office materials and supplies, promotional goods etc. required to execute the functions of the Corporate Communication Department
Studies & Special Projects	25,000	Benchmarking Survey - Customer Satisfaction
Business Equipment & Communication	9,300	Cost of equipment and communication tools required to carry out the function of the Corporate Communications Department
Employee Development	6,900	Employees continuing professional development and education
Meeting expenses	5,400	Cost to attend industry meetings, conferences, etc. relating to the Corporate Communications Department
Corporate Membership Fees	1,700	Costs of professional association dues and corporate memberships
Total OEB 5660 - General Advertising Expense	**$ 586,260**	

Labour and Benefits:

This is the total labour and benefit cost for the management and delivery of Corporate Communications required to support London Hydro's customers, community, and employees. London Hydro continues to focus on maintaining strong relationships with the public through the delivery of effective communication programs.

The introduction of time of use billings, customers' demand for educational and outage information, and online data has all led to increased levels of communications.

Also, London Hydro faces a significant level of employee turnover. As many employees approach retirement London Hydro will need to replace these resources with new, less experienced employees who will rely on internal communications as they adapt to the corporation and industry. An informed workforce is critical as many are in direct contact with our customers and the public on a daily basis.

Advertising (Corporate Communication and Tenders):

Consistent with London Hydro's strategic planning and forward looking goals there will be a focus on increasing communications with the public. This can be in the form of billing inserts, billboard advertisements, and radio airtime, among others. Time of use billings, customer self-service online tools such as "My Account", and other website enhancements are all driving forces that London Hydro needs to address to ensure its customers are kept well informed in a changing business environment.

Additionally, the cost of advertising for tendering of contracts and proposals in order to ensure London Hydro seeks and obtains the services that offer the best value for our customers is included.

Consulting:

London Hydro has a very strong presence in the school curriculum. External consultants are contracted to conduct workshops to educate local grade 5 and 6 teachers regarding electricity from generation to end use. This program has been very well received and is now carried out by other utilities.

External consultants will also play an important role as London Hydro focuses on enhancing our corporate profile within the community and with our customers.

Materials and Supplies:

Included in Materials and Supplies are various items such as small office equipment and supplies, publications and subscriptions, stationary, as well as promotional goods and programs. All of these items are used in carrying out the day to day operations of the Corporate Communications Department. Promotional goods are geared to promoting awareness of the organization within the community.

Studies and Special Projects:

London Hydro carries out an annual Customer Care Satisfaction Survey which provides valuable feedback from our customers, rating London Hydro in various categories. This feedback highlights areas that London Hydro is succeeding in as well as any areas that require improvement, thereby allowing Management to make informed strategic decisions to better serve our customers.

Business Equipment and Communications:

Included in Business Equipment and Communications are items such as, photocopier equipment, telephones, cell phones and communications devices. All are necessary to carry out the day to day operations of the Corporate Communications Department.

Employee Development:

In order to maintain a skilled workforce and promote employee development London Hydro encourages employees to continue to enhance their skills as related to their job requirements. The employee development costs associated with general advertising relate to the employees in the Corporate Communications Department going to various conferences, taking educational courses, or attending seminars all in an effort to increase their own knowledge and understanding of the industry and how it relates to their roles.

Meeting Expenses:

These expenses relate to meetings and conferences which provide on-going updates related to industry specific information and trends which is invaluable in the development and deployment of appropriate communications to the public.

Corporate Membership Fees:

This represents the cost for London Hydro to be a member of certain associations and organizations, such as the local Chamber of Commerce, thereby allowing London Hydro to promote its corporate profile and increase visibility within the community.

b) The following Table provides the purpose of London Hydro's forecast purchase of Advertising at a cost of $217,400 and lists the applicable OEB Account under the USoA presentation that these costs are included in.

Table E4 – OEB 25 b)

Advertising Expense	Amount $	included in: OEB USoA	Description
Advertising - Corporate Communication	105,000	5660	Preparing advertsing material for newspapers, radio, billboards, etc. to increase communication and awareness for the public regarding London Hydro and industry activities.
Advertising - Tenders	27,400	5660	Contract tendering advertising consistent with corporate purchasing policy.
Advertising - Community Relations	85,000	5410	Costs associated with community involvement
Total Advertising Expense	**$ 217,400**		

Advertising (Corporate Communication and Tenders):

As described in part a) above, this expense is included in OEB 5660 – General Advertising Expense.

Community Relations Advertising:

A significant focus of London Hydro's strategic plan is to continue to promote the organization within the community and maintain a positive relationship with its customers and the general public. As such, London Hydro is involved in various sponsorships and community relations partnerships within the community. For example, London Hydro sponsored an exhibit at the Children's Museum of London to help educate the public on electrical safety awareness as a way of giving back to the community.

Other items included in this are advertising materials and information bulletins used as a means of communicating with the community on any matters relating to community involvement.

Community Relations Advertising is included in OEB 5410 – Community Relations, Sundry.

Cost Drivers

Question OEB 26

i. References: Exh 4, p. 4

ii. London Hydro's Strategic Plan, Exh 1, Appendix 1A

London Hydro has indicated that forecasts are impacted by significant business environment changes impacting London Hydro as well as all distribution companies in the province.

Please quantify the reduction or net effect on OM&A forecasts had there been no significant business environment changes mentioned in London Hydro's Strategic Plan.

Response OEB 26:

London Hydro's Strategic Plan (Exhibit 1, Appendix 1A) identifies significant business environment changes that are key cost drivers impacting London Hydro and the 2013 Test Year OM&A costs. These cost drivers are common to all distribution companies in the province.

The following table lists these business environment changes:

Significant Business Environment Changes	
DESCRIPTION	CODE
Time of Use Billing	TOU
Emerging Technologies	TECH
Succession Planning	SUCPLN
Accounting Standards (IFRS and MIFRS for rate making)	MIFRS
Regulatory Change, Complexity, and Compliance	REG

The significant business environment changes are reflected in the total change in OM&A costs, and impact cost categories such as labour, materials, hardware and software expense, employee development and training, and customer communications expense, among others. Once the impact of these business environment changes are removed the

net change to London Hydro's "baseline" business over the 2009 Actuals can be better compared.

Table E4 – OEB 26 quantifies the reduction or net effect on OM&A forecasts had there been no significant business environment changes. The Table starts with OM&A expense for the 2013 Test Year as submitted in this Application (Table 4-1, Page 1), and lists the cost impacts due to these business environment changes. Table E4 – OEB 26 below contains some main references to further discussion/evidence provided within Exhibit 4, as well as identifies the specific business environment changes impacting each item.

Table E4 – OEB 26

	COST DRIVER CODE:	Rate Application MAIN REFERENCES:	2009 Actual (CGAAP)	2013 TEST (MIFRS)	Overall Change		Average Annual Change
TOTAL Operating, Maintenance, & Administration		E4, Table 4-1, Page 1	**$ 27,744**	**$ 33,745**	**$ 6,001**	**21.6%**	**5.4%**
REDUCTIONS:		Cost Driver Tables 4-12, 4-13					
LABOUR: (salaries and benefits)							
Engineering and Operations - Engineer positions	SUCPLN/TECH	E4, Page 45, OEB #28		$ (388)			
Corporate Services - Communication Assistant position	TECH/REG	E4, Page 46-47, OEB #25		(82)			
Corporate Services - Billing Support positions	TECH/REG/TOU	E4, Page 46-47		(271)			
Corporate Services - Meter Data Management	TECH/TOU	E4, Page 46-47		nil			
Financial Services - Accountant position	MIFRS/REG	E4, Page 47		(100)			
Executive Services - Chief Information Officer	TECH/REG/TOU	E4, Page 48-49		(187)			
Executive Services - SAP Specialist positions	TECH/REG/TOU	E4, Page 48-49		(278)			
Executive Services - SAP System Supervisor	TECH/REG/TOU	E4, Page 48-49		(139)			
				$ (1,445)			
NON LABOUR:							
Change in Capitalization of Overhead	MIFRS	E4, Page 3, Line 13-14		$ (336)			
Hardware and software license and maintenance cost	TECH/TOU	E4, Page 3, Line 15-18, Page 63-67		(508)			
Smart Meter Operating Cost - Non labour	TOU	E4, Page 11		(443)			
Change in Meter Reading Contracted Service Cost	TECH	E4, Page 59		297			
Employee Development / Training	TECH/SUCPLN/REG	E4, Page 71		(158)			
Billing System Support - External	TECH/REG	E4, Page 59		(451)			
Community Relations - information programs	TOU/REG	E4, Page ##, OEB #25		(62)			
				$ (1,661)			
Net OM&A BEFORE Significant Business Environment Changes			**$ 27,744**	**$ 30,639**	**$ 2,895**	**10.4%**	**2.6%**

Reductions from Labour:

The net headcount change in OM&A between the 2009 Actual and the 2013 Test Year is 16.7 FTEs as shown in Exhibit 4, Table 4-22, on Page 44. As identified above 12.5 new FTEs are related to the changing business environment. The incremental employee expenses related to these FTEs have been excluded from the above analysis for simplicity.

Through departmental and corporate restructuring initiatives London Hydro has re-deployed many existing positions and gained efficiencies to meet the general operational and administrative needs of the Company wherever possible to minimize the addition of full time staff in OM&A.

With the reductions in FTEs due to significant environmental changes taken into account, London Hydro requires an additional 4.2 FTEs over than the 2009 Actual FTE level for OM&A activities. This is a 2.1% increase in total FTEs supporting OM&A activities over the 2009 Actuals.

Reductions from Non-Labour:

Changes in accounting standards, MIFRS, succession planning, the implementation of time of use billing, and other regulatory requirements have impacted non-labour expenses such as employee development, billing system support, and hardware and software expenses, among others. Gross non-labour expenses have increased 23.5% over the 2009 Actuals, however, with no significant business environment changes this increase would have been 10.1% or 2.5% per year.

Net OM&A before Significant Environmental Changes:

As shown above, London Hydro would have expected an overall increase in OM&A of $2.9 million or 10.4% (2.6% per year) over the 2009 Actuals had there been no significant business environment changes. London Hydro has managed to find significant efficiency gains to partly offset wage, benefit and other cost increases that have been fully described within Exhibit 4.

Question OEB 27

Reference: Exh 4, p.6

London Hydro indicated that its intention is to lessen the dependency on external contractors in numerous areas such as construction and information technology. London Hydro noted that some of the numerous benefits related to this shift are reductions in cost, improving in-house skill knowledge, consistency, and improved issue response.

a) *Please provide a cost and benefit analysis between the external contractors London Hydro used to use and the London Hydro's move to using internal resources.*

b) *Please provide a comparative analysis on the expenses incurred between London Hydro's external contractors and London Hydro's forecasted expenses for internal resources.*

Response OEB 27:

a) London Hydro has provided two cost/benefit analyses to support the change in mix between internal labour and external contractors related specifically to construction and information services. Each area is described separately below.

In both cases, internal labour and external contractors are used to support various OM&A and capital activities as required. The mix to support both capital and OM&A activities can change year to year depending on maintenance requirements, availability of resources, and the scope, demand, and timing of the required operating or capital work.

The following information should be read in conjunction with other evidence included in Exhibit 4 as well as the London Hydro Strategic Plan (Exhibit 1, Appendix 1A).

Construction:

London Hydro uses a mix of internal labour and external contractors to support both operating and capital construction activities.

London Hydro will continue to use external contractors for new subdivision construction, subdivision rebuilds and duct and manhole construction, however, it will rely on them less in the future. In 2009, three construction workers left the department and they were not immediately replaced. Capital projects were augmented with additional external contracted labour as required. The re-hiring of the three construction worker positions in the construction department will reduce the cost of capital projects and will not significantly impact on total OM&A costs.

The cost of two new secondary cable servicer positions in the construction department will result in reduced external contractor labour in OM&A and will eliminate inefficiencies in the repair process. Once fully trained, these positions will provide a turnkey service to locate, dig up, and repair secondary cable faults thereby eliminating the need to co-ordinate the repair using both external contractors and higher cost electric underground journeymen.

Please refer to further discussion related to Engineering and Operations department labour on Page 45 of Exhibit 4.

A cost comparison was completed to compare the total Labour (L), Vehicle (V) and Equipment (E) costs related to subdivision projects completed by London Hydro crews to those projects completed by externally contracted crews. London Hydro has reviewed [%L+V+E cost] compared to the [Total cost] of a project to measure productivity and cost.

On average, London Hydro's internal labour and equipment costs as a percentage of total cost are lower than the outsourcing option as shown in Table E4 – OEB 27a). London Hydro's cost review was based on a sample of capital projects and shows London Hydro's internal labour, vehicle and equipment costs average 25.7% of the total project cost. The outsourced option averages 31.7% of the total project cost.

Other benefits besides cost savings which support the decision to reduce external contractors are:

- Better response time for developer driven work
- Improved flexibility, more efficient work scheduling
- Consistent work practices and quality control

Table E4 – OEB 27 a) Construction

Description - Location	Total L+V+E	Total Cost	% L+V+E
Projects completed by External Contractor:			
Andover Trails Ph 2	40,611	121,001	33.6%
Beaverbrook Ph 6	139,610	625,295	22.3%
Hyde Pk W	23,735	70,159	33.8%
1059 Whetherfield Ph 2	13,391	43,667	30.7%
2295 Kains Rd	16,360	47,062	34.8%
Stone Crest	19,612	55,566	35.3%
AVERAGE	**42,220**	**160,458**	**31.7%**
Projects completed by Internal LH Labour:			
1625 Purser Ph 1	17,921	87,951	20.4%
Matthews Hall	34,407	163,005	21.1%
Riverbend Ph 6	27,556	99,365	27.7%
Kains West Ph 1	37,111	141,791	26.2%
Williamson subdivision	38,347	155,610	24.6%
Cameron Subd Ph 2	29,608	113,069	26.2%
Talbot Village Ph 2	33,071	120,531	27.4%
Northridge N Ph 4	27,142	95,155	28.5%
Hyde Park Meadows	105,700	462,233	22.9%
Woodholme Park	41,057	136,186	30.1%
1600 Mickleborough	35,459	88,185	40.2%
AVERAGE	**38,853**	**151,189**	**25.7%**

Information Services:

Information Services uses a mix of internal labour and external contractors to support both operating and capital activities. The additional internal full time equivalents ("FTE") which are part of the Executive Services department are described on Page 48-49 of Exhibit 4.

The following Table provides a comparison of 2013 internal labour rates and external contractor rates from London Hydro's preferred vendors. Preferred vendors were established based on an RFP process to ensure London Hydro received competitive bids from various sources and areas of expertise.

Table E4 – OEB 27 a) Information Services

Position	EXTERNAL RATE	INTERNAL RATE
SAP Specialists	$ 103.00	$ 73.19
GIS / OMS Project Manager	$ 150.00	$ 75.95
Business Analyst	$ 78.00	$ 65.02

NOTE 1: External Rate includes expenses
NOTE 2: London Hydro's Internal Rate is fully burdened and includes salary, benefits, and employee expenses

Benefits exist from the use of both internal labour and external contractors and London Hydro is optimizing the internal / external resource mix to meet growing functionality, complexity, and an integrated environment. This resource mix will ensure the cost of capital projects and operating activities are as low as possible, while at the same time continuing to meet requirements to effectively maintain and implement quality systems.

Other benefits of this resource mix are, among others:

- Critical mass of on-site staff augmented by specialized, external resources as required to resolve system issues in order to minimize customer impact.
- Optimal resource level with in-depth skills to satisfy the changing demands of on-going support and project work.
- Effective knowledge transfer i.e. leverage external resources to augment training of internal staff and leverage internal staff to reduce the business orientation, ramp up time of external resources.
- Provide staff continuity to address internal staff turnover.
- Enhance business acceptance of systems and improve quality with the right number of internal staff that know the business.
- Be ready to leverage emerging technologies such as smart grid, by utilizing internal and external resource's industry expertise.

b) A comparative analysis on the expenses included in OM&A is provided below for both Construction and Information Services. The mix to support OM&A activities

can change year to year depending on maintenance requirements and the availability of resources.

Construction:

Table E4 – OEB 27 b) Construction Resource Mix

Construction - Resource Mix in OM&A	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 BRIDGE	2013 TEST
Contracted Labour	$ 202,670	$ 269,324	$ 176,537	$ 105,600	$ 126,100
Internal Labour	361,102	387,335	489,700	470,600	504,600
TOTAL	$ 563,772	$ 656,659	$ 666,237	$ 576,200	$ 630,700
TOTAL CHANGE:					
2009 - 2013 TEST ($)					$ 66,928
2009 - 2013 TEST (%)					11.9%
Annual Change ($)		$ 92,887	$ 9,578	$ (90,037)	$ 54,500
Annual Change (%)		16.5%	1.5%	-13.5%	9.5%
Change in CONTRACTED Labour 2010 - 2013 TEST ($)					$ (143,224)
Change in INTERNAL Labour 2010 - 2013 TEST ($)					$ 117,265
% Contracted Labour	35.9%	41.0%	26.5%	18.3%	20.0%
% Internal Labour	64.1%	59.0%	73.5%	81.7%	80.0%

Secondary cable repair efficiencies as discussed in part a) are reflected in the above change in resource mix in OM&A.

Information Services:

The Table and Chart below provides a comparative analysis for the expenses (OM&A) incurred between London Hydro's external contractors and London Hydro's forecasted expenses for internal resources for Information Services.

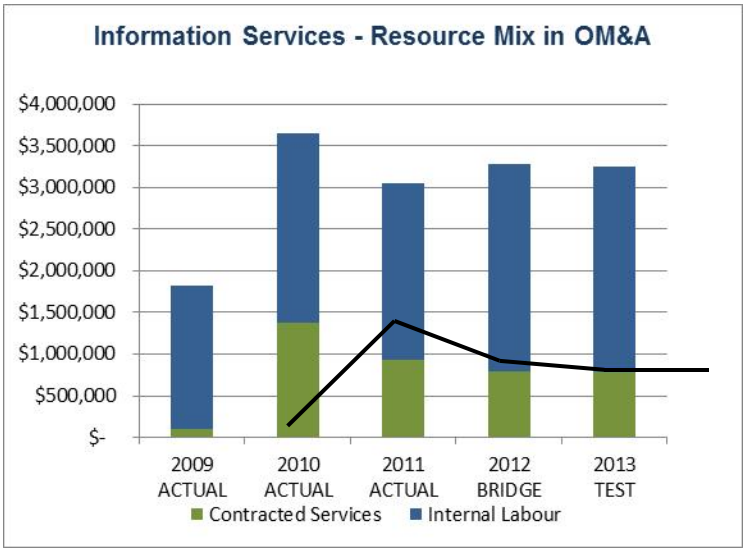
Since 2009, significant changes related to information systems and technology is impacting the total cost of resources required to support the new billing system, automated meter reading ("AMR") and time of use ("TOU") billing, and other systems such as Geographic Information Systems ("GIS") and the Outage Management System ("OMS"). Emerging technology and regulatory requirements and their impact are fully discussed in London Hydro's Strategic Plan (Exhibit 1, Appendix 1A) and the Information Technology Strategy (Exhibit 2, Appendix 2I). The above information should also be read in conjunction with the evidence related to OM&A provided in Exhibit 4.

London Hydro is moving to an optimal mix of approximately 76% internal labour and 24% external contracted labour for the on-going support and maintenance of information systems.

It is important to note that the significant business environment changes as discussion within Exhibit 4, within London Hydro's Strategic Plan (Exhibit 1, Appendix 1A), and in the response to the OEB's Interrogatory 26, above, all provide evidence related to these significant cost impacts. The resource mix for information services starting in 2010 is therefore more comparable once the new billing system implementation, the foundation for TOU billing, was complete. As shown below, contracted labour in the 2013 Test Year has declined $583,479 since the 2010 Actuals, and this reduction is only partially offset with increased internal labour in the amount of $213,379 for the same time period.

Table E4 – OEB 27 b) Information Services Resource Mix

Information Services - Resource Mix in OM&A					
	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 BRIDGE	2013 TEST
Contracted Labour	$ 96,709	$ 1,370,279	$ 924,765	$ 786,800	$ 786,800
Internal Labour	1,722,533	2,275,621	2,120,151	2,541,164	2,489,000
TOTAL	$ 1,819,242	$ 3,645,901	$ 3,044,916	$ 3,327,964	$ 3,275,800
TOTAL CHANGE:					
2009 - 2013 TEST ($)					$ 1,456,558
2009 - 2013 TEST (%)					80.1%
Annual Change ($)		$ 1,826,659	$ (600,984)	$ 283,048	$ (52,164)
Annual Change (%)		100.4%	-16.5%	9.3%	-1.6%
Change in CONTRACTED Labour 2010 - 2013 TEST ($)					$ (583,479)
Change in INTERNAL Labour 2010 - 2013 TEST ($)					$ 213,379
% Contracted Labour	5.3%	37.6%	30.4%	23.6%	24.0%
% Internal Labour	94.7%	62.4%	69.6%	76.4%	76.0%



Maintenance Expense

Question OEB 28

Reference: Exh 4, p. 17 / Table 4-9,

The maintenance expense variance from 2010 to 2011 actual is $393,590 or 5.8%. The variance for the same expense from 2011 actual to 2012 bridge is $751,272 or 11.1%.

Please quantify and provide reasons for the large increase in variance from 2010 to 2011 actual compared to 2011 actual to 2012 bridge.

Response OEB 28:

The total maintenance expense variance from 2010 to 2011 Actual, and 2011 Actual to 2012 Bridge found in Table 4-9 on Page 17 is derived from numerous OEB accounts. The detailed year over year variances for each OEB account making up this total is provided in Table 4-42 (OEB Appendix 2-G) on Page 84, however the following Table is provided with variances at this detailed OEB account level for the two specific variances addressed in this question.

The primary driver of the variance increase between 2011 Actual and 2012 Bridge ($751,272 or 11.1%) is related to new maintenance costs for smart meters. Sensus RNI and Flexnet license and maintenance fees are included in OEB account 5175 – Maintenance of meters. This is a new incremental expense beginning in 2012 resulting from the implementation of smart meters. A full discussion of the new incremental smart meter operating and maintenance expense is provided in Exhibit 4, Pages 8 through 11.

As shown in Table E4-OEB 28 below, the total maintenance expense variance before the impact of smart meters is $524,172 or 7.7%. This variance is more appropriately compared to the 2010 to 2011 Actual variance of $393,590 or 5.8%. Maintenance consists of both planned and unplanned activities and can vary year over year depending on periodic audits, and other uncontrollable events, such as equipment failure and weather. The two year average variance in maintenance before the impact of smart meters is 7.2% per year.

The planned maintenance activity is primarily related to the recurring OEB audit and inspection effort which consistently costs approximately $230,000 per year. As a result of these inspections, certain maintenance and repair activities arise, and can vary from $300,000 to $400,000 per year depending on the audit findings. There are some other routine activities such as pole testing, infrared thermography inspections and graffiti removal although they are not a significant element of the planned maintenance activity.

Other maintenance costs can vary year over year and are purely re-active, or unplanned based on the number of actual outages experienced due primarily to equipment failures, and storms. In 2012, there is higher maintenance of poles, line transformers, and underground conduit and lower maintenance related to underground conductors and devices.

The variances also reflect the addition of new Engineer positions. These positions are engaged in new operating and maintenance activities related to the development of London Hydro's Asset Sustainment Plan, GIS enhancements, the implementation of the new OMS, and the development of a number of distribution system planning activities. These new positions are also required as London Hydro's succession plan forecasts that five senior people will likely be retiring in the Engineering and Operations area over the next few years. Further discussion related to succession planning, employee demographics and changes in employee complement specifically related to Engineering and Operations can be found in Exhibit 4 starting on Page 36 and on Page 45 respectively.

Table E4 – OEB 28

OEB No	OEB Account Name	2010 Actual	2011 Actual	2012 Bridge	VARIANCES in OEB #28			
					2010 to 2011		2011 to 2012	
		CGAAP			$	%	$	%
5105	Maintenance supervision & engineering	1,242,742	1,420,801	1,648,298	178,058	14.3%	227,497	16.0%
5110	Maintenance of buildings & fixtures - distribution stations	44,335	92,967	66,053	48,632	109.7%	(26,914)	-28.9%
5114	Maintenance of distribution station equipment	217,687	296,775	262,203	79,088	36.3%	(34,572)	-11.6%
5120	Maintenance of poles, towers & fixtures	696,114	494,639	692,563	(201,475)	-28.9%	197,924	40.0%
5125	Maintenance of overhead conductors & devices	1,065,656	1,366,596	1,358,234	300,940	28.2%	(8,362)	-0.6%
5130	Maintenance of overhead services	177,095	207,094	188,518	29,999	16.9%	(18,576)	-9.0%
5135	Overhead distribution lines & feeders - right of way	647,810	785,017	882,700	137,207	21.2%	97,683	12.4%
5145	Maintenance of underground conduit	362,082	126,356	303,883	(235,726)	-65.1%	177,527	140.5%
5150	Maintenance of underground conductors & devices	880,178	1,125,571	912,040	245,393	27.9%	(213,531)	-19.0%
5155	Maintenance of underground services	485,985	521,033	491,780	35,048	7.2%	(29,252)	-5.6%
5160	Maintenance of line transformers	502,903	316,721	449,358	(186,183)	-37.0%	132,637	41.9%
5172	Sentinel Lights - Materials and Expenses	-	162	45	162	100.0%	(117)	-72.3%
5175	Maintenance of meters	66,007	28,453	277,781	(37,554)	-56.9%	249,328	876.3%
		6,388,593	6,782,183	7,533,455	393,590	5.8%	751,272	11.1%
REMOVE SMART METER IMPACT								
5175	Impact Related to Smart Meters (specifically Sensus and Flexnet RNI Licenses/Mtce)			(227,100)			(227,100)	-3.0%
		6,388,593	6,782,183	7,306,355	393,590	5.8%	524,172	7.7%

The preceding discussion excludes the impact of MIFRS.

Employee Expenses

Question OEB 29

Reference: Exh 4, pg. 40

London Hydro provided statistics on employee demographics as evidence of the on-going issue of an aging workforce. London Hydro noted that it is addressing this issue through supervisory, technical and specialized industry training as well as mentoring, and the hiring of new apprentice positions.

Does London Hydro align itself with local secondary and post-secondary educational institutions in order to increase the size of younger aged recruitment talent pool? If not, does London Hydro have any plans to do so? Please provide details.

Response OEB 29:

Yes. London Hydro has been active for a number of years with educational institutions through job fairs and recruiting of full time, co-op and internship positions. Western

University, Fanshawe College, triOS College, and Westervelt are all located in the City of London and have provided great candidates to fill positions in IT, Engineering, Administration, and GIS. Positions filled as a result of this on-going relationship with local educational institutions include Help Desk Support, Engineers, Technicians, and Technologist.

London Hydro continues to post vacant positions at local post-secondary institutions and depending on the position; it has also posted at educational institutions specializing in training students with the skill set required.

London Hydro has participated in the co-op programs with both Conestoga College (Kitchener) and Cambrian College (Sudbury) to introduce and assess potential future full-time candidates from the Powerline Technician programs being offered at these colleges.

Question OEB 30

Reference: Exh 4, pg. 46

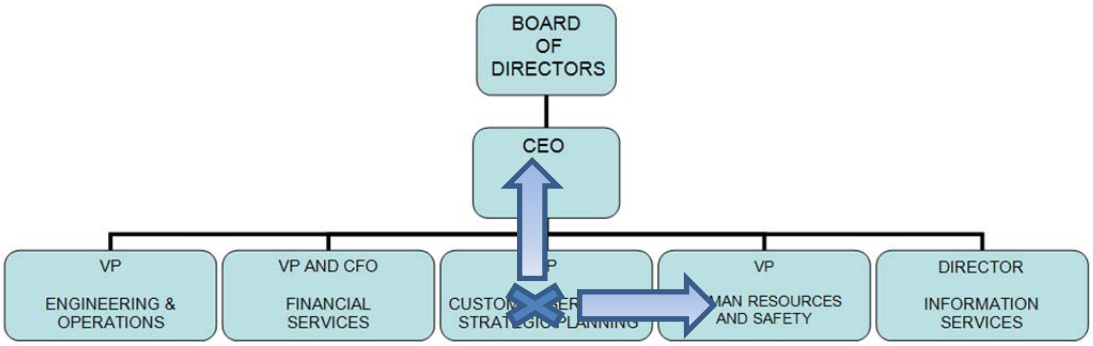
London Hydro has indicated that it has eliminated the VP, Customer Services and Strategic Planning.

If applicable, which position(s) has taken the responsibilities of the eliminated VP position? Is there a corresponding increase in salary or wages for this position or positions to compensate for additional responsibilities?

Response OEB 30:

The organization structure at London Hydro was previously comprised of five VP positions reporting to the Chief Executive Officer ("CEO") as shown in the chart below which was taken from the 2009 Rate Application to illustrate the shift in responsibilities.

2009 Organization Structure



As reported in the 2013 Rate Application, the VP, Customer Services and Strategic Planning position was eliminated. The Strategic Planning responsibilities were realigned to the CEO, and the responsibilities related to Customer Services were combined with the responsibilities of the existing VP, Human Resources and Safety. This VP position is now known as the VP, Corporate Services. There have been no corresponding increases in salaries at the VP level as a result of this re-organization.

A position at the management level was impacted by the downsizing of the VP position, and some responsibilities related to Human Resources were shifted. This resulted in the reclassification of one position and a corresponding increase in salary to compensate for additional responsibilities. The Manager, Human Resources was reclassified to Director, Human Resources.

Question OEB 31

Reference: Exh 4, pp. 45 and 49

London Hydro has indicated that under Engineering and Operations that three new Geographic Information Systems (GIS) positions will be required. Under Executive Services an addition of a GIS specialist will be required.

a) *Please provide an explanation as to how these roles differ.*

b) *Can any responsibilities and duties of these four positions be shared?*

Response OEB 31:

a) The three positions under Engineering and Operations are GIS Surveyor Technicians who provide the drafting services to draw, edit and maintain all of London Hydro's maps, drawings and data attributes for the Geographic Information Systems ("GIS"), the Outage Management System ("OMS"), standards, work order, and legacy paper drawings among others. They are the end-users of these systems.

   The position under Executive Services is a Project Manager, GIS/OMS and was referred to in the original submission as a "GIS Specialist". This position is part of the Information Services group and is responsible for the technical system support and on-going project management for both the GIS and OMS systems which are both based on Intergraph technology. The "GIS Specialist" position is accountable for the day-to-day GIS support and enhancements, the management of the multi-year OMS project implementation, and future day-to-day support and enhancements for that system.

b) The duties between the end-user positions within Engineering and Operations are most definitely shared, however the skill set and technical knowledge required to manage projects and support the technical aspects of both the GIS/OMS systems does not lend itself to job sharing with the system end-users. All positions will be working together to optimize the use of these system.

Question OEB 32

Reference: Exh 4, p. 69

It appears there is a large increase in Corporate Training and Employee Expenses from 2010 to 2011, $734,884 to $1,030,685 respectively. However in 2009 and 2010 London Corporate Training and Employee Expenses were below the $807,900 approved by the Board in 2009.

a) Please explain the reasons for the reduction in Corporate Training and Employee

Expenses for 2009 and 2010.

b) *Please also explain what the major cost drivers to the large increase in Corporate Training and Employee Expenses from 2010 to 2011.*

c) *Does London Hydro expect to experience the same major cost drivers that London Hydro has indicated in interrogatory #32(b) for 2012 and 2013? If not, what adjustments could be made to the 2012 and 2013 Corporate Training and Employee Expenses?*

Response OEB 32:

a) Although the actual costs for Corporate Training and Employee Expenses for 2009 and 2010 were lower than the $807,900 approved by the Board in 2009 by $46,857 and $73,016 respectively, the total cost in this area was significantly higher than in prior years. The 2008 actual was $640,157. The 2009 actuals increased 18.9% over the preceding year reflecting the higher emphasis on employee development and training.

The main contributor to the variance between the 2009 Board Approved amount and the actuals in 2009 and 2010 is related to spending for professional development conferences. Included in the total 2009 Board Approved budget for corporate training and employee expense was $158,200 for professional development conferences and related cost. The actuals in 2009 and 2010 was $89,014 and $69,186 respectively. London Hydro reduced spending in these areas as the benefits gained from the conferences did not justify the cost incurred.

Spending in the 2012 Bridge and the 2013 Test Years has been reduced to $94,700 for 2012 and then further reduced to $87,100 for 2013.

b) The major cost drivers impacting the increase from 2010 to 2011 are:

- Changes in technology and complexity requiring new skills and on-going sustainment and knowledge upgrades
- Regulatory compliance and specialized industry knowledge

- Succession planning, leadership development and apprentice and other skill trades training

The total expense related to corporate training and employee expense in 2011 was $1,030,685 an increase of $295,801 or 40.3% over the 2010 Actuals. In 2011 a new leadership training program was initiated which will continue into future years. London Hydro is building the strong supervisory and management skills required to work effectively in an environment of continual change and is also preparing for the forecasted loss of a significant number of experienced and knowledgeable staff who are approaching retirement. Succession planning is also continuing to impact the level of apprenticeship training that occurred in 2011 and will be required in subsequent years.

c) Yes, London Hydro expects to experience the same major cost drivers in 2012, 2013, and beyond.

Meter Reading Expenses

Question OEB 33

References: Exh 4, p. 59; Excel Appendix 2-G

London Hydro's forecast of Meter Reading Expense (Account 5310) is $1,248,848, which is approximately $220,000 less than the actual cost in 2010. The forecast of a purchase of Contract Meter Reading Service in Exhibit 4, p. 59, is $700,000, which is approximately the same saving compared to the 2010 amount.

a) *Does the reduction of meter reading cost from 2010 to 2013 reflect the full savings that would be expected from full implementation of Smart Meters during that time, or does the 2013 forecast assume only partial savings from Smart Meters?*

b) *Please provide a breakdown of the number of Meter Reader positions before London Hydro's smart meter deployment and the current number of Meter Reader positions today.*

Response OEB 33:

a) Yes, the reduction of meter reading cost from 2010 to 2013 reflects the full savings that would be expected from the full implementation of Smart Meters. The $700,000 contracted meter reading service in Exhibit 4, page 59 is primarily (92%) related to the reading of water meters, with only 8% or $56,000 related to obtaining electric meter readings. London Hydro does recover 100% of the meter reading costs related to the water meter readings from the City of London. Costs and the recovery of cost related to water meter reading is netted within OEB Account 5310 – Meter Reading Expense.

b) London Hydro's smart meter deployment was fully completed in January 2011, however the move to automated meter readings from the traditional meter reading methods was phased in during the second half of 2010.

During this transition in 2010, London Hydro had 2 meter reader positions on staff. At the time of this writing, there is only one meter reader position remaining.

Environmental Expense

Question OEB 34

Reference: Exh 4, p.75

London Hydro indicated that it is addressing an issue with lead contamination in its facilities and vehicles which requires clean-up and secure, safe place to store and work on lead. London Hydro indicated that at the time of writing the application, this work was nearing completion and that costs are expected to approach $120,000 or twice the amount of the original forecast.

a) Please provide a status update with regards to the progress of this work.

b) Please explain why the actual costs are expected to be double the amount of the original forecast.

c) Is the cost of the remediation program included in the test year revenue requirement, as the remainder of the program's cost or as a recurring expense?

Response OEB 34:

a) The clean-up and confirmatory swab testing was completed by the end of December 2012. As explained below the clean-up involved three rounds of cleaning each lowering the size and concentration level of the lead contamination. At the end of 2012 all known areas within the general work environment at London Hydro's 111 Horton Street facility and work vehicles have been cleaned up to a level under the acceptable lead levels for non-residential areas. Certain designated 'Lead Contaminated' areas will remain with appropriate signage, security and safe work practices in place to protect the staff, public and the environment.

b) The scope of the areas requiring cleaning was based on past knowledge of the storage and use of lead products in certain London Hydro Sub Stations, Electrical Underground Systems ("EUS") and Substation Maintenance departments, as well as an initial set of sample swab tests completed by London Hydro's consulting engineering firm. The initial price was based on cleaning the known contaminated areas as well as areas found in the initial set of swab tests. An initial clean-up was conducted with confirmatory swab testing following immediately after the first round of cleaning. These second set of swab tests indicated that the contamination was wider spread than first indicated. The decision was made to expand clean-up to include the entire Sub Station Maintenance department and an open mezzanine storage area above the department's workshop area. A further clean-up was conducted within the larger defined area with confirmatory swab testing following immediately after this second round of cleaning.

   The follow up set of swab tests indicated certain areas requiring further spot cleaning in 4 Sub Stations and a few very localized areas within the EUS and Substation Maintenance Departments. The third round on cleaning and swab testing was completed late in December 2012.

   It is anticipated the total project cost will be approximately $240,000, which is significantly higher than original estimates and impacted by the findings as the project clean-up evolved.

c) The cost of the lead remediation project completed in 2012 and described above is not specifically included in the 2013 Test Year revenue requirement; however, various environmental projects are planned for 2013 and beyond. Environmental expense is recurring in nature, although the specific project, its scope, remediation requirements, and timing changes year to year. Often the extent of the remediation required cannot be predicted even when utilizing experts in the field who analyze related information and samples from the sites under review.

Please refer to Exhibit 4, Page 75, for commentary related to remediation projects and locations planned for 2013 and beyond starting on Line 12. London Hydro has included $60,000 as part of OM&A in the 2013 Test Year for these recurring environmental expenses.

Cost Recovery

Question OEB 35

References: Exh 4, pp. 77 and 102

In Exhibit 4 the forecast cost recovery from London Hydro's services provided to the City of London for water billing is described at p. 77, with a forecast amount of $3,950,000. At p. 102, forecast price is shown at $3,750,000, against an incremental cost of $1,030,000.

a) *Please explain which of the cost recovery amounts in Exhibit 4 is correct, i.e. p. 77 or p. 102. Alternatively, please explain the distinction between London Hydro's activities that result in these two different amounts.*

b) *Please confirm that London Hydro's base revenue requirement in this application is lower than it would be if London Hydro did not provide water billing services, and that this amount (based on the information at Exhibit 4, p. 102) is forecast to be $3,750,000 less $1,030,000.*

Response OEB 35:

a) The cost recovery in the 2013 Test Year for London Hydro's services provided to the City of London for water billing is $3,750,000. This is based on the independent consultant report completed by Navigant Consulting Inc. and is based on the fully allocated cost pricing methodology.

The discrepancy between Page 77 and Page 102 of Exhibit 4 was previously identified by London Hydro and an explanation was provided in the Application Addendum documents filed on October 26, 2012. Please refer to Addendum #2 and #3 for further information.

b) London Hydro confirms that the base revenue requirement in this Application is lower than it would be if London Hydro did not provide water billing services to the City of London and that the revenue requirement is lower by $2,720,000 ($3,750,000 less $1,030,000).

Within the independent consultant report, the avoided cost if London Hydro no longer provided this service was identified as $1,030,000. This is the amount London Hydro would shed if it were to no longer provide these services to the City of London. In other words as shown in the Table below, an increase of $2,720,000 in revenue requirement would be required if the City of London procured the water billing services from another source. The electric rate payers would be adversely impacted if that occurred.

Table - E4 OEB 35

Loss of Water Billing Contract - Impact to Revenue Requirement	2013 TEST Year
Cost Recovery from Water Billing Services	$ 3,750,000
Avoidable Cost if LH no longer provides service	(1,030,000)
Increase in Revenue Requirement	$ 2,720,000

Copper Theft

Question OEB 36

Reference: Exh 4, p. 80

London Hydro has indicated a variance of $301,000 between 2010 and 2011 actual 5125 Maintenance of Overhead Conductors and Devices. London Hydro indicated that a very large number of copper ground wires were missing on poles due to theft.

Has this trend continued? If so, does London Hydro have a plan to prevent the theft of its copper ground wires? Please explain.

Response OEB 36:

The amount of theft of copper varies year over year but it is certainly higher now than a decade ago. Incidences of theft are directly connected to the higher commodity prices as well as changing economic factors.

To reduce and/or prevent theft London Hydro has taken the following measures:

1. replaced stolen grounds with copper clad steel ground wire, which has a minimal scrap value and is significantly harder to cut and remove
2. labelled the new copper clad wire in substations with an 8 x 8 cm tag that says “No Scrap Value”, and
3. installed internet cameras and security signage at key substations
4. prosecute offenders whenever possible

Depreciation

Question OEB 37

Reference: Exh 4, p. 114

London Hydro has chosen a useful life of 75 years for 1805 – Substation Building. The Kinectrics report provided a Typical Useful Live (TUL) of 50 years for London Hydro.

a) *Does London Hydro find it reasonable to increase the TUL of the substation building by 50% of what the Kinectrics report provided?*

b) *Please provide the updated depreciation expense and accumulated amortization if London Hydro used the 50 years by Kinectrics.*

Response OEB 37:

a) Yes, based on the construction methods used and their condition, London Hydro finds it reasonable to increase the TUL of substation buildings to 75 years.

   The Kinectrics report includes a typical range of 30 to 80 years, however, based on professional knowledge and experience related specifically to the assets owned and managed by London Hydro, the high end of the range is most appropriate. As an example, London Hydro has 4 substation buildings built between 1950 and 1960 which are over 50 years old that are not scheduled for replacement in the foreseeable future.

b) The following Table provides the updated depreciation expense and accumulated amortization if the TUL for substation buildings was 50 years for both 2012 and 2013. To summarize if the TUL was revised it would result in an annual increase in depreciation expense in the amount of $7,554. The accumulated amortization would also be higher in the same amount annually.

Table – E4 OEB 37

OEB Object 1808 - Substation Buildings	Original Submission (75 yr)	Revised TUL (50 yr)	Difference
2012 - MIFRS			
Cost			
31-Dec-11	1,128,336	1,128,336	-
2012 Additions	75,000	75,000	-
31-Dec-12	1,203,336	1,203,336	-
Accumulated Amortization			
31-Dec-11	685,092	685,092	-
2012 Depreciation Expense	17,772	25,326	7,554
31-Dec-12	702,864	710,418	7,554
Net Book Value			
31-Dec-12	500,472	492,918	(7,554)
2013 - MIFRS			
Cost			
31-Dec-12	1,203,336	1,203,336	-
2013 Additions	75,000	75,000	-
31-Dec-13	1,278,336	1,278,336	-
Accumulated Amortization			
31-Dec-12	702,864	710,418	7,554
2013 Depreciation Expense	12,592	19,896	7,304
31-Dec-13	715,456	730,314	14,858
Net Book Value			
31-Dec-13	562,880	548,022	(14,858)

There would be a small increase to the Transition to MIFRS (OEB 1575) if this lower TUL was adopted totalling $7,554 in the transition year (2012).

Question OEB 38

Reference: Exh 4, p. 125

London Hydro has indicated a Grand Total Depreciation Expense of $16,859,795 under CGAAP for 2011.

Please reconcile this amount with the depreciation amount found in London Hydro's 2011 annual report. If there is a variance, please provide reasons for the variance.

Response OEB 38:

Table E4 – OEB 38 is provided below to identify the reasons and reconcile the difference in the Total 2011 Depreciation Expense under CGAAP as presented in Table 4-57 (OEC Appendix 2-CE) found on Page 125 of Exhibit 4. For external financial reporting purposes, depreciation includes amounts related to vehicles and equipment. For rate making purposes this is included as part of the total OM&A using overhead allocations. London Hydro has also removed the depreciation related to the non-distribution renewable generation assets for rate making purposes as per the Filing Requirements.

Table - E4 OEB 38

Reconciliation Between External Financial Statements and Depreciation in Rate Application (2011)		
LH External Financial Statements		**17,669,346**
ADJUSTED FOR:		
Remove V&E depreciation	- reported as part of OM&A for RA, as fleet expenses are allocated to various OEB OM&A and capital accounts	(777,730)
Remove depreciation expense related to Renewable generation assets	- non distribution, therefore should be excluded for rate making purposes	(31,821)
Depreciation Expense in RA - Exh 4, page 125		**16,859,795**

LRAM for pre-2011 CDM Activities

Question OEB 39

References:

i. *Exh 4, p. 136*

ii. *Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003), Section 13, LRAM*

London Hydro notes that the Board approved in its 2012 IRM rate application, the recovery of an LRAM claim for 2010 CDM activity in 2010. London also notes that it intends to file for

recovery of persistent 2010 lost revenues in 2011 and 2012 in its 2014 IRM rate application. London Hydro indicated that it opted to wait until its 2014 rate application to file for recovery of these amounts because of the delay in receiving the final OPA evaluation CDM report for 2011. London further cites rate mitigation as a factor in its request to defer the recovery of persisting lost revenues from pre-2011 CDM programs.

Board staff notes that section 13.6 of the 2012 CDM Guidelines state that it is the Board's expectation that LRAM for pre-2011 CDM activities should have been completed with the 2012 rate applications, outside of persisting historical CDM impacts realized after 2010 for those distributors whose load forecast has not been updated as part of a cost of service application.

The Board also noted that SSM for pre-2011 CDM activities should be completed with the 2012 rate applications and that SSM is not applicable for savings persisting from prior years.

As London Hydro has not included a request for recovery of persisting LRAM amounts from 2010 programs in 2011 and 2012, Board staff seeks the following information.

a) *Please discuss if London has received its final 2011 OPA results. If London has received its final 2011 OPA results, please provide them.*

b) *Please confirm that London will be relying on final 2006-2010 OPA CDM program results when calculating the lost revenues from persisting 2010 CDM program savings in 2011 and 2012. If this is not London's understanding, please discuss.*

c) *Please discuss the rationale for not recovering the remaining LRAM amounts from the persisting CDM savings of 2010 programs in 2011 and 2012 even though the Board has instructed distributors to do so.*

d) *Please provide full LRAM calculations for persisting 2010 CDM savings that are still outstanding. Please use the 2008 CDM Guidelines (EB-2008-0037) when preparing your LRAM claim for lost revenues associated with pre-2011 CDM programs.*

Response OEB 39

a) London Hydro has now received its OPA report on the final 2011 OPA CDM program results.

Please find a copy of the OPA report file as Excel document and identified as "LondonHydro_ Copy of 2011_Final_Annual_Report_Data_CDM_OPAPrograms_20130108".

b) London Hydro confirms that London Hydro will be relying on final 2006-2010 OPA CDM program results in 2011 and 2012.

c) As reflected in Exhibit 4 page 136, and as indicated by Board staff in their question 39:

"London Hydro notes that the Board approved in its 2012 IRM rate application, the recovery of an LRAM claim for 2010 CDM activity in 2010. London also notes that it intends to file for recovery of persistent 2010 lost revenues in 2011 and 2012 in its 2014 IRM rate application. London Hydro indicated that it opted to wait until its 2014 rate application to file for recovery of these amounts because of the delay in receiving the final OPA evaluation CDM report for 2011. London further cites rate mitigation as a factor in its request to defer the recovery of persisting lost revenues from pre-2011 CDM programs".

London Hydro's intent was to file its LRAM recovery rate application to recover 2011 and 2012 lost distribution revenues due to persistent 2010 CDM programs funded by the OPA in its 2014 IRM Rate Application, due to the inability to obtain a final OPA CDM program results report for 2011.

However, as Board staff have requested the filing of the LRAM claim for lost revenues associated with pre-2011 CDM program, and London Hydro is now in the possession of the final evaluation 2011 OPA CDM program results, London Hydro will file a LRAM claim with this Application seeking Board's consideration for the recovery of lost revenues from CDM activates per-2011.

d) Please find London Hydro's LRAM recovery rate application contained in APPENDIX B: 2013 Lost Revenue Adjustment Mechanism ("LRAM") Recoveries Rate Application Persistence of 2010 OPA CDM Program.

London Hydro is applying to the Board for the approval to recover a LRAM amount of $266,877.56, including carrying costs.

It should be clarified that London Hydro did consider applying for LRAM for CDM Program Results as contained in the 2011 CDM OPA report (file as Excel document and identified as "LondonHydro_ Copy of 2011_Final_Annual_Report_Data_CDM_OPAPrograms_20130108"). In particular, amounts related to Pre-2011 Programs completed in 2011 (as reflected in the table below).

Table 5: Summarized Program Results

#	Initiative	Realization Rate		Gross Savings		Net-to-Gross Ratio		Net Savings		Contribution to Targets	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Pre-2011 Programs completed in 2011											
22	Electricity Retrofit Incentive Program	94%	95%	2,288	16,207,519	60%	60%	1,359	9,726,531	1,359	38,906,125
23	High Performance New Construction	100%	100%	337	1,731,809	50%	50%	169	865,905	169	3,463,618
24	Toronto Comprehensive	-	-	0	0	-	-	0	0	0	0
25	Multifamily Energy Efficiency Rebates	-	-	0	0	-	-	0	0	0	0
26	Data Centre Incentive Program	-	-	0	0	-	-	0	0	0	0
27	EnWin Green Suites	-	-	0	0	-	-	0	0	0	0

Assumes demand response resources have a persistence of 1 year

London Hydro took into consideration that these results are 2010 carry-over projects and are those approved under the OPA 2010 rules and incentive levels, but actually carried out in 2011. It would be inappropriate for London Hydro to record these program results for 2010 LRAM application and therefore the savings are not included in this 2010 LRAM filing. However, these results do count towards London Hydro's 2011 - 2014 CDM targets.

London Properties Management Association (LPMA) Interrogatories

LPMA #22

Ref: Exhibit 4, page 16 & October 26, 2013 Responses to Board Staff Letter of October 22, 2013

a) Please update Table 4-8 to reflect actual costs for 2012. If actual data is not yet available for all of 2012, please provide the most recent year-to-date actual data for 2012 in the same level of detail as shown in Table 4-8. Please also provide the actual figures for the corresponding year-to-date period in 2011.

b) Are there any one-time costs incurred in 2012 (on an actual basis) that will not be incurred in 2013? If yes, please provide a description of these expenditures and provide that associated amount spent in 2012.

c) Please confirm that based on the October 26, 2013 Addendum #3, that the total OM&A forecast for 2013 based on MIFRS is $34,044,563, including LEAP funding, and based on CGAAP is $33,708,563, again including LEAP funding. If either of this figures are incorrect, please provide the correct figures.

Response LPMA #22

a) Please refer to Appendix E – 4, 2012 Actuals for all requested Table updates reflecting actuals for 2012. Please note that due to the concurrent timing of both London Hydro's year-end process and the filing of these interrogatory responses, the 2012 Actual results are preliminary pending final management's review and the completion of the year-end external audit.

b) Please refer to Exhibit 4, Pages 30 through 32, sections entitled "Regulatory Costs" and "One-Time Costs".

c) London Hydro confirms that the statements above are accurate.

LPMA # 23

Ref: Exhibit 4, pages 22-28

Please update Tables 4-12 and 4-13 to reflect actual data for 2012. If actual data for all of 2012 is not yet available, please update both tables to reflect the most recent year-to-date actual data for 2012, along with an estimate for the remaining months of 2012.

Response LPMA #23

Please refer to Appendix E – 4, 2012 Actuals for all requested Table updates reflecting actuals for 2012. Please note that due to the concurrent timing of both London Hydro's year-end process and the filing of these interrogatory responses, the 2012 Actual results are preliminary pending final management's review and the completion of the year-end external audit.

LPMA # 24

Ref: Exhibit 4, pages 41, 56-57 & Table 4-64

a) Please show how many apprentices London Hydro had for each of 2009 through 2012 and the forecast for 2013. If available, please also provide the forecast for 2014 and 2015.

b) Please show the calculation of the 2012 apprentice tax credit of $62,300 and the 2013 apprentice tax credit of $30,700.

c) Please reconcile the 2012 apprentice tax credit of $62,300 and the 2013 apprentice tax credit of $30,700 noted on page 57 with the figures shown in Table 4-64.

Response LPMA #24

Preamble to this response: The apprentice tax credit amounts referenced on lines 1 and 2 of page 57 in Exhibit 4 in the amounts of 2012-$62,300 and 2013-$30,700 have no bearing on the 2013 Rate Application. These amounts listed in Exhibit 4 were derived from London Hydro's internal budget. For rate-making purposes, these amounts were added back to the amount of OM&A expenditures and replaced with the amount of $48,000 for both 2012 and 2013 in the calculation of PILS under Table 4-64.

Values differ between Exhibit 4, page 57, and Table 4-64 since the internal budget presumes that all new apprenticeships will be eligible for the Apprenticeship Training Tax Credit (ATTC). Table 4-64 with respect to PILS in other hand, estimates apprenticeship credits based on an average of the actual credits received for the previous three years.

This method was chosen for rate-making purposes because it is consistent with the method used to make provision for other tax credits such as SRED and Co-op and provides for better results.

For example, actual ATTC's for 2012 are $37,300 where the internal budget estimate was $62,300.

In view of the foregoing, the responses below relate to the credits shown in Table 4-64 rather than the amounts referenced on page 57:

a) The table below provides the number of employees associated with Apprenticeship Training Tax Credits, Job Creation Tax Credits and Co-operative Education Tax Credits for the year 2009 through to 2013, as well as projections for 2014. Numbers have not been provided for 2015 as there are no current concrete plans in place.

Number of Eligible Apprentices for Tax Credits 2009 - 2014

	2009 Actual	2010 Actual	2011 Actual	2012 Bridge Year	2012 Actual	2013 Test Year	2014 Forecast
Apprenticeship tax credits							
Eligible apprentice	1	1	1	1	1	1	1
Eligible apprentice	1	1	1	1	1	1	1
Eligible apprentice	1	1	1	1	1	1	1
Eligible apprentice	1	1	1	1	1	1	1
Eligible apprentice	1	1	-	-	1	-	-
	5	5	4	4	5	4	4
Job creation tax credits							
Eligible apprentice	1	1	1	1	-	1	1
Eligible apprentice	1	1	1	1	-	1	1
Eligible apprentice	1	-	1	1	-	1	1
	3	2	3	3	-	3	3
Co-operative education							
Eligible student	-	-	1	1	1	1	1
Eligible student	-	-	1	1	1	1	1
Eligible student	-	-	1	1	1	1	1
Eligible student	-	-	-	-	1	-	-
Eligible student	-	-	-	-	1	-	-
Eligible student	-	-	-	-	1	-	-
	-	-	3	3	6	3	3
	8	**7**	**10**	**10**	**11**	**10**	**10**

As noted on page 41 of Exhibit 4, since 2009 London Hydro has hired 22 apprentices. However, not all of these apprenticeships are eligible for tax credits. In order to qualify for the ATTC the apprenticeship must be in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities in Ontario which for London Hydro relates to Powerline Technician positions only. In addition, the apprentice must be within the first four years of their program and not in a position in their apprenticeship where they are entitled to receive certification. In addition, the apprentice must be registered under the *Ontario College of Trades and Apprenticeship Act, 2009 or* the *Apprenticeship and Certification Act,* 1998, or in which the contract of apprenticeship has been registered under the Trades Qualification and Apprenticeship Act.

b) The calculations requested have no impact on OM&A, therefore the table below outlines the calculations which were made for the PILS calculation. Details with respect to the calculation of apprentice tax credits for 2012 and 2013 are provided in the tables below:

Calculation of Appprenticeship Tax Credits - 2012 and 2013

	Period Beginning	Period Ending	Days Eligible	Eligible Expenditures	Calcluated Credit @ 35%	2012 Actual Max Credit	2012 Bridge Year Max Credit	2013 Test Year Max Credit
Apprenticeship tax credits:								
Eligible apprentice	1-Jan-12	12-Nov-12	317	69,997	24,499	8,700	7,000	7,000
Eligible apprentice	1-Jan-12	12-Nov-12	317	65,025	22,759	8,700	7,000	7,000
Eligible apprentice	1-Jan-12	31-Aug-12	244	49,071	17,175	6,700	-	-
Eligible apprentice	1-Jan-12	31-Dec-12	366	53,193	18,618	10,000	10,000	10,000
Eligible apprentice	4-Sep-12	31-Dec-12	118	17,125	5,994	3,200	10,000	10,000
						37,300	34,000	34,000
	Period Beginning	Period Ending	Days Eligible	Eligible Expenditures	Calcluated Credit @ 10%	Max Credit	Max Credit	Max Credit
Job creation tax credits:								
Eligible apprentice						-	2,000	2,000
Eligible apprentice						-	2,000	2,000
Eligible apprentice						-	1,000	1,000
						-	5,000	5,000
	Period Beginning	Period Ending	Days Eligible	Eligible Expenditures	Calcluated Credit @ 25%	Max Credit	Max Credit	Max Credit
Co-operative education								
Eligible apprentice	4-Sep-12	31-Dec-12	118	12,723	3,181	3,000	3,000	3,000
Eligible apprentice	14-May-12	31-Aug-12	109	12,045	3,011	3,000	3,000	3,000
Eligible apprentice	14-May-12	31-Aug-12	109	12,048	3,012	3,000	3,000	3,000
Eligible apprentice	30-Apr-12	31-Aug-12	123	12,681	3,170	3,000	-	-
Eligible apprentice	3-May-12	31-Aug-12	120	12,451	3,113	3,000	-	-
Eligible apprentice	14-May-12	31-Aug-12	109	12,072	3,018	3,000	-	-
						18,000	9,000	9,000
						55,300	48,000	48,000

c) As mentioned above in the preamble to this response, the apprentice tax credits referred to on page 57 of Exhibit 4 were removed from the calculation of revenue requirement, and replaced with those listed above in the calculation of PILS, and can therefore be ignored for the purpose of rate-making.

LPMA #25

Ref: Exhibit 4, pages 60-61

a) Please provide the actual level of bad debt expenses recorded in 2012. If data for all of 2012 is not yet available, please provide the most recent available year-to date figure for 2012, along with the figure for the corresponding period in 2011.

b) Please provide a table that shows the property tax and insurance costs as separate line items for each of 2009 through 2012 on an actual basis and the forecast for 2013.

Response LPMA #25

a) London Hydro's actual level of bad debt expense for 2012 is forecasted to be $325,000 based on accounts receivable aging trends, however is subject to final year-end reviews and the completion of the year-end external audit. The current year bad debt expense has been impacted by several factors related to prior year due dates and is not indicative to future bad debt expense forecasts. The Table below provides historical actuals.

Historical Bad Debt		
2008 Actual	$	525,000
2009 Approved	$	535,000
2009 Actual	$	825,000
2010 Actual	$	1,120,000
2011 Actual	$	800,000
2012 Actual	$	325,000
AVG 2009 - 2011	$	915,000
AVG 2009 - 2012	$	767,500

In 2012 the following factors impacted the current year reported bad debt expense:

- During 2012, the recovery of previously written-off accounts by the collection agency employed by London Hydro to pursue the collection of accounts reduced the current year bad debt expense.
- During 2012, a backlog of credit balance accounts related to multiple prior years was written-off as all efforts to locate past customers failed. This reduced the current year bad debt expense and is non-recurring in nature.

- In 2011 with the significant changes in the OEB direction related to collection practices a contingency was established due to the uncertainty of the impact of these changes on risk. Current receivable aging trends and risk assessments indicate that this contingency held on prior year due dates is not required. The reversal of this contingency has reduced current year bad debt expense.

The following summarizes the impact of adjustments associated with prior years, that have impacted current year results.

Current Year Bad Debt Expense (Note 1)		**$ 750,000**
Non-Recurring Factors Reducing Current Year Results: (Note 2)		
Credit balance Write-off (multiple prior years)	(257,000)	
Reversal of Prior Year Contingency	(135,000)	
Recovery of Prior Year Write-offs	(33,000)	
		(425,000)
NET Bad Debt Expense - 2012		**$ 325,000**

Note 1 - Bad Debt expense related to the aging and risk assessment of current year due dates.

Note 2 - Adjustments to the allowance for bad debt related to prior year due dates

b) The following Table provides the breakdown of property tax and insurance with the 2012 Actuals and the latest forecast for 2013 based on the most recent insurance renewals.

DETAIL OF PROPERTY TAX AND INSURANCE

Cost Category	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BRIDGE	2013 TEST	2013 UPDATED FORECAST
Property Tax	692,289	668,808	644,800	618,914	650,000	650,000	620,000
Insurance	443,753	453,956	472,103	462,519	485,700	498,500	516,459
Total Property Taxes and Insurance	1,136,041	1,122,764	1,116,902	1,081,433	1,135,700	1,148,500	1,136,459

LPMA #26

Ref: Exhibit 4, page 73

a) Please provide a list of the organizations for which London Hydro pays a corporate membership fee.

b) Please provide a table that shows for 2009 through 2013 the costs associated with each individual corporate membership.

c) Are membership fees for the Electricity Distributors Association ("EDA") included in the Corporate Membership Fees shown in Table 4-36? If yes, please ensure they are shown as a separate line item in the response to part (b) above. If not, please indicate which account in Appendix 2-G these costs are in and provide the fees paid for each of 2009 through 2012 and the forecast for 2013.

Response LPMA #26

a) The following is a list of organizations for which London Hydro currently pays a corporate membership fee:

Electricity Distributors Association
Electrical Safety Authority
Tech Alliance
London Chamber of Commerce
Institute of Corporate Directors
Ontario Energy Network
Canadian Club of London
Canadian Public Relations Society
Association of Power Producers
Ontario Regional Common Ground Alliance

b)

DETAIL OF CORPORATE MEMBERSHIPS					
Organization	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 TEST
Electricity Distributors Association	77,500	80,800	83,300	87,800	89,500
Tech Alliance	2,500	2,500	2,500	2,500	2,000
London Chamber of Commerce	360	360	795	450	500
Institute of Corporate Directors	-	-	-	2,000	-
Ontario Energy Network	1,200	1,300	1,300	1,400	-
Electrical Safety Authority	55,752	56,378	57,458	59,929	60,500
Canadian Club of London	-	-	-	250	250
Association of Power Producers	1,120	1,120	1,120	1,120	1,100
Canadian Public Relations Society	500	442	300	475	350
Ontario Regional Common Ground Alliance	-	-	-	480	-
Other Miscellaneous	-	1,302	2,500	-	-
Total Corporate Memberships	138,932	144,202	149,273	156,404	154,200

c) Yes, membership fees for the Electricity Distributors Association ("EDA") are included in Table 4-36. As requested, they are shown as a separate line item in the response to part (b) above.

LPMA #27

Ref: Exhibit 4, page 94

The evidence states that the 2012 bridge year and proposed 2013 test years assume that new employees will be hired in January of each year.

a) Does this assumption mean that there is a full year of salaries, wages and benefits in the forecasted compensation costs for 2012 and 2013 for all new employees? Please explain fully.

b) For 2012, please show the number of new employees hired in each month. For hires in each month, please show the total compensation costs associated with all employees hired in that month for 2012, along with the annualized compensation costs for those new employees.

c) How many new employees is London Hydro forecasting to hire in 2013? How many new employees have been hired at the current time since the beginning of the year?

Response LPMA #27

Preamble to this response: For this response, London Hydro has defined "new employees" as those hired to fill new additional positions and not those that may be needed to replace an existing position that has become vacant.

a) Yes, London Hydro has included a full year of salaries, wages and benefits in the forecasted compensation costs for 2012 and 2013 for all new employees. The assumption is made that the new employee will be on staff effective January 1, 2012 for the Bridge Year, and effective January 1, 2013 for the Test Year.

   Table 4-45, Page 94 provides information on total labour and full time equivalents and shows the allocation of those resources to capital and operating activities. In the 2013 Test Year, approximately 31% of total compensation costs are capitalized. If a new position is required to complete the capital work as planned and there is a delay in hiring, London Hydro will either schedule the capital work when the resources are available or "buy" external resources. Delays in obtaining new positions primarily performing capital work will have no real impact to OM&A labour and benefit costs, however will change the mix of resources used (internal staff versus external contractors).

   London Hydro acknowledges that in many cases, hiring all new positions effective January 1st will not actually occur, however as discussed in the section entitled "Open

Positions and Impact on OM&A" on Page 5 of Exhibit 4, London Hydro will augment internal staff with external resources in order to ensure that key operating and maintenance requirements are met.

b) A table of new employees by month has been provided below:

Month	# of employees hired	Estimated Salary	Annualized Salary
January	1	34,520	34,520
February	1	80,667	88,000
March	0	-	-
April	1	55,365	73,820
May	4	40,123	240,740
June	0	-	-
July	0	-	-
August	0	-	-
September	0	-	-
October	1	18,400	73,600
November	1	5,753	34,520
December	1	5,623	67,480
Total	10	240,452	612,680

c) London Hydro anticipates hiring a total of 16 employees in 2013 as follows:

Executive	-
Non-Union	9
Union	5
Non-Permanent	2 (Note 1)
Total	**16**

As of January 31, 2013, the following positions have been filled.

Executive	-
Non-Union	2
Union	2
Non-Permanent	1
Total	**5**

Note 1 – One of these positions is part time and therefore represents .5 FTE's.

LPMA #28

Ref: Exhibit 4, pages 94-97

a) For each group shown in Table 4-45 as receiving incentive pay, please show for each of 2009 through 2013, the percentage of the total potential incentive pay received.

b) Please update Table 4-45 to reflect actual FTEs and compensation costs for 2012.

c) What type of employees are included in the non-permanent group? For example, does it include co-op students and/or contract employees? What other types of employees are included here? Please provide a breakout for 2012 and 2013 of the number of FTEs in each of these sub-groups.

Response LPMA #28

a) The following provides the potential incentive pay by year based on the annual budgets 2009 through 2013. The incentive pay related to 2012 will be finalized once the year end results are known, and the external audit is completed.

	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 TEST
Potential Incentive Pay *(Note 1)*	$ 341,000	$ 325,000	$ 338,000	$ 308,000	$ 300,000
Actual Expensed *(Note 2)*	$ 340,925	$ 298,668	$ 327,868	$ 277,126	n/a
Percentage of Potential Paid	100%	92%	97%	90%	n/a

Note 1 - Potential Incentive Pay is calculated based on the actual expense / % paid (rounded).
Note 2 - Actual amount paid related to 2012 is pending final year end results and external audit

The following shows the actual incentive pay received for 2009 – 2011 and the potential incentive pay for 2012 – 2013 as originally included in the Application. Information related to 2012 Actuals has been provided in response to part b) of this question

Item	Actual		Actual		Actual		Bridge Year		Test Year	
	2009		2010		2011		2012		2013	
Incentive Pay by Group										
Executive	280,825	82.4%	255,668	85.6%	275,368	84.0%	252,000	84.0%	252,000	84.0%
Management	35,000	10.3%	24,500	8.2%	39,500	12.0%	30,500	10.2%	30,500	10.2%
Non-Union	25,100	7.4%	18,500	6.2%	13,000	4.0%	17,500	5.8%	17,500	5.8%
Union	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Non-Permanent	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total	**340,925**	**100.0%**	**298,668**	**100.0%**	**327,868**	**100.0%**	**300,000**	**100.0%**	**300,000**	**100.0%**

b) Please refer to Appendix E – 4, 2012 Actuals for all requested Table updates reflecting actuals for 2012.

c) The following provides the type of employees included in the non-permanent group with a breakout of FTEs for each of 2012 and 2013 as requested.

	2012 Actuals	2013 Budget
Contract	9.0	10.0
Co-op	1.9	2.0
Casual and temps	19.1	19.5
	30.0	31.5

LPMA #29

Ref: OEB #38 & Exhibit 4, Table 4-55

Has the transfer of $726,773 in depreciation expense to OM&A expenses as shown in Table 4-55 for 2013 under MIFRS been reflected in the calculation of the working capital allowance? In other words, is the $726,773 included in the OM&A costs used in the calculation of the WCA?

Response LPMA #29

It is partially reflected in the calculation of the working capital allowance. The $726,773 in depreciation expense is included in the overhead allocation of fleet expense between OM&A, billable services, and capital projects. As described in Note 3 on Table 4-55 this is the amount "included in the OH Allocation". Historically 60% of this depreciation expense is allocated to capital via standard overhead rates. The remaining 40% or approximately $291,000 remains within OM&A and is therefore included in the calculation of WCA.

The WCA rate used for the 2013 Test year is 11.42%, therefore, $33,200 is included in the WCA which is summarized in Exhibit 2, Page 5, and Table 2-5.

LPMA #30

Ref: Exhibit 4, page 112 & Tables 4-55 & 4-57

a) Please confirm that London Hydro's last rebasing application for 2009 also used the half year rule for depreciation. If this cannot be confirmed, please indicate what methodology was used.

b) Please confirm that on an actual basis, London Hydro starts recording depreciation expense when the assets are put into service, and that this is done on a quarterly basis. If this cannot be confirmed, please explain when depreciation begins to be recorded.

c) Please provide a table that shows for each of 2009, 2010, 2011, and, if actual data is available, 2012, the actual total depreciation expense recorded (as shown in Table 4-55) and the depreciation expense that would have been recorded if the depreciation expense associated with additions within the year had been calculated using the half year rule.

d) Please reconcile Note 1 in Table 4-57 and the statement at lines 6-8 on page 112.

Response LPMA #30

a) London Hydro confirms that its last rebasing application for 2009 did not use the half year rule for depreciation expense.

London Hydro uses an automated Fixed Asset system which begins depreciation when assets are placed in service quarterly and this method was used at that time for the rebasing application for 2009. This method ties the depreciation more accurately to the in-service date of the asset.

b) London Hydro confirms that on an actual basis depreciation expense begins when the assets are put into service and that this is done on a quarterly basis.

c) The Tables below compare the actual depreciation expense for 2009 Actual - 2012 Actual to the depreciation expense that would have been recorded under the half year rule.

DEPRECIATION EXPENSE COMPARISON 2009 TO 2012

CGAAP

	1/2 Rule Basis 2009	LH Quarterly Basis 2009 Actual	1/2 Rule Basis 2010	LH Quarterly Basis 2010 Actual	1/2 Rule Basis 2011	LH Quarterly Basis 2011 Actual	1/2 Rule Basis 2012	LH Quarterly Basis 2012 Actual
Distribution Plant								
1806 / 1612 Land Rights	$ 15,356	$ 15,135	$ 13,172	$ 13,120	$ 13,141	$ 13,036	$ 15,865	$ 15,572
1808 Buildings - Substations	157,840	155,861	27,846	27,872	27,885	27,885	17,273	17,273
1820 /1610 Substation Equipment	322,839	319,966	325,757	326,362	382,394	379,582	330,240	331,987
1830 Poles, Towers & Fixtures	534,179	524,906	1,400,941	1,394,771	1,448,455	1,451,539	540,856	532,582
1835 OH Conductors & Devices	2,962,443	2,956,663	1,949,603	1,937,974	2,050,664	2,061,140	751,102	743,924
1840 UG Conduit	871,271	847,727	1,087,556	1,075,869	1,179,565	1,155,185	486,894	474,260
1845 UG Conductor & Devices	4,082,944	4,053,966	4,133,479	4,102,582	4,192,850	4,153,383	6,440,339	6,419,053
1850 Line Transformers	2,590,559	2,577,827	2,811,043	2,800,945	2,911,426	2,892,693	1,647,446	1,638,031
1855 Services (OH & UG)	393,137	387,660	694,128	691,255	757,876	752,727	422,064	416,334
1860 Meters	714,849	712,157	543,161	542,824	483,691	471,296	1,414,455	1,415,034
	12,645,417	12,551,867	12,986,686	12,913,574	13,447,947	13,358,466	12,066,534	12,004,050
General Plant								
1908 Buildings & Fixtures	405,802	396,432	565,457	560,820	605,203	608,055	1,895,952	1,889,171
1915 Office Furniture & Equipment	104,986	106,191	116,627	113,228	105,930	103,162	333,015	333,187
1930 Transportation Equipment	407,609	421,197	571,092	508,277	703,206	701,306	496,956	453,889
1935 Stores Equipment	29,368	29,448	29,586	29,586	29,290	29,290	11,938	11,942
1940 Tools, Shop & Garage Equipment	106,486	106,306	115,780	114,242	116,018	114,769	181,714	180,967
1945 Measurement & Testing Equipment	10,545	10,545	10,483	10,483	6,847	6,847	13,188	12,829
1950 Power Operated Equipment	36,956	37,077	52,153	45,154	85,857	76,424	99,047	98,303
1955 Communication Equipment	-	-	-	-	204	340	208,729	207,625
1960 Miscellaneous Equipment	-	-	-	-	-	-	-	-
1980 System Supervisory Equipment	190,450	191,232	197,992	199,693	220,815	220,850	519,949	522,494
	1,292,202	1,298,428	1,659,170	1,581,484	1,873,370	1,861,043	3,760,488	3,710,407
Information Systems								
1920 Computer - Hardware	620,696	602,562	492,068	481,514	391,684	380,552	911,772	880,542
1925 /1611 Computer - Software	2,081,760	2,052,108	2,446,472	2,418,182	2,954,186	2,867,278	4,442,337	4,328,929
	2,702,456	2,654,670	2,938,540	2,899,697	3,345,870	3,247,830	5,354,109	5,209,471
Total Additions before Contributed Capital	**16,640,075**	**16,504,965**	**17,584,396**	**17,394,755**	**18,667,187**	**18,467,339**	**21,181,131**	**20,923,928**
1995 Contributions and Grants	(972,016)	(969,197)	(1,099,828)	(1,082,475)	(1,238,106)	(1,204,147)	(796,483)	(784,454)
Total Depreciation before Adjustments	**$15,668,059**	**$ 15,535,769**	**$ 16,484,568**	**$ 16,312,280**	**$17,429,081**	**$ 17,263,192**	**$20,384,648**	**$20,139,474**
Add: Depreciation on Stranded Meters	-	-	191,248	191,248	374,333	374,333	406,947	406,947
Add: Amortization of 1575 MIFRS Transition								
Less: V&E (included in OH Allocation	(444,565)	(458,274)	(623,245)	(553,431)	(789,063)	(777,730)	(596,003)	(552,192)
Rounding	-	-	-	-	-	-		

Total Depreciation after Adjustments	**15,223,494**	**$ 15,077,495**	**$ 16,052,571**	**$ 15,950,097**	**$17,014,351**	**$ 16,859,795**	**$20,195,592**	**$19,994,229**

The overall impact is summarized in the Tables below related to both Total Depreciation before Adjustments and Total Depreciation after Adjustments lines in the preceding Table.

Cummulative Impact of Quarterly Depreciation - before Adjustments

	CGAAP		
Year	LH Quarterly Basis	1/2 Year Rule Basis	Difference
2009	$ 15,535,769	$ 15,668,059	$ 132,290
2010	16,312,280	16,484,568	172,288
2011	17,263,192	17,429,081	165,889
2012	20,139,474	20,384,648	245,174
Total	**$ 69,250,714**	**$ 69,966,356**	**$ 715,642**

Over the four year period London Hydro's depreciation expense is $715,642 less than it would be under the half year rule, before adjustments

Cummulative Impact of Quarterly Depreciation - after Adjustments

	CGAAP		
Year	LH Quarterly Basis	1/2 Year Rule Basis	Difference
2009	$ 15,077,495	$ 15,223,494	$ 145,999
2010	15,950,097	16,052,571	102,474
2011	16,859,795	17,014,351	154,556
2012	19,994,229	20,195,592	201,363
Total	**$ 67,881,616**	**$ 68,486,008**	**$ 604,392**

Over the four year period London Hydro's depreciation expense is $604,392 less than it would be under the half year rule, after adjustments

d) To clarify, Note 1 in Table 4-57 refers to the fact that London Hydro has followed the Board policy of the "half-year" rule for budgeting (see also Note 1 on Table 4-58). Lines 6-8 on Page 112 which describes the actual process of calculating depreciation expense based on the quarterly additions. This method uses the efficiencies of an automated Fixed Asset system and ties the actual depreciation more closely to the in-service date of the asset.

LPMA #31

Ref: Exhibit 4, Tables 4-60 & 4-62

a) Please show the derivation of the 2013 MIFRS addition to accounting income related to depreciation of $16,633,200 in Table 4-62 with the figures shown in Table 4-60.

b) If the difference in part (a) is related to the amortization of account 1575 PP&E deferral account, please explain why this amount should be added back to accounting income for PILs purposes.

Response LPMA #31

a) The difference between depreciation expense as reported in Table 4-60 in comparison to that displayed in Table 4-62 for income tax purposes relates to vehicle depreciation as follows:

	2013 Test Year
Depreciation expense per Table 4-60	15,906,000
Add: vehicle depreciation	727,000
Depreciation expense per Table 4-62	16,633,000

b) As noted above, the difference between Table 4-60 and Table 4-62 does not relate to the amortization of account 1575. However, the amortization of account 1575 has been added to taxable income in order to recognize the income tax expense on this recovery of depreciation, net of overhead expenses from customers as a result of transition to MIFRS.

LPMA #32

Ref: Exhibit 4, Table 4-62 & Exhibit 3, page 55

Please explain why only one-half of the gain on disposal of assets of $128,000 shown on page 55 of Exhibit 3 has been included as a deduction from accounting income in Table 4-62.

Response LPMA #32

Please see Response to LPMA #19 a) and b).

LPMA #33

Ref: Exhibit 4, Table 4-64

a) Please explain why the first two eligible apprentices shown under the apprenticeship tax credit are $7,000 rather than the cap of $10,000 per position. Is this $7,000 based on the salary or on the timing of the hiring of these positions? Please also confirm that London Hydro has used 35% of the eligible salaries and wages to a maximum of $10,000 per eligible position.

b) Please confirm that for the co-operative education tax credit, London Hydro has based the estimates on 25% of the salaries and wages to a maximum of $3,000 per position.

c) Please explain why the third eligible apprentice shown under job creation tax credits does not qualify for the full $2,000. Is this due to the salary paid or the timing of the creation of this job?

Response LPMA #33

Preamble to this response: Please review the response to LPMA #24 in conjunction to the response below to assist in understanding tax credits amounts developed for the purpose of PILs and rate-making.

a) Apprenticeship Training Tax Credit (ATTC) amounts which are under the $10,000 maximum are based on the assumption that the apprentice will complete their apprenticeship program during the year and / or will be hired throughout the year.

   London Hydro confirms that it used the maximum available percentage of 35% of eligible salaries and the $10,000 limitation in the calculation of ATTC credits.

b) London Hydro confirms that it used the maximum available percentage of 25% of eligible salaries and the $3,000 limitation in the calculation of Co-operative Education credits.

c) Where there is a lower amount or no claim for eligible apprentices in respect of the Job Creation Tax Credit program, the apprentice has reached a point in their apprenticeship that is beyond the first two years of their apprenticeship when the tax credit is available.

LPMA #34

Ref: Exhibit 4, page 133 & Appendix 4F

a) If now available, please provide the Notice of Assessment for the 2011 taxation year.

b) Please confirm that the CCA calculated in Appendix 4F for 2013 based on MIFRS also reflects a CCA calculation for 2012 based on MIFRS.

c) Please explain why the 2013 MIFRS UCC prior year ending balance should not be the UCC based on CGAAP for 2012.

d) When London Hydro files its 2012 PILs calculation will the CCA calculation be based on CGAAP of MIFRS?

e) Please recalculate the 2013 CCA under MIFRS using the 2012 CGAAP UCC ending balance as the opening balance for 2013.

Response LPMA #34

a) The Notice of Assessment for the 2011 taxation year has been provided pursuant to your request under **Appendix 4-A**

b) London Hydro confirms that the CCA schedule for 2013 under MIFRS reflects the CCA calculated for the 2012 year under MIFRS.

c) The 2013 MIFRS UCC prior year ending balance (the 2012 MIFRS UCC ending balances), will be different than the 2012 CGAAP UCC ending balances. As the transition period between CGAAP and MIFRS is as of January 1, 2012, the opening balances for 2012 will be the same (as presented in the 2012 tables filed in Exhibit 4 - Appendix 4F). As MIFRS has different capitalization criteria than CGAAP, the capital additions for the two tables are different (the only difference between these two CCA schedules is the amount of overhead burdens included in the calculation of additions.) Therefore the balances at the end of 2012 are different between the two methods.

d) London Hydro confirms that the corporate income tax return for the 2012 taxation year will be based on a CGAAP taxable income derived using the new MIFRS overhead burdens. Since this CGAAP taxable income utilizes MIFRS overheads, there is no difference between CGAAP and MIFRS with respect to income taxes. See LPMA #42 for additional information.

e) A revised 2013 CCA schedule under MIFRS has been provided pursuant to your request under Appendix 4-B.

Vulnerable Energy Consumers Coalition (VECC) Interrogatories

VECC #21

Reference: Exhibit OEB #28,

Please provide details explaining $230,000 in OEB audit costs.

Response VECC #21

The $230,000 in OEB audit costs refers to the yearly cost to perform the OEB required distribution system inspections defined by Appendix C of the OEB's Distribution System Code. London Hydro tracks the cost of performing the inspections each year in a database containing details related to the type of inspection as well as any issues that are found that may require maintenance or capital work to rectify. These infrastructure inspections are completed for Overhead Line, URD transformers, Substations, and the Network, among others. The average cost per year is in the order of $230,000. Any costs required to repair the problems found are over and above this cost.

VECC#22

Reference: Exhibit 4, pgs., 59 – 73

Please update Tables 4-27 through 4-31, Tables 4-33, 4-35 and 4-36 for the year-end 2012 results.

Response VECC #22

Please refer to Appendix E – 4, 2012 Actuals for all requested Table updates reflecting actuals for 2012. Please note that due to the concurrent timing of both London Hydro's year-end process and the filing of these interrogatory responses, the 2012 Actual results are preliminary pending final management's review and the completion of the year-end external audit.

VECC #23

Reference: Exhibit 4, pgs. 62-63

a) Does London Hydro purchase insurance from The MEARIE Group?

b) If yes, please provide the premiums paid for the years 2009 through 2013. Explain what due diligence London undertakes to ensure that the policy(ies) it purchases are competitive with similar offerings?

Response VECC #23

a) Yes, London Hydro has Commercial General Liability and Fleet/ Auto insurance with The MEARIE Group. In addition, since the start of January 1, 2013, MEARIE now provides for London Hydro's property insurances.

b) London Hydro's due diligence for ensuring insurance policies are competitive with similar offerings is performed with an annual review of the marketplace, making comparisons as to what is available and appropriate for London Hydro and its customers. London Hydro uses an insurance broker who is instructed to provide a sufficient number of quotes from various insurance companies in Canada for each insurance policy. These quotes are reviewed to ensure the selection of the insurance policy that is the best for our stakeholders, including our customers. The policy must provide both suitable coverages and competitive premiums.

London has tried to contain premium increases but at the same time has considerably increased the coverages, the limits, and introduced new insurance policies to permit needed risk mitigations to our stakeholders.

In 2012, London Hydro was offered by MEARIE an approximate $43,000 one-time reduction in Commercial General Liability Insurance premiums (due to better than expected lower liability claims activity in previous year of total MEARIE Commercial General Liability policy holders). No reductions were offered by MEARIE for 2013 premiums. To address the recommendations of a 2010 AON Insurance report as to deficiencies in London Hydro's Insurance coverages for Cyber, Privacy, and Network Protection Liabilities coverages, London Hydro in 2012 accepted MEARIE coverages for this insurance. This insurance offering from MEARIE was found to be much better than what was found in the marketplace.

While comparing premiums for 2013, London Hydro was presented coverage at a much lower premium than offered by MEARIE for Boiler and Machinery / Equipment Breakdown on our transformer stations. As a result London Hydro accepted the market's proposal and turned down MEARIE's insurance offering.

The following Table provides the cost of insurance coverage obtained through the MEARIE Group as requested.

DETAIL OF INSURANCES							
Insurance Provider	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BRIDGE	2013 TEST	2013 UPDATED FORECAST
MEARIE	323,308	322,000	342,895	365,859	353,182	431,500	418,835
Other	120,445	131,956	129,208	96,658	132,518	67,000	97,624
Total Insurance	443,753	453,956	472,103	462,517	485,700	498,500	516,459

VECC #24

Reference: Exhibit 4, pg. 73

Please provide the EDA membership fees paid by London Hydro in each of 2009 through 2013 (forecast).

Response VECC #24

Please see the table provided in part b) of the response to question LPMA #26.

VECC #25

Reference: Exhibit 4, pg. 5, Table 4-45 pg. 96

a) *At the above reference it states "At any given time, London Hydro will have a number of open positions, which impacts the total FTEs reported, however this does not impact the total OM&A cost. The overall operating plan." Are the number of 288 FTEs listed at Appendix 2-K net of unfilled/vacant positions?*

b) *What is London Hydro's average annual vacancy rate? How is the churn rate taken into account in the derivation of compensation costs for 2013 in this Application?*

Response VECC #25

Preamble to question: The 288 FTEs referred to in this question is related to permanent full-time positions only.

a) No. The 288 FTEs related to permanent full time staff listed in Appendix 2-K is based on the number of full time positions required to perform the operating, capital, and billable plans. All full time positions are deemed to be filled for the full year. These full time positions are

deployed to operating, capital, and billable services. Approximately 68% of all staff (both permanent and non-permanent) is deployed to OM&A activities. The remaining staff is deployed to capital works and billable services.

b) Over the past two years (2011 and 2012), the average vacancy rate has been 1.1%.

The "churn" rate is not taken into account in the derivation of compensation costs related to permanent positions for the 2013 Test Year in this Application. Non-permanent employees are measured based on the forecasted hours of work in 2013 over the total annual hours.

London Hydro believes this is appropriate because as indicated throughout the Application, London Hydro will shift resources between OM&A and capital, therefore not impacting OM&A. The resources which were to be previously planned for capital projects (but were allocated to OM&A) would then be purchased externally so that all projects are completed as expected.

VECC #26

Reference: Exhibit 4, pg. 56, Appendix 2-K

a) At page 56 it states "[H]eadcount in OM&A has increased from 199.2 FTE to 215.9 FTE." Please explain the difference in these figures from those shown in Appendix 2-K (278.9 to 319.5 respectively).

b) Please provide a table which shows each new incremental position since 2009, the OM&A area in which the position reports (e.g., Operations, Maintenance, Billing and Collection, Administration etc.), a brief description of the position, whether it is full time or part-time; the incremental responsibility (e.g. smart meters) for which the position was required.

Response VECC #26

a) Exhibit 4, Page 56 is a discussion related to the total FTE deployed to OM&A while Appendix 2-K is reporting total FTE before any deployment to OM&A, capital, or billable activities. Table 4-22 on Page 44 of Exhibit 4 shows the total FTE which is reconcilable to Appendix 2-K and the deployment ("Allocations").

b) London Hydro does not track the FTEs in this method and as such, it would be a time consuming exercise to pull this information together as requested. Due to the limited time to

respond to all requests, London Hydro is unable to provide the information in the format requested.

London Hydro is able to provide the change in each Department as follows: (Please note these are increases for the entire organization, not those that specifically relate to OM&A). In addition, it will be noted that some of the departments have been reorganization/consolidated since 2009.

Department:	2009	2013	Change
Executive Administration	3	2	-1
Project Management	0	5	5
Information Systems	18	28	10
Conservation Demand Management	4	13	9
Facilities	1	1	0
Corporate Communications	2	3	1
Revenue Protection	8	0	-8
Customer Support	4	0	-4
Retailer Settlements	3	0	-3
Customer Services	37	49	12
Strategic Planning	2	0	-2
Human Resources	6	7	1
Metering	20	21	1
Financial Services	13	17	4
Engineering & Operations	155	173.5	18.5
Total	276	319.5	43.5

VECC #27

Reference: Exhibit 4, pg. 94

a) Please provide the total pay for performance envelop (maximum available) in each of 2009 through 2013 (forecast) and the percentage of that envelope that was, or is forecasted to be paid out in incentive pay.

b) Please provide the metrics which are used to establish pay for performance for each of the employee categories.

c) Please show for 2009 through 2013 (forecast) for each employee group (Executive, Management, Non-Union, Union) the percentage achieved of the performance metrics on both individual (average for the group) and corporate level.

Response VECC #27

a) See LPMA #28.

b) The maximum incentive pay available is different between the various groups.

For Sr. Executives (VP's, CEO) incentive pay, the amount varies based on the type of executive. The maximum payout available is based on achieving 100% of all targets approved by the Board of Directors and then taking the individual's percentage multiplied by their base pay. The actual payout is then reduced so that the executive is only compensated for the actual targets % achieved during the year.

For all other employees, the maximum payout is based upon the budgeted amount for the year. This amount will then be adjusted so the available balance is based upon the actual target % achieved during the year. The Sr. Executive group will then allocate the incentive pay up to, but not exceeding the adjusted amount available.

c) See LPMA #28.

VECC #28

Reference: Exhibit 4, pgs. 100 - OEB #33

a) Please explain why London Hydro continues to offer meter reading services to the City of London when 92% of meters read are water meters?

b) In 2013 how many electricity meters require manual reads on a regular basis (i.e. for each billing cycle? How many manual meters are expected remain by 2015?

c) Does London Hydro intent to continue to use an outside contractor for meter reading? How many internal staff work in meter reading and related activities?

d) Has the new service agreement with the City of London for shared billing and meter reading been signed? If not when is it expected to be finalized.

Response VECC #28

a) London Hydro produces multi-utility bills which include both electricity and water charges. Meter reading is performed by London Hydro, as required in the Service Level Agreement between London Hydro and the City of London, to support timely and accurate billing. This arrangement with the City of London supports the management of meter read alignment with unified billing requirements.

b) London Hydro has approximately 957 electricity meters requiring manual reads on a regular basis. This number is expected to remain the same by 2015.

c) London Hydro intends to continue to use an outside contractor for meter reading. London Hydro employs one full-time meter reader.

d) Please see SEC #31.

VECC #29

Reference: Exhibit 4, pgs. 33 -34 / Appendix 2-H Excel Spreadsheet

At Table 4-16 it shows ¼ recoveries of one-time regulatory costs as $90,546 and at Table 4-17 the on-going regulatory costs is shown as $417,200 for 2013. Please reconcile the total of these two figures - $507,746 with the regulatory expense shown in Account 5655 of $537,700.

Response VECC #29

Preamble to Response: Exhibit 4 reference should be Pages 31 - 32

The following Chart shows the reconciliation between Table 4 – 17 and 4 – 16. The difference between the two figures quoted in the question ($507,746 and $537,000) is related to a $30,000 credit adjustment in 2011 which was related to the 2009 Rate application costs and therefore not applicable to the 2013 Rate application costs detailed in Table 4 – 16.

		2009 Approved	2011 Actuals	2012 Bridge	2013 Test	TOTAL	4 Yr Amort
T 4-17	Summary (USoA Account 5655)						
(12) On-Going		384,242	393,158	405,000	417,200		
One-Time	(1)	246,537	53,302	141,380	167,500	362,182	90,546
One-Time Adj in 2011 related to 2009 Rebasing			(30,000)				
(13) One-Time		246,537	23,302	141,380	167,500		
ties to total Line (14) of T 4-17		630,779	416,460	546,380	584,700		
2013 Rate App Cost Elements contained in T 4-17							
(5) Legal				87,500	67,500		
(6) Consultant Costs			53,302	53,880	-		
(11) Intervenor Costs					100,000		
	(1)		53,302	141,380	167,500	362,182	90,546
T 4-16	2013 Rate Application Cost Elements						
(5) Legal				87,500	67,500		
(6) Consultant Costs			53,302	53,880			
(11) Intervenor Costs					100,000		
tie to total in T 4-17			53,302	141,380	167,500	362,182	90,546

VECC #30

Reference: Appendix 2-H Detailed OM&A Live Excel Spreadsheet.

Please update the above referenced Excel Spreadsheet to include actual 2009 and 2010 and actual year end (or most current year-end estimate) 2012 CGAAP and MIFRS values.

Response VECC #30

Please refer to Appendix E – 4, 2012 Actuals for all requested Table updates reflecting actuals for 2012. Please note that due to the concurrent timing of both London Hydro's year-end process and the filing of these interrogatory responses, the 2012 Actual results are preliminary pending final management's review and the completion of the year-end external audit.

VECC #31

Reference: Exhibit 4, pg.76, Table 4-38

a) *Please explain why significantly less was spent on remedial environmental projects in 2009 through 2011 than was anticipated in 2009 and is forecast to be spent in 2013.*

b) *What was the actual amount spent in this area in 2012*

Response VECC #31

a) Remedial environmental projects by their nature can vary in cost significantly depending on the outcome of site assessments. London Hydro decommissioned several substations prior to 2009 which involved a Phase I & Phase II Environmental Assessment. These assessments cost approximately $60,000 per substation however the size of the station, type and age of the building and the type and amount of contamination dictate the actual cost. London Hydro had several substations that were scheduled for decommissioning between 2009 and 2011; however these stations remained in service resulting in a delay in the Phase I & Phase II Environmental Assessments.

b) The actual amount spent in 2012 related to environmental expense was approximately $236,000. Please refer to Exhibit 4, Page 75 and 76 for more information related to the 2012 expense as well as information related to the projects planned for 2013 and beyond. Also please refer to London Hydro's response to OEB Interrogatory #34 for additional information related to this topic.

VECC #32

Reference: Exhibit 4, Tab pg. 134 / Appendix 2-G / Exhibit 9, Table 9-3 pg. 17

For each of the years 2010 through 2017 please show the OM&A and Capital costs (separately) for implementation of London Hydro's Green Energy Plan.

Response VECC #32:

London Hydro's Green Energy Plan (Basic) filing only provides a five year horizon, and does not identify years 2010 through 2017. To respond as to expenditures towards London Hydro's Green Energy Plan, London Hydro in not looking to recover any costs at this point in time, the reasons outlined further. As well, London Hydro does not foresee any required expenditures over the next five

years to accommodate renewable generation unless a project comes forward that requires an expansion or voltage upgrade.

Therefore, London Hydro is not able to provide expenditure amounts for Bridge Year 2012 and forward. Excerpts from the London Hydro's Green Energy Plan (Basic) filing sections 4.2 Expenditures – Five-Year Horizon and 5.2 Planned Infrastructure Spending to Accommodate Renewable Generation, are as follows:

4.2 Expenditures – Five-Year Horizon

London Hydro is not looking to recover any costs at this point since to-date there has not been any connections which required a capital contribution from London Hydro.
The Basic Plan must cover a five-year horizon and include information regarding any capital expenditures and OM&A expenditures related to Distribution Generation. Where the distributor is seeking to recover costs related to the connection of renewable generation from ratepayers, the plan must contain detailed costing information for specific projects for the first year of the plan at a minimum. If detailed cost information is not available for years 2-5 the Board will not be able to assess and approve cost recovery for the anticipated expenditures in the later years of the submitted Basic GEA plan.

Since London is a mainly urban environment with high-density loads London Hydro's present distribution system infrastructure can support a significant amount of renewable generation. In addition, with increased land use restrictions and no wind projects slated in the London Hydro service territory, it is unlikely any system expansions/upgrades will be required over the five-year horizon. There have been over 300 application requests and only three need to connect to an unserviced premise; therefore these may require a system expansion. To-date however, none of these three proponents have moved forward with their project. Therefore, there is no premise on which to predict future capital contributions for renewable generation. For the reasons stated above, at this point, London Hydro is not seeking compensation as there is no commitment indicated by the larger generation projects that require a system expansion or an upgrade.

5.2 Planned Infrastructure Spending to Accommodate Renewable Generation

London Hydro does not foresee any required expenditures over the next five years to accommodate renewable generation unless a project comes forward that requires an expansion or voltage upgrade. As stated previously, almost all applications have been load connected generation (=<500kW) not requiring any LDC investment and the remaining projects (>500kW) have not received

OPA contracts, nor has London Hydro received any indication that they are going to proceed. London Hydro has received a couple inquiries that would require upgrading a line from 8.32kV to 27.6kV; however doing this in advance of an OPA contract award is not prudent since London Hydro does not know if the projects will pass the TAT; we have no other reason for upgrading the line. None of the proceeding analysis absolves London Hydro from connecting such projects, therefore if required London Hydro will apply for cost reimbursement after the fact.

There is a continued investment being made in strategic areas of the system to ensure that capacity is available to meet present and future demands. Significant areas of investment include line reinforcement to facilitate the redevelopment of an existing transformer station along with enhancements in capacity near the southern portion of our distribution grid to accommodate existing loads and provide acceptable levels of power quality. These investments may enable future projects to proceed.

The following Table reflects 1531 Renewable Generation Connection Capital, 1532 Renewable Generation OM&A balances for 2011. The Table also shows that Bridge Year (2012) and Test Year (2013) have no additional expenditures being forecasted.

Table 9-4 - Deferral and Variance Accounts NOT Submitted for Recovery with This Application (as per Original filing)

Accounts for Which No Disposition is Requested in This Application	Net Accruals / Variances	Carrying Charges	Ending Balances at Dec. 31, 2011	Amount Approved for Disposition May 1, 2012	Projected Interest Jan 12 to Apr 30/13 - 1.47%	Projected Balances as at Apr 30/13
Group 1 Accounts:						
1588 RSVA - Power (excluding Global Adjustment)	$ (3,896,805)	$ (193,776)	$ (4,090,581)	$ 1,784,283	(57,600)	(2,363,898)
1588 RSVA - Power - Sub-account - Global Adjustment	$ (2,612,754)	$ 27,680	$ (2,585,074)	$ 1,316,166	(26,111)	(1,295,019)
Group 2 Accounts:						-
1531 Renewable Generation Connection Capital Deferral Account	6,665	202	6,867		130	6,997
1532 Renewable Generation Connection OM&A Deferral Account	48,113	670	48,783		940	49,723
1535 Smart Grid OM&A Deferral Account	103,618	171	103,789		2,024	105,813
	$ (6,351,163)	**$ (165,053)**	**$ (6,516,216)**	**$ 3,100,449**	**$ (80,617)**	**$ (3,496,384)**

School Energy Coalition (SEC) Interrogatories Questions:

SEC #13

[General] With respect to the second table attached to these interrogatories, entitled "HR Levels and Costs – Comparison of 2013 2-K Data":

a) Please confirm that the data related to the Applicant is correctly transposed and calculated from the 2-K filed with this Application. A live copy of the spreadsheet has been provided.

HR Levels and Costs - Comparison of 2013 2-K Data

Distributor	Customers	FTEEs					Customers per FTEE	Total Compensation	Costs per FTEE	Costs Per Customer	Capitalization Percentage
		Exec.	Mgmt	Non-U/ Other	Union	Total					
London	151,747	16.0	36.0	79.5	188.0	319.5	475	$33,252,600	$104,077	$219.13	31%
Powerstream	346,725	28.0	89.0	102.0	337.0	556.0	624	$65,882,355	$118,493	$190.01	30%
Enersource	253,280	7.0	63.0	79.0	242.0	391.0	648	$44,095,373	$112,776	$174.10	17%
Thunder Bay	50,015	5.0	18.0	14.0	100.9	137.8	363	$13,328,268	$96,715	$266.49	28%
Sudbury	57,463		17.6	4.6	87.8	110.0	522	$11,024,838	$100,226	$191.86	22%
Bluewater	36,578	9.0	8.0	35.3	56.2	108.5	337	$10,862,089	$100,111	$296.96	13%
Westario	22,876		10.0		26.0	36.0	635	$3,258,183	$90,505	$142.43	25%
PUC Dist.	33,484					87.0	385	$8,095,064	$93,047	$241.76	32%
Welland	23,098		15.0		28.0	43.0	537	$4,616,159	$107,353	$199.85	13%
Averages							506		$102,403	$212.93	23%

b) Please advise if there are any errors or other problems, known to the Applicant, related to the data for the other distributors as set forth in the 2-Ks filed with their 2013 cost of service applications. (We are not asking the Applicant to undertake a special review of those applications; only to advise of any problems of which they already have knowledge.)

c) Please provide an explanation as to the low customers per FTEE and HR costs per customer compared to the other two large utilities, Powerstream and Enersource.

d) Please provide any information or data known to the Applicant with respect to relative salary levels in London vs. in the GTA.

Response SEC #13

a) London Hydro's data as shown in SEC's Table entitled HR Levels and Costs – Comparison of 2013 2-K Data is correctly transposed and calculated from the 2-K filed within this Application.

b) There are no errors or other problems, known to London Hydro, related to the data for the other distributors as set forth in the 2-Ks filed with their 2013 cost of service applications.

c) London Hydro is not in a position to provide explanations related to the costs per customer per FTEE and/or the # of customers per FTEE compared to other LDC's except to say that in some cases, the number of customers is irrelevant for specific positions. As such, there is a definite economies of scale associated with many costs per customer at all levels of the organization, but specifically with many of the payroll costs.

There are a number of additional comparatives that must be examined if a full analysis is to be undertaken. Some of these factors would include examining SAIDI performance, purchased services costs, total costs per customer, and OM&A per customer. As has been mentioned throughout the application, there is a set amount of work that needs to be completed in order for the utility to continue at a level which will produce satisfactory results for our customers. Whether the work is done by internal staff or by external consultants is irrelevant. The greater the work done by internal staff, the greater the payroll levels, while decreasing purchased services.

London Hydro agrees that based on the chart provided, that the costs per customer and the # of employees per customer are unfavorable compared to Powerstream and Enersource, but favourable compared to many other utilities. Enersource has approximately the same # of customers more than London Hydro as Thunder Bay has less than London Hydro, although the # of customers per FTEE is considerably higher for London than Thunder Bay and the costs per customer are significantly lower than Thunder Bay. For both of these statistics, London Hydro is close to the average.

d) Please refer to the 2011/2012 Management Salary Survey in Appendix 4B of Exhibit 4 which contains salary information related to 47 participating local distribution companies.

London Hydro does not have any information or data related to salary levels in the GTA as it is not comparable to salary levels in London.

SEC #14

[Ex. 4, p. 8] Please provide a breakdown of the $2,455,165 of OM&A increases from 2009 to 2010 relating to TOU and CIS, and further break down that information into one-time costs and ongoing costs. Please provide an explanation of each of the ongoing costs

Response SEC #14

Unfortunately, there isn't a quick answer to this request, and the actual amount of time required to answer this question properly is not permitted based on the due date for responses.

The majority of the answer to this question can be provided. The most significant impact as identified in the question relate to the TOU and CIS (IT costs) and can be found in SEC #28 which provides the details of the change in IT OM&A costs between 2009 and 2010.

Of the total OM&A increase of $2,455,165 between 2009 and 2010; $1,978,620 (or 80.5%) relate specifically to increases in IT OM&A costs.

The other significant factor relates to wage increases for existing employees.

Total increase:	$2,455,165	
IT related:	1,978,620	(See SEC #28)
Wage settlements:	381,341	(As per Table 4-12 – Summary of Cost Drivers).
Remaining difference	$ 95,204	

London Hydro realizes that this response does not answer the question as completely as would be desired, but due to the many variables associated with the response, a "complete" answer is not practical.

The above answer represents over 95% of the change in OM&A expenditures between 2009 and 2010.

The increases to IT are on-going costs as any one-time costs incurred to implement the system have been capitalized while the OM&A costs are the costs associated with actually operating and maintaining the system in preparing for TOU. As London Hydro is still using the same CIS system and TOU has now been implemented, these costs continue to occur.

As London Hydro continues to grow and increase staff, the effects of the wage settlements also continue to be incremental costs.

SEC #15

[Ex. 4, p. 16] Please provide all reports, presentations, memos or similar documents provided to senior management or to the Board of Directors relating to each (or either) of:

The 38.1% increase in Maintenance Expenses from 2009 actual to 2013 forecast. Please provide any benchmarking or similar comparative information in the Applicant's possession relating to this category of expense.

The 35.9% increase in Administrative and General Expenses from 2009 actual to 2013 forecast. Please provide any benchmarking or similar comparative information in the Applicant's possession relating to this category of expense.

Response SEC #15

This Table referred to above is Table 4 – 8 – Summary of Total Distribution Expense (before PILS) and consolidates costs in accordance with the OEB Accounting Procedure Handbook ("APH") and follows the prescribe OEB USoA. London Hydro records costs using major cost categories (and sub-categories) established for each Department and operating units within the Department. All budgets and actual results are reported to Senior Management, the Audit Committee, and the Board of Directors using this format. London Hydro then maps these costs to the appropriate OEB accounts for regulatory reporting purposes. All of London Hydro internal reports, presentations, memos or similar documents provided to Senior Management or to the Board of Directors related to both part a) and b) of this question use the London Hydro reporting format and therefore cannot be directly tied to the costs as categorized by the OEB.

Each year operating budgets are provided to the London Hydro Board of Directors for approval. Monthly and quarterly reports issued to the Audit Committee and the Board of Directors provides summarized operating results compared to budget. Please refer to Appendix 1B for the before mentioned reports. The increases referenced in this question are implicitly included in these reports, although they are not presented in the OEB format.

SEC #16

[Ex. 4, p. 16] Please provide a table showing a detailed breakdown of all customer care costs for each year from 2009 through 2013, both capital and operations (including depreciation, cost of capital, PILs and all other impacts on revenue requirement), as well as the number of customers in the year and the resulting cost per customer for the year. If the Applicant finds it convenient, the template used by Enbridge in EB-2011-0226 would be suitable, or another detailed presentation could be used if it better suits the Applicant's costs.

Response SEC #16

The change in costs related to Customer Care is provided below. Please refer to Exhibit 4, Table 4-15 Recoverable OM&A Cost per Customer and per FTE and Table 4-55 for Depreciation Expense by Asset Group. For detailed explanation of the Bad Debt variance for 2012, refer to LPMA IRR #25.

	2009 APPROVED	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 TEST
	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS
OM&A	$5,459,583	$ 6,003,076	$ 6,219,886	$ 6,772,064	$ 4,831,142	$6,423,400	$6,501,800
PILs	(2,689,048)	(2,956,739)	(2,927,005)	(2,699,354)	(1,741,840)	(2,315,920)	(2,344,186)
Revenue Requirement	$2,770,534	$ 3,046,337	$ 3,292,881	$ 4,072,710	$ 3,089,301	$4,107,480	$4,157,614
Number of Customers	145919	145298	146973	148331	149785	149785	151747
Cost per customer	$ 18.99	$ 20.97	$ 22.40	$ 27.46	$ 20.62	$ 27.42	$ 27.40

Operating costs related to Customer Care are as follows:

	2009 APPROVED	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 TEST
Labour and Benefits	3,135,983	3,283,149	3,413,482	3,771,652	2,712,700	3,675,400	3,713,900
Professional Services	609,400	824,344	562,283	983,885	516,964	553,000	555,500
Materials & Supplies	145,900	143,826	109,867	128,216	134,899	102,300	104,800
Office Equipment Serv & Maint	29,800	34,623	29,484	27,532	27,583	26,000	26,000
Postage	975,000	874,451	963,197	1,044,152	1,119,462	1,035,000	1,070,000
Bad Debt Expense	535,000	825,000	1,120,000	800,000	325,000	1,000,000	1,000,000
Corporate Training & Employee	13,500	5,712	6,265	6,898	4,118	7,900	7,800
Rental, Regulatory & Other Exp	1,500	2,022	342	(1,828)	(21,421)	8,200	8,200
Fleet & Stores Allocation	13,500	9,949	14,966	12,708	11,837	15,600	15,600
Cost Recoveries		0		(1,152)	0		
	5,459,583	6,003,076	6,219,886	6,772,064	4,831,142	6,423,400	6,501,800

SEC #17

[Ex. 4, p. 22, and 4-OEB-27] Please provide all reports, presentations, memos or similar documents provided to senior management or to the Board of Directors relating to the strategy of "changing the mix of internal labour and external contractors", whether for OM&A or for capital, including the two cost/benefit analyses referred to in the IR response. Please provide the actual documents, not summaries or other explanations prepared for the purpose of this Application.

Response SEC #17

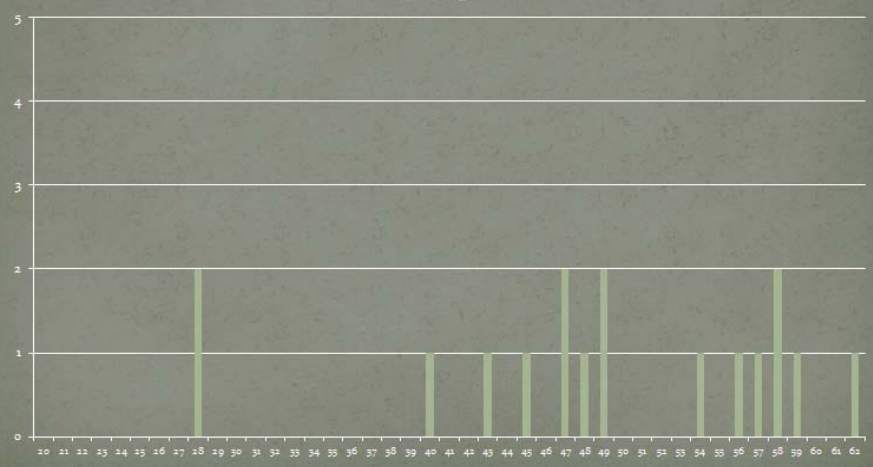
London Hydro is unable to provide "all reports, presentations, memos or similar documents"…relating to the strategy of "changing the mix of internal labour and external contractors" as this is an approach that is still relevant today and as such almost every meeting involving Sr. Management and the Board of Directors will discuss the strategy whether it is more effective to utilize (or hire) internal staff or if the project being discussed should be outsourced.

London Hydro has provided one of the actual presentations related to the strategy of "changing the mix of internal labour and external contractors" made to the Senior Management team in August 2010. This presentation includes the original cost analyses that was provided in the IR response (OEB #27 a)).


Operations
Staff Demographics
and
Hiring Plan for Sustainment


Construction Dept.
Current number of Staff:
3 Lead Hands
2 Inspectors
3 Equip. Operators
6 Const. Workers
1 El. Utility Worker
18 Staff + 2 Supervisors - Historic Total
15 Staff + 1 Supervisor - Total Current
18 Staff + 1 Supervisor - Ideal Future

Construction Dept. - Demographics



Construction Dept.

Why not Contract out?

- Already contracting out:

Year	Internal	Contracted
2005	$1.14 million	$1.4 million
2006	$1.07 million	$1.1 million
2007	$1.2 million	$1.3 million
2008	$1.3 million	$1.8 million
2009	$1.2 million	$1.7 million

- Service Level for Developers & internal
- Our costs are lower on average
- 98% of new staff costs go to Capital

Construction Dept.

Secondary Cable Faults

- Currently contracting out pit digging ~ average of 20 hours per week

Year	Contracted	Internal
2005	$248,000	$130,000 (estimated)
2006	$213,000	$110,000 (est.)
2007	$108,000	$150,000 (est.)
2008	$220,000	$115,000 (est.)
2009	$190,000	$100,000 (est.)

- Need 2 of our Underground staff as well to access Transformer and make splices.
- $46/hr for contractor + $52/hr for U/G staff.
- Recommend that we hire 2 specialized construction staff @ $40/hr to do it all.
- Will save a minimum of $75,000 per year in O&M costs

Residential Construction

Description	Const. Labour	Const. V&E	Contract V&E	Contract Work	Bell / Roger Payment	Total L&V&E	Total Cost	% L&V&E
1625 Purser Ph 1	8,929	1,472	6,032	1,488	-19,963	-2,042	67,988	-3
WhiteOaks PH II-73 SF	8,106	1,356	4,592	1,452	-17,403	-1,897	68,826	-3
Matthews Hall - 119 lots	12,102	2,097	18,083	2,125	-36,444	-2,037	126,561	-2
Riverbend Ph 6	12,606	3,094	9,945	1,911	-27,309	247	72,056	0
Kains West Ph 1 - 69 lots	16,328	3,247	13,000	4,536	-36,536	575	105,255	1
Williamson subd - 73 SF	14,607	2,710	14,410	6,620	-35,748	2,599	119,862	2
Uplands Ph 2 - 68 SF	12,707	2,315	6,048	2,853	-20,805	3,118	79,164	4
Andover Trails Ph 2	2,389	347		37,875	-37,013	3,598	83,988	4
Cameron Subd Ph 2	12,417	2,242	14,949		-22,554	7,054	90,515	8
Talbot Village Ph 2 - 69	17,999	3,855	9,296	1,921	-24,714	8,357	95,817	9
Beaverbrook Ph 6	11,703	1,933	28,391	97,583	-83,895	55,715	541,400	10
Northridge N Ph4 - 57 SF	12,564	1,877	9,642	3,059	-18,911	8,231	76,244	11
Andover Trails Ph 2B	9,235	1,423	8,708	3,982	-14,674	8,674	78,414	11
Hyde Park Meadows	48,900	9,358	34,008	13,434	-58,961	46,739	403,272	12
Hyde Pk W - 56 SF	4,308	518		18,909	-17,535	6,200	52,624	12
Woodholme Park	17,721	2,908	12,610	7,818	-24,696	16,361	111,490	15
1059 Whetherfield Ph 2	1,284	137		11,970	-6,547	6,844	37,120	18
2295 Kains Rd - 27 units	4,047	539		11,774	-5,782	10,578	41,280	26
Stone Crest Condos - 40	8,200	1,403	5,590	4,419	-7,068	12,544	48,498	26
1600 Mickleborough	17,964	3,040	11,860	2,595	-7,901	27,558	80,284	34
	254,116	45,871	207,164	236,324	-524,459	219,016	2,380,658	9


Construction Dept. Hiring Plan
2011 – 3 + 2 new pit diggers/splicers
2012 – 3
2013 – 3
2014 – 0
2015 – 0
Goal: Get from 15 staff back up to 18 staff (4 crews)
Improve service level
Add 2 new positions to reduce O&M

SEC #18

[Ex. 4, p. 27] Please provide a detailed breakdown of the annual capital and operating costs (including depreciation, cost of capital, PILs and all other impacts on revenue requirement) relating to fleet from 2009 to 2013, and identify within the table the savings achieved or forecast as a result of the strategy to shift from leasing to ownership. Please provide all reports, presentations, memos or similar documents provided to senior management or to the Board of Directors relating to this strategy, including any business case and any amendments to it.

Response SEC #18

The change in revenue requirement related to Fleet is provided below. Please refer to Exhibit 2, Table 2-8 for the summary of capital additions, Table 2-16 for Capital Spending by Project Category, Exhibit 4, Table 4-55 for Depreciation Expense by Asset Group and Table 4-33 for Fleet Operations and Maintenance.

	2009 APPROVED	2013 TEST
	CGAAP	MIFRS
OM&A	$ 1,770,300	$ 1,647,600
Depreciation	481,967	726,773
Cost of Capital	205,060	473,463
PILs	(971,641)	(704,087)
Revenue Requirement	$ 1,485,686	$ 2,143,749

Operating costs related to Fleet are as follows:

	2009 APPROVED	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 TEST
Labour and Benefits	510,700	509,150	523,141	542,185	551,468	579,200	567,600
Professional Services	14,400	12,612	19,877	15,853	11,541	16,700	16,700
Materials & Supplies	5,300	11,712	3,625	8,707	6,653	6,900	6,900
Office Equipment Serv & Maintenance	5,500	4,752	9,053	6,572	6,080	6,900	6,900
Insurance	62,000	57,152	60,325	60,796	58,884	61,000	61,000
Lease Expense	72,000	62,184	20,466	13,778	10,000	10,000	10,000
Fleet Operations and Maintenance excl fuel	691,600	701,910	512,199	560,050	507,460	593,000	618,000
Fuel Costs	388,200	254,433	267,505	321,846	354,136	330,000	340,000
Corporate Training & Employee Expenses	9,300	6,953	9,457	11,167	6,177	10,100	9,900
Rental, Regulatory & Other Expenses	2,500	0	2,100	408	134	400	400
Fleet & Stores Allocation	8,800	6,346	7,562	8,593	7,677	9,300	10,200
	1,770,300	1,627,204	1,435,309	1,549,954	1,520,211	1,623,500	1,647,600

The decision to purchase vehicles as opposed to leasing them was based in part on two things -overall life-cycle costs being higher with leasing and the ability to charge depreciation expenses, which are included in the trucking rates, to Capital Budgets which we recover from the City of London and Developers. London Hydro's extended replacement schedule (life cycle expectancy) compared to a shorter Finance depreciation schedule results in years, where the only costs incurred are maintenance costs.

Vehicle & Equipment Depreciation Schedule

Depreciation rates for Electrical Utility vehicles are established using the 'Straight-line Method' of depreciation to the following criteria.

Trucks under 3 tons	Life-Years = 5	Depreciation Rate 20.0%
Trucks over 3 tons	Life-Years = 8	Depreciation Rate 12.5%
Work & Service Equ.	Life-Years = 8	Depreciation Rate 12.5%

POLICY & PROCEDURE FOR REPLACEMENT OF VEHICLES

London Hydro's fleet is tracked on a Fleet Administration computer database system, which prints reports based on projected life cycle expectancies.

Cars, light trucks, vans under 10,000lb. G.V.W.	8 year cycle on owned units (replace with 3 or 4 yr. lease units)
Medium duty trucks over 10,000lb. G.V.W.	12 year cycle or 250,000 Km
Heavy duty trucks 32,000lb. G.V.W. & over	15 year cycle or 250,000 Km
Single bucket aerial devices	12 year cycle Re-chassis fiber body & aerial device once
Double bucket aerial devices	15 year cycle Re-chassis fiber body & aerial device once
Radial boom derricks	15 year cycle Re-chassis fiber body & aerial device once
Chippers	7 year cycle
Backhoes	6 year cycle
Air compressors, sweeper, skid steer loader	20 year cycle
High voltage tensioner/pullers	20 year cycle
Major mechanical equipment	15 year cycle to 20 year depending on usage
Minor mechanical equipment	10 year cycle
Trailers	20 year cycle

Replacement decisions are finally based on a combination of age, hours of use, kilometers traveled, mechanical and body condition, obsolescence, operating and possible environmental or health and safety concerns. An analysis of replacement cost depreciation for a replacement unit will be compared to escalated maintenance and refurbishing costs to retain a current unit will also be considered.

Prior to developing the capital budget each year the fleet is analyzed in order to determine what flexibility can and should be used in order to maintain a current, cost efficient fleet. The fleet capital budget is then incorporated with the complete capital budget for London Hydro and adjustments are made where necessary in order to meet budget expectations.

London Hydro develops their own updated specifications yearly based on department requirements and are designed to establish quality and functionality standards required. Following Board of Directors approval of the capital budget, tenders or quotations are developed and distributed. Established purchasing procedures are followed and tender recommendations are presented to the Board for final approval. Recommendations to the Board are based on the lowest bid fully meeting the specifications.

SEC #19

[Ex.4, p. 28] Please advise the percentage increase represented by the $259,883 increase in Facility Maintenance Contracts and Expense, and the major reasons for that increase.

Response SEC #19

The $259,883 increase between the 2009 Actuals and 2013 Test Year is an increase of 17.7%. This expense relates to facility maintenance contracts and expense including utility expense, plumbing,

furniture maintenance, door maintenance, fencing and gate maintenance, fire protection expense, and paving, among others. The following provides major reasons for the increase:

Furniture Maintenance

The majority of the furniture at London Hydro was purchased in 1980 and 1987. The age of the furniture has resulted in additional maintenance cost to repair and recover workstations wall panels and work surfaces. Repairing and recovering is the most inexpensive means of maintaining this furniture without requiring total replacement.

The Health and Safety Ergonomics Committee conducts ergonomic assessments for staff with musculoskeletal issues and considerable workstation modifications have been required. This involves redesigning workstations, providing ergonomic chairs and changing the height or workstation work surfaces. This committee has been very successful in keeping employees at work and helping relieve musculoskeletal issues in the workplace.

This work is contracted to several furniture suppliers and contract furniture moving companies following London Hydro's Purchasing Policies. Market rates have resulted in additional contract hourly costs.

Fire Protection

Since 2009 London Hydro has installed a new facility wide Fire Alarm and Protection System which replaced old inadequate systems. These systems require monthly and annual inspections as well as maintenance. Renovations to the facility have required additional fire protection equipment and costs for relocation.

Monthly and annual inspections and on-going maintenance of the fire alarm and protection system is contracted to Fire Protection companies following London Hydro's Purchasing Policies. Market rates have resulted in additional contract hourly costs.

Electrical

Since 2009 electrical expense has increased related to new I.T. data, VOIP, and security data cable installations throughout the London Hydro facility, a standby power system including 2 large generators (150Kw & 300Kw), 7 UPS units, 19 transfer switches and related electrical equipment, and a Building Automation System & Environmental Protection System. All of the above require ongoing electrical maintenance and monthly as well as annual inspections.

Market rates have resulted in additional contract hourly costs.

Facility carpets – part of Contractor Services

To address Health and Safety slip/trip and fall issues London Hydro has added several floor mats throughout the facility to help prevent these hazards. This contract has been renewed twice since 2009 each time following London Hydro's Purchasing policies however market rates have resulted in gradual per/unit increases.

Pest Control – part of Contractor Services

To address Health and Safety and operational issues at substations, London Hydro has added monthly pest control services to key substations throughout the city as well as at 111 Horton Street. Rodents were routinely eating into communication and electrical cables leading to additional repair costs. This contract follows London Hydro's Purchasing policies.

SEC #20

[Ex. 4, p. 40] Please provide the study referred to. If the "statistics" referred to on line 12 are not included in the study, please provide those statistics, and the source document for them, as well.

Response SEC #20

As part of London Hydro's ongoing succession planning, we maintain an HR system which tracks employee's age and years of services. We forecast pending retirements using a combination of these 2 criteria:

1. The minimum age at which an employee is eligible to retire is 55 years, no matter how many years of service they have; if they have less than 30 years' service, they will have a reduced pension.
2. An employee may retire at age 55 or older with an unreduced pension if they have 30 years or greater of service.
3. An employee may retire with an unreduced pension if they meet the "90 factor" which means that age + years of service is equal to 90 or greater.
4. An employee may retire with an unreduced pension if they are age 65 or greater, no matter how many years of service they have.
5. An employee may retire with a full pension after having completed 35 years of service and are age 55 or greater.

When forecasting retirements, we apply these criteria to the workforce and estimate the number and timing of retirements. In our forecasting, we apply a high degree of probability that an employee who has reached "full pension" will retire once they reach the 35 years' service threshold. We apply a lesser but still significant degree of probability that an employee with an "unreduced pension" (90 factor or 30 years of service). This forecasting, coupled with announced retirements by individuals, allows us to forecast the number of retirements with relative accuracy.

The retirement demographics have a rolling effect based on new hires and turnover rates. Also unexpected retirement could reflect these statistics. London Hydro will experience a significant change in demographic in the next 5 years as we have an aging workforce.

SEC #21

[Ex.4, p. 45] Please provide the most recent full labour budget (capital and operating) for the Test Year for Engineering and Operations, and provide a line by line comparison with 2009 actuals to show the impact of "the Engineering and Operations labour plan has changed from the 2009 actuals".

Response SEC #21

ENGINEERING AND OPERATIONS LABOUR PLAN	2009 ACTUAL	2013 TEST	Change
Base Labour			
Full Time	$ 10,323,243	$ 12,596,300	$ 2,273,057
Part Time	292,792	468,500	175,708
Premium Pays	991,887	1,148,500	156,613
Benefits	3,073,695	4,077,700	1,004,005
	14,681,617	18,291,000	3,609,383
Deployment			
Capital	(5,437,880)	(6,744,200)	(1,306,320)
Billable	(269,755)	(330,600)	(60,845)
	(5,707,635)	(7,074,800)	(1,367,165)
Labour & Benefits OM&A	$ 8,973,982	$ 11,216,200	$ 2,242,218

	2009 ACTUAL	2013 TEST	Change
Total E&O Headcount	153.0	173.3	20.3
Deployment to Capital/Billable	(62.8)	(72.3)	(9.5)
OM&A	90.2	101.0	10.8

Departments Included:

Engineering, System Planning, Networks & Substations
Overhead & Underground, Control Centre, Dispatch & Administration
Purchasing & Materials Management

SEC #22

[Ex. 4, p. 57] Please explain the increase in Purchased Services since 2009 in light of the shift to increasing use of internal labour.

Response SEC #22

The shift to increasing the use of internal labour is related primarily to Construction and Information Services.

Purchased Services is a cost grouping that contains various elements including plant locate services, wholesale metering services, advertising expense, legal expense, collection agency fees, payment processing fees, contract collection services, consulting, and contract meter reading services, among others. These elements of purchased services are not related to the shift to increase use of internal labour in Construction and Information Service areas.

Please refer to Table 4 – 27, on Page 59 of Exhibit 4 for the detailed costs related to Purchased Services. Also, please refer to Table E4 – OEB 27 b) Construction Resource Mix and Table E4 – OEB 27 b) Information Services Resource Mix provided as part of London Hydro's interrogatory responses to the Board previously provided. The contracted labour in these Tables is a sub-set of the Contractor Services found in Table 4 – 27 on Page 59 of Exhibit 4 specifically related to Construction and Information Services. In both areas London Hydro has reduced contracted labour costs.

SEC #23

[Ex. 4, p. 65] Please reconcile Table 4-31 with the relevant lines in Table 4-30.

Response SEC #23

The following reconciles Table 4-31 to 4-30 found on Page 64 and Page 65 respectively. London Hydro identified a formula error between these two schedules. The amount for 2010 Actual software expense should have been reported as $756,180 in Table 4-31. This impacts the presentation within Table 4-31 for 2010 Actuals only and has no impact on the software expense for the 2013 Test Year or the resulting revenue requirement. London Hydro apologises for this oversight.

	CGAAP					MIFRS	
	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 BRIDGE	2013 TEST	2012 BRIDGE	2013 TEST
	$	$	$	$	$	$	$
Software							
Table 4-30	680,439	756,180	1,023,665	1,100,900	1,043,700	1,100,900	1,043,700
Table 4-31	680,439	976,537	1,023,667	1,100,900	1,043,700	1,100,900	1,043,700
Difference	(0)	(220,357)	(2)	-	-	-	-
Hardware							
Table 4-30	117,968	110,780	232,228	228,900	235,000	228,900	235,000
Table 4-31	117,968	110,781	232,226	228,900	235,000	228,900	235,000
Difference	(0)	(1)	2	-	-	-	-

The revised Table 4-31 has been provided below:

SUMMARY OF SOFTWARE AND HARDWARE EXPENSE								
	CGAAP						MIFRS	
	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BRIDGE	2013 TEST	2012 BRIDGE	2013 TEST
	$	$	$		$	$	$	$
Software								
Applications	529,842	642,628	883,507	838,811	972,100	910,000	972,100	910,000
Infrastructure	59,476	43,684	52,735	46,430	37,900	39,000	37,900	39,000
Network Security	31,778	11,905	19,669	17,738	27,400	29,300	27,400	29,300
Network & Telecom	55,316	52,986	65,835	26,171	62,700	64,600	62,700	64,600
End User Computing	4,028	4,977	1,921	12,950	800	800	800	800
TOTAL SOFTWARE	**680,439**	**756,180**	**1,023,667**	**942,099**	**1,100,900**	**1,043,700**	**1,100,900**	**1,043,700**
Hardware								
Servers & Storage	51,162	63,699	182,639	151,729	175,500	179,900	175,500	179,900
Network Security	9,234	10,394	4,141	8,249	13,400	13,800	13,400	13,800
Network & Telecom	32,700	27,541	22,317	27,922	24,000	24,800	24,000	24,800
End User Computing	24,181	9,147	23,129	14,724	10,200	10,500	10,200	10,500
Peripherals	692	-	-	-	5,800	6,000	5,800	6,000
TOTAL HARDWARE	**117,968**	**110,781**	**232,226**	**202,623**	**228,900**	**235,000**	**228,900**	**235,000**
Smart Meter Costs								
Software	-	-	-	96,580	119,500	120,600	119,500	120,600
Hardware	-	-	-	5,680	6,000	6,000	6,000	6,000
TOTAL SMART METER COSTS	**-**	**-**	**-**	**102,260**	**125,500**	**126,600**	**125,500**	**126,600**
TOTAL	**798,408**	**866,961**	**1,255,893**	**1,246,983**	**1,455,300**	**1,405,300**	**1,455,300**	**1,405,300**

SEC #24

[Ex.4, p. 67] Please provide details of the incremental cost, and need, for the increase in test cases, and provide any business case, cost/benefit analysis, report, presentation, or other documentation used to justify the increase.

Response SEC #24

The discussion referenced above is part of the evidence related to the increases in hardware maintenance. The statistics related to test cases were used in the Application to illustrate the increased complexity of the information systems and tie that complexity to the increase in hardware expense (mainly servers and storage requirements).

Test cases have increased substantially as a result of regulatory requirements for TOU Billing, and its associated smart meter network and integration with IESO's MDMR system. London Hydro due diligence requires us to ensure that the systems are functioning as per business and regulatory requirements after any software patch, hot fix, enhancement or upgrade.

The testing volume is not in itself the cost driver impacting the increase in hardware expense. Testing costs are primarily included in IT capital projects, and scope of testing is determined by the complexity and extent of the implementation to ensure a quality deliverable.

SEC #25

[Ex. 4, p. 70] Please provide a breakdown of the 2013 budget between the five categories listed.

Response SEC #25

EMPLOYEE DEVELOPMENT / TRAINING - 2013 Test Year							
Department	Total	Health & Safety	Regulatory Compliance	Supervisory (Management Professional Development)	New Information Systems (Technology)	Apprentice / Skill Training	Other
Engineering & Operations	$ 240,800	$ 20,800		$ 77,300	$ 77,000	$ 65,700	
Corporate Communications	6,900			6,900			
Customer Services	4,100					4,100	
Executive	5,500			5,500			
Financial Services	21,800		6,900	8,200		6,700	
Human Resources	146,600	37,100		94,100		15,400	
Information Services	71,000				71,000		
Metering	34,300	7,500		7,800	5,000	12,000	2,000
Total	**$ 531,000**	**$ 65,400**	**$ 6,900**	**$ 199,800**	**$ 153,000**	**$ 103,900**	**$ 2,000**

SEC #26

[Ex. 4, p. 73] Please reconcile the figures for legal and intervenors in the Major Cost Category column and the Total column.

Response SEC #26

This question identifies a mis-match between total Cost of Service Application Costs and the year in which the cost is expensed. Please refer to the Table below that has been provided to rectify this issue. This mis-match impacts the presentation within Table 4-37 only and has no impact on the amount being spread over a four year period for recovery and the resulting calculation of revenue requirement. London Hydro apologises for any confusion this may have caused. The revised Table is provided below.

Costs Related to Cost of Service Application	MAJOR COST CATEGORY:	EXPENSED IN:			
	Rent, Regulatory, and Other	2011	2012	2013	TOTAL
OEB Rate Application Incremental Cost:					
Load Forecast	15,000	-	15,000		15,000
Legal	155,000	-	87,500	67,500	155,000
Intervenors	100,000	-		100,000	100,000
	270,000	-	102,500	167,500	270,000
OEB Ordered Studies					
Lead/Lag	36,872	21,320	15,552	-	36,872
Cost of Service - City Water Billing	55,310	31,982	23,328	-	55,310
	92,182	53,302	38,880	-	92,182
	362,182	53,302	141,380	167,500	362,182
Amount Included for Rate Making	**90,546**				

SEC #27

[Ex.4, p. 81] Please provide all reports, presentations, memos or similar documents provided to senior management or to the Board of Directors relating to the establishment of the Project Management Office for IT, including any business case and any amendments to it. Please provide a description of how projects were managed differently prior to the introduction of the PMO.

Response SEC #27

Please refer to Appendix E – 4, SEC #27.

SEC #28

[Ex. 2 and 4, various] Please provide a detailed breakdown of the annual capital and operating costs (including depreciation, cost of capital, PILs and all other impacts on revenue requirement) relating to IT from 2009 to 2013. Please include all costs in each category, including personnel costs, external payments such as software licensing fees, capital expenditures and all revenue requirement impacts of those expenditures, etc. Please provide whatever explanations are appropriate to explain the overall increases in this cost category, and the benefits being achieved.

Response SEC #28

The change in revenue requirement related to IT is provided below. Please refer to Exhibit 2, Table 2-8 for the summary of capital additions, Table 2-16 for Capital Spending by Project Category, and Exhibit 4, Table 4-55 for Depreciation Expense by Asset Group.

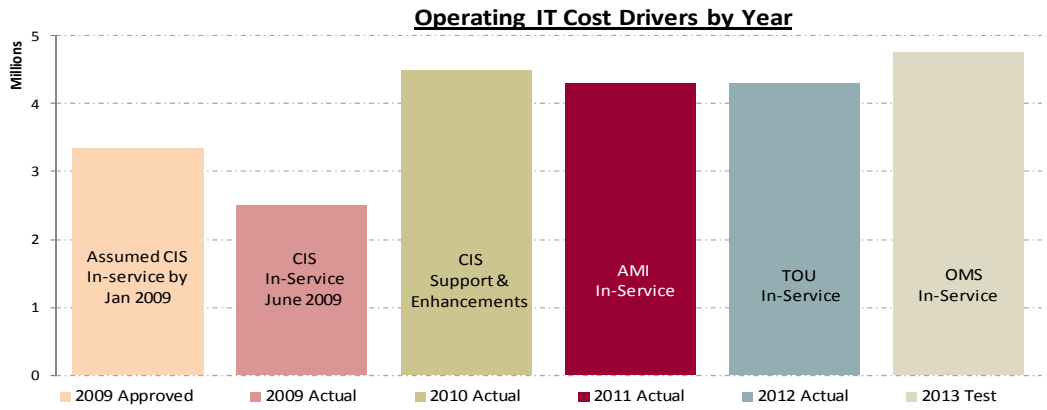
	2009 APPROVED	2013 TEST
	CGAAP	MIFRS
OM&A	$3,338,200	$ 4,761,800
Depreciation	2,943,875	5,867,596
Cost of Capital	874,677	1,597,614
PILs	(2,253,175)	(2,605,361)
Revenue Requirement	$4,903,577	$ 9,621,649

Operating costs related to IT are as follows:

	2009 APPROVED	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2012 BUDGET	2013 TEST
Labour and Benefits	2,071,100	1,722,533	2,275,621	2,120,151	2,546,883	2,489,000	2,463,100
Professional Services	587,400	247,815	1,459,340	1,035,995	844,103	1,024,800	1,010,800
Materials & Supplies	15,100	11,114	11,946	19,043	15,164	26,000	26,000
Office Equipment Serv & Maintenance	29,300	40,595	190,538	160,623	190,114	176,300	171,000
Hardware and Software	864,500	798,407	866,930	1,255,893	916,981	1,455,300	1,405,300
Corporate Training & Employee Expenses	132,300	47,516	48,831	56,260	104,162	83,400	78,400
Rental, Regulatory & Other Expenses	4,100	11,468	7,709	15,379	44,976	50,500	51,100
Fleet & Stores Allocation	400	215	211	167	195	100	100
Cost Recoveries	(366,000)	(363,000)	(365,842)	(368,048)	(366,000)	(396,000)	(444,000)
	3,338,200	2,516,663	4,495,283	4,295,463	4,296,578	4,909,400	4,761,800

The chart below illustrates the operating cost for IT from 2009 to 2013 with the major cost drivers identified for each year. London Hydro has completed a significant business environment change that includes a new CIS implemented in mid-2009. Therefore, the appropriate baseline for comparing operational costs for future years is 2010.

Since 2010, London Hydro has minimized the overall cost impact of placing multiple systems and infrastructure into service such as TOU/AMI/OMS by largely absorbing increases in the associated hardware/software costs and optimizing the mix of internal/external resources.



The table below provides insight into the annual changes that identifies the cost drivers and achieved benefits. London Hydro has worked on key focus areas every year to manage the growing complexity of systems to support regulatory and business requirements and be proactive in addressing emerging issues.

Year	Key Focus Area	Cost Driver	Benefit
2009	• The original go-live date for the new Customer Information System (CIS) system was Dec, 2008. The actual go-live was delayed until mid-June 2009.	• This delay resulted in lower operating actuals in 2009	• Replacement of custom in-house legacy CIS system
2010	• First full year of supporting the new CIS • Addressing the CIS challenges and required enhancements	• Reliance on external resources to support the new CIS system	• Effective CIS system to support business processes and foundation for TOU

2011	• Advanced Metering Infrastructure (AMI) from smart meter to new CIS • Integration with Provincial MDM/R	• Less reliance on external resources • AMI hardware and software costs	• Flowing interval data from smart meter to the MDMR
2012	• Rollout of TOU billing using the AMI and CIS platform • TOU Web Presentment	• Less reliance on external resources as new internal staff were hired • Deferred infrastructure software refreshes until 2013	• Satisfy OEB mandate for TOU • Unsolicited positive customer feedback on the TOU Web presentment
2013	• Outage Management System (OMS) for improving customer interaction during planned and unplanned outages • Address emerging operational issues such as Cyber Security concerns	• Additional external resources , hardware and software maintenance to support OMS • Enhance firewall monitoring and data loss prevention capability	• Improve Customer Service, Service Delivery, and Restoration time • Ensure availability, confidentiality and integrity of customer data.

SEC #29

[Ex. 4, p. 95] Please provide the most recent 4th quarter report of total score and resulting incentive pay.

Response SEC #29

Attached is the 4th quarter report (Appendix 4-C – 2012 4th Quarter Targets). The results of the 4th quarter report combined with the other three quarters resulted in a total target of 90%. Please refer to LMPA #28 for additional information.

SEC #30

[Ex.4, p. 98] Please explain why the Applicant is not charging its non-regulated business its weighted average cost of capital for funds provided, or alternatively a market interest rate. Please confirm that, at WACC, the amount credited to ratepayers would increase from about $50,000 to about $300,000.

Response SEC #30

London Hydro concurs that based on the Affiliate relationship code section 2.4.2 "the loan should be charged at a rate that is no more favourable than what the affiliate would be able to obtain on its own from the capital markets" and as such has recalculated the "interest" owed from 2010 to the 2013 test year based on the revised interest rate utilized.

The interest rate charged is variable and will therefore be adjusted on a yearly basis based on the bank prime rate as posted on the Bank of Canada website. The Prime Business rate over the past 3 years has remained at 3% each month. London Hydro has used the rate as of December, 2012 for the expected 2013 rate.

Interest is calculated on the Due to/from balance at the end of each year using simple interest to calculate the interest expense.

As a result of this revised calculations, the 2013 interest charge should be about $128,500 rather than $50,500. This has an impact of about $78,000.

SEC #31

[Ex.4, p. 100] Please provide the signed agreement with the City for water billing services effective January 1, 2013.

Response SEC #31

The Service Level Agreement has not yet been finalized between the two parties. London Hydro expects that the agreement should be finalized during Q1 of 2013, but an exact date is still unknown.

SEC #32

[IR 4-OEB-25, p. 52] Please advise where on Table E4 are the external costs to place advertising, such as billboard rentals, air time, radio ads, etc.

Response SEC #32

The external costs to place advertising such as billboard rentals, air time, and radio ads, etc. are included within the cost category entitled "Advertising – Corporate Communications" of Table E4 – OEB 25 a). This Table lists all costs that are included in OEB Account 5660 known as General Advertising Expense and describes their nature and purpose. As described, in the description column of Table E4 – OEB 25 a) this includes the costs associated with "preparing advertising material for newspapers, radio, billboards, etc. to increase communication and awareness for the public regarding London Hydro and industry activities."

SEC #33

[IR 4-OEB-27] With respect to this response:

a) p. 63. Please restate the table to include all capital and operating overheads and other related internal costs in the column "internal rate".

b) p. 64. Please provide a table, similar to Table E4 - Construction, but dealing with Construction Resource Mix in capital.

c) p. 66. Please provide a table, similar to Table E4 – Information Services, but dealing with Information Services Resource Mix in capital.

Response SEC #33

a) The internal rate presented in Table E4 – OEB 27a) Information Services is fully burdened and includes salary benefits and employee expenses.

b) The following Table shows the overall mix change between internal and external labour from the 2009 Actuals to the 2013 Test Year related to Developer Work Projects. This segment of capital work requires the significant use of Construction type labour. The split between external and internal labour has changed from approximately 30% / 70% in 2009 to approximately 10% / 90% in the 2013 Test Year.

Developer Work Projects												
2009 Actual (IN $000'S)						2013 TEST YEAR (IN $000'S)					
INTERNAL LABOUR	EXTERNAL	TOTAL	EXTERNAL as % of Total	INTERNAL LABOUR as % of Total		INTERNAL LABOUR	EXTERNAL	TOTAL	EXTERNAL as % of Total	INTERNAL LABOUR as % of Total	
$ 1,941	$ 822	$ 2,763	29.8%	70.2%		$ 1,630	$ 151	$ 1,781	8.5%	91.5%	

c) The following Table shows the mix between internal and external labour from the 2009 Actuals to the 2013 Test Year related to Application Development. This segment of capital work requires the significant use of Information Systems type labour. The split between external and internal labour has changed from approximately 80% / 20% in 2009 to approximately 62% / 38% in the 2013 Test Year.

Application Development											
2009 Actual (IN $000'S)						2013 TEST YEAR (IN $000'S)					
INTERNAL LABOUR	EXTERNAL	TOTAL	EXTERNAL as % of Total	INTERNAL LABOUR as % of Total		INTERNAL LABOUR	EXTERNAL	TOTAL	EXTERNAL as % of Total	INTERNAL LABOUR as % of Total	
$ 645	$ 2,615	$ 3,260	80.2%	19.8%		$ 1,803	$ 2,987	$ 4,790	62.4%	37.6%	

SEC #34

[IR 4-OEB-28] Please provide details of the "recurring OEB audit and inspection effort" referred to.

Response SEC #34

Please refer to response for VECC #21.

SEC #35

[IR 4-OEB-34] London Hydro cites certain designated areas will remain 'Lead Contaminated'. Please characterize where these areas exist within the 'general work environment'.

Response SEC #35

London Hydro worked with an environmental engineering consultant to design a safe, secure lead storage and lead work shop. This area is a separate section of the Operations Building at 111 Horton Street. The area is under special, high level security with anti-pass back card access. Only trained staff has access to the area and specialized locker and wash-up facilities are provided to ensure that lead is not transferred from this area to other parts of the facility or to the employees clothing and homes. Although this Lead Storage and Workshop is within the 111 Horton St. facility, it is segregated and isolated from the general work environment.

London Hydro has two vans which are used to transport lead and lead contaminated tools & equipment to and from work sites. These units have a rear contaminated area which is well labeled and has controlled access. Behind the cab area there is a center change room and decontamination area which keeps the cab and employees clothing clean and provides for separation between the cab and the contaminated rear section of the truck.

Energy Probe Research Foundation (EP) Interrogatories:

EP #10

Ref: Exhibit 4, Page 6

Lines 1-4 describe London's intention to reduce its reliance on contracted staff for various functions including construction. It is also noted that construction primarily relates to new development.

a) Please describe the kinds of construction contemplated by this change in strategy.

b) It is commonly assumed that employing contractors for development driven construction work minimizes the risk of overstaffing that can occur due to varying development demands. Please comment and explain how London will guard against overstaffing if development declines significantly.

c) Line 4 lists "reductions in cost" as one of the benefits of bringing work in house. Does London Hydro have an analysis of construction cost using contractors vs. using in house resources. If so, please provide it. If not, please explain how it arrived at the conclusion that contractors were more expensive than in house resources.

Response EP #10

Please refer to the interrogatory response for OEB #27 as well as to the following information.

a) London Hydro uses both internal labour and external contractors in meeting the demands of development driven construction work and related to its distribution infrastructure.

The following list provides examples of the types of civil construction work related to this question:

- Trenching in subdivisions and on commercial projects
- Installation of cable in trenches
- Trenching in downtown areas
- Installation of concrete encased ducts
- Excavation and installation of manholes and vaults
- Installation of concrete pads and transformers and switchgear
- Excavation to expose direct buried cable that has faulted

b) In 2010, London Hydro reduced the full time complement of construction staff for the exact reasons provided in the question above – a concern related to over staffing. When commercial activity during 2010 was stronger than at any other time, the internal staff was over-committed and with only limited local contractors available to augment internal resource, London Hydro's service levels dropped below acceptable levels. Response to both external developers and to other London Hydro departments utilizing the construction staff for both operating and capital activities was negatively impacted.

Although it is difficult to predict the level of developer work, London Hydro is moving to a more optimal mix between external contractors and full time internal resources. London Hydro will continue to use external contractors in varying degrees as the demand dictates. Also, London Hydro has and will continue to utilize temporary "seasonal" construction workers in order to respond to the recurring fluctuations in workload. If a significant drop in developer work is experienced London Hydro has two ways to remain flexible and avoid overstaffing. Firstly, reduce the level of externally obtained construction labour, and secondly, defer the hiring of the temporary staff.

c) Please refer to the interrogatory response for OEB #27 for an analysis of construction cost using contractors vs. using in house resources.

EP #11

Ref: Exhibit 4, Page 23

Table 4-13 on this page notes that the PCB removal program has been completed and that "future budgets include only an on-going maintenance function". Please describe the ongoing maintenance required in the PCB program along with its estimated annual cost.

Response EP #11

Please refer to Exhibit 4, Table 4-27 on Page 59 for the 2009 Actual to 2013 Test Year costs for PCB Elimination Services. OM&A in the 2013 Test Year included $5,000 in purchased services for this activity.

Although all of London Hydro's PCB contaminated or PCB filled transformers have been tested and retro-filled or disposed of, PILC cables that are still in service in the downtown core area are occasionally found to contain PCB contaminated tapes at splices. When PILC cables are removed from service there is an on-going maintenance function to test them for contamination and to properly dispose of them if they are found to contain PCBs. There is no practical way to test these cables while

they are in service. London Hydro will continue to perform a PCB test on all of the oil that leaves London Hydro's site as a final confirmation that PCB contaminated fluids are not present.

EP #12

Ref: Exhibit 4, Page 51, Line 7

This line refers to post retirement benefits for pensioners.

a) *Please describe the kind of benefits provided.*

b) *Do pensioners contribute to the cost of the benefits?*

c) *Is the plan time limited or is it lifetime benefits?*

Response EP #12

a) Please refer to "Appendix 4-D Summary of Plan Provisions" for the post-retirement benefits provided for pensioners. This appendix contains the benefits related to various retiree groups and includes optional benefits described in the answer provided below in b) and c). This report is dated December 31, 2011. There has been no change in the benefits offered in 2012 and there are no expected changes for the 2013 Test Year and beyond.

b) and c) The plan is time limited. Post-retirement benefits are 100% funded by London Hydro until the pensioner reaches the age of 65 at which time, the pensioner has the option to purchase various health insurance coverages. London Hydro funds 15% of the total cost related to these optional benefits. See Appendix 4-D for additional detail.

EP #13

Ref: Exhibit 4, Page 53

Lines 13-17 describe emergency overtime having increased 33% since 2009. Please describe the events or conditions that have contributed to that increase.

Response EP #13

The following events or conditions have contributed to the increase in emergency overtime:

Approximately:

- 11% of the increase is due to negotiated wage increases,
- 10% of the increase is due to an increase in billable emergency work (vehicle accidents, etc.),
- 3% of the increase is due to 2009 being a light year for emergency snow removal work, and

- 9% of the increase is due to projected increases in the number and/or length of responses to emergency outage calls (based on historical actual costs since 2009).

EP #14

Ref: Exhibit 4, Page 55

Lines 3-6 describe standby pay and shift premiums having increased by 21.6% since 2009. This is attributed to "union settlements" and an "increase in full time work force".

a) How much of the increase is attributed to each of these components?

b) Please explain how the union settlements resulted in an increase in these costs.

c) Please explain how an increase in the full time work force has resulted in an increased requirement for standby pay and shift premiums.

Response EP #14

a) Shift premiums have not changed significantly over the time period 2009 Actual to 2013 Test as shown in the Table below. The increase is attributed to the Standby component.

	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 BRIDGE	2012 ACTUAL	2013 TEST Year	Overall Change
Shift Premium	15,429	15,858	14,761	15,000	15,435	15,000	(429)
Standby Pay	62,662	65,745	69,520	73,100	68,730	76,700	14,038
TOTAL	78,091	81,603	84,281	88,100	84,165	91,700	13,609

b) Standby Rates like general union wages are covered in the negotiated contract between London Hydro and the Power Workers Union. The historical rates shown below are effective January 1st for the years listed. No change in rate occurred in 2010 or in 2012. London Hydro has forecasted an increase for the 2013 Test Year similar to what has been experienced in prior years.

Approximately one-half of the increase in standby pay ($6,000) is directly related to union settlements

Historical / Standby Rates

2009 - $190/week + $50 for weeks with paid holidays
2011 - $200/week +$55 for weeks with paid holidays

c) The remainder of the increase is related to an increase in the workforce receiving standby pay. In 2010 London Hydro had apprentices in the Underground Department who were ready to be placed on the emergency standby shift as part of their last year of training. Since they were not fully qualified journeymen, they "shadowed" the existing journeymen already on the shift, so this increased the overall cost of having employees on standby. Apprentices were also added to the standby shifts in 2011 and 2012 and will continue to be "shadowing" on the standby shift for the foreseeable future as we put our succession plan in place. London Hydro believes this provides important emergency training opportunities at a minimal cost.

EP #15

Ref: Exhibit 4, Page 59

Table 4-27 shows Plant Locate Services have increased from an actual of $256 K to estimated $460 K in 2013. A significant increase occurred in 2010 ($388 K) and has continued to increase since then. This is attributed to increased volumes handled by the contractor partly due to the loss of one internal staff member.

When did the internal staff member's workload shift to the contractor?

Other than that internal to external shift, please describe the reasons for increased volume of locates.

Response EP #15

Preamble to response: To clarify the background information provided as part of this question London Hydro would like to confirm that the increase in cost in 2010 was $132,017 over the 2009 Actuals and not $388k as may be construed from the above wording. Total actual cost in 2010 was $388,154.

London Hydro joined the Locate Alliance Consortium ("LAC") in 2010. LAC is a province-wide consortium of companies originally consisting of Union Gas, Bell Canada, Enbridge Gas, Toronto Hydro and Milton Hydro who joined together to jointly issue a tender for underground cable and pipe locating services across Ontario. LAC's primary objective is to obtain quality locating services at the best possible price while working towards the goal of 'one call' and 'one locator' across Ontario. It is of significant benefit to the excavator to be able to make 'one call' to Ontario One Call and then deal with 'one locator' to explain the work and to obtain locates on all the underground services in their excavation area at the same time.

It is London Hydro's plan to migrate all locating services to the LAC approved contractor in the London area. This will be accomplished over time as London Hydro's experiences reductions in its existing locate staff through attrition. As a staff member leaves, the equivalent amount of locating work is

shifted to the contractor. One locate staff member left on February 10, 2010 which corresponds to a large portion of the increases in costs incurred from the Plant Locate Service provider.

The increase in cost over the years 2009 to 2012 is also partly due to increased volumes of approximately 17%. This is mostly due to two primary reasons: 1) increased awareness of the need for locates and 2) due to increased excavation activities.

EP #16

Ref: Exhibit 4, Page 57

Lines 15-18 describe the decline in traditional meter reading due to the conversion to smart meters. The 2013 budget for contract meter reading is still significant at $700 K.

a) Please explain what meters still need to be read after smart meter conversion.

b) How long does London expect that this cost will continue?

Response EP #16

Please refer to London Hydro's response to OEB #33 previously provided, and also the response to VECC #28 above. As mentioned above, The entire $700k has been recovered through the Service Level Agreement with the City of London for water billing services.

a) London Hydro reads water meters and electric meters which were not covered in the smart meter program (i.e., General Service >50kW demand and Interval metered customers not being read with MV90).

b) London Hydro expects this cost to continue through 2015 and beyond.

EP #17

Ref: Exhibit 4, Page 71

Table 4-35 lists "Corporate Medical Expense" at $24,700 for 2013. Please describe what is included in this category.

Response EP #17

Expenses associated with this object include job specific medical testing for new hires, functional abilities examinations to determine employee restrictions following injuries, independent medical assessments, Doctor fees not covered by OHIP, and surveillance programs for employees exposed to lead.

EP #18

Ref: Exhibit 4, Pages 40-46

Table E4 OEB 26

Appendix 2-K Employee Expenses

a) *Starting with 2011 Actual, please provide the details of the 2013 increase in FTEs for Non-Union employees.*

b) *Starting with 2011 Actual please provide the details of the 2013 increase in FTEs for Union employees.*

Response EP #18

a)

(Non-Union/Management)	
2011 Actual Full-Time Headcount	72
Planned/Actual Hires	
SAP Specialist	2
Business Systems Analyst	3
Distribution Engineer	2
Regulatory Accountant	1
Information Systems - Project Manager	1
Instrument and Controls Supervisor	1
Project and Materials Manager	1
Fleet & Corporate Services Manager	1
Planned HC 2013	84

b)

Union		
2011 Actual Full-Time Headcount		185
Actual/Planned Hires		
Engineering Technologist		1
Powerline Maintainer		2
Construction Worker		2
Electric Meter Technician		1
GIS Surveyor Technician		1
Back office support Rep		1
Positions Eliminated	Note (1)	-5
Planned HC 2013		188

Note 1 - These positions are planned to be eliminated during 2013.
As communication has not yet taken place with these employees, London Hydro will not be identifying the actual positions eliminated in this response.

EP #19

Ref: Exhibit 4, Page 46, Board Staff IRR #30

a) Please reconcile the increase in 2011 Executive FTEs to the elimination of the position of VP, Customer Services and Strategic Planning as discussed in response to Board staff IRR #30

b) Please provide the Full Executive Organization Chart 2009 and 2013F in the same format as BC IRR #30.

Response EP#19

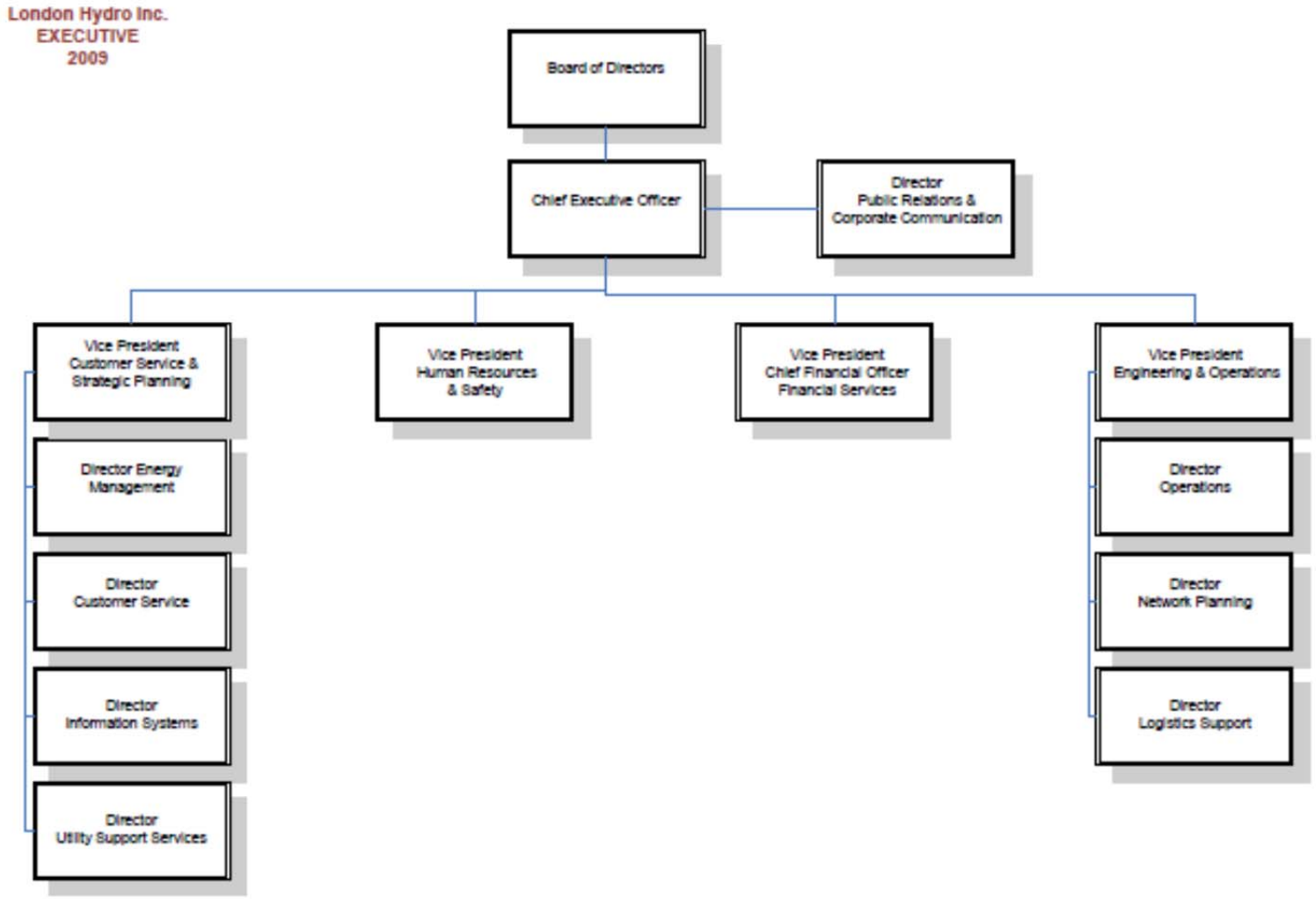
a) Please refer to 19b for the Organization charts as of 2009 and 2013. There have been no changes from 2011 to that forecasted in 2013.

The following changes have occurred.

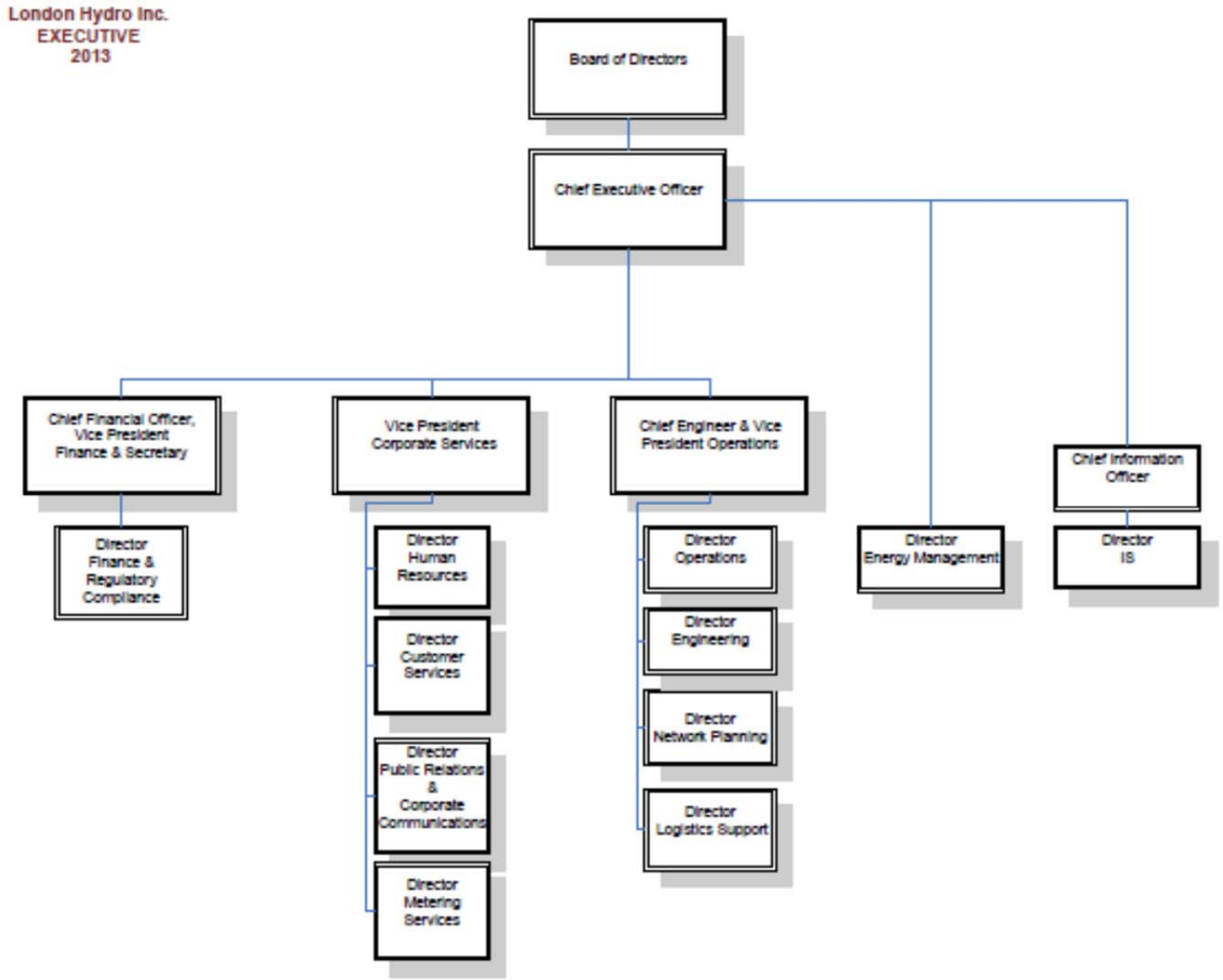
2009		**13 Executives:**
Changes:		
- Combined of VP HR& Safety with VP Customer Services		-1
Addition of:		
o Chief Information Officer		1

o Director of Human Resources	1
o Director of Public Relations	1
o Director of Metering Services	1
o Director of Finance & Regulatory Compliance	1
Elimination of:	
o Director Utility Support Services	-1
2013:	**16 Executives**

b) The Full Executive Organization Charts 2009 and 2013F are as follows.


London Hydro Inc.
EXECUTIVE
2009
Board of Directors
Chief Executive Officer
Director
Public Relations &
Corporate Communication
Vice President
Customer Service &
Strategic Planning
Director Energy
Management
Director
Customer Service
Director
Information Systems
Director
Utility Support Services
Vice President
Human Resources
& Safety
Vice President
Chief Financial Officer
Financial Services
Vice President
Engineering & Operations
Director
Operations
Director
Network Planning
Director
Logistics Support

1


London Hydro Inc.
EXECUTIVE
2013
Board of Directors
Chief Executive Officer
Chief Financial Officer, Vice President Finance & Secretary
Director Finance & Regulatory Compliance
Vice President Corporate Services
Director Human Resources
Director Customer Services
Director Public Relations & Corporate Communications
Director Metering Services
Chief Engineer & Vice President Operations
Director Operations
Director Engineering
Director Network Planning
Director Logistics Support
Director Energy Management
Chief Information Officer
Director IS

1

EP #20

Ref: Appendix 2-K Employee Expenses

Please provide a version of Appendix 2-K that inserts rows that show the percentage year over year increase for each major category. Add three columns at the right that show the $ increase 2009-2013F, the total percentage increase 2009-2013F and the average increase 2009-2013.

Response EP #20

Please find the updated version on the following pages.

Item	Actual	Actual	Actual	Actual	Test Year (MIFRS)	Increase 2009-2013F	% Increase 2009-2013F	Avg Increase 2009-2013
	2009	2010	2011	2012	2013			
Number of Employees (FTEs including Part-Time)								
Executive	13.8	14.8	16.1	17.0	16.0	2.2	16.0%	4.0%
Management	34.1	30.7	32.3	31.7	36.0	1.9	5.6%	1.4%
Non-Union	32.7	38.2	37.7	39.1	48.0	15.3	46.7%	11.7%
Union	168.4	165.1	177.0	181.5	188.0	19.6	11.7%	2.9%
Non-Permanent	24.0	33.3	27.7	30.0	31.5	7.5	31.3%	7.8%
Total	**273.0**	**282.1**	**290.8**	**299.3**	**319.5**	**46.5**	**17.0%**	**4.3%**
Year on Year % increase		**3.4%**	**3.1%**	**2.9%**	**6.7%**			
Number of Part-Time Employees (FTEs)								
Executive								
Management								
Non-Union	5.2	7.5	9.0	13.0	15.6	10.4	201.2%	50.3%
Union	18.8	25.8	18.7	17.0	15.9	(2.9)	-15.4%	-3.8%
Total	**24.0**	**33.3**	**27.7**	**30.0**	**31.5**	**7.5**	**31.3%**	**7.8%**
Year on Year % increase		**38.8%**	**-16.8%**	**8.4%**	**4.8%**			
Total Salary and Wages								
Executive	1,683,320	1,912,524	2,143,976	2,387,851	2,239,266	555,945.3	33.0%	8.3%
Management	2,969,782	2,836,137	2,946,297	2,913,412	3,446,939	477,157.0	16.1%	4.0%
Non-Union	2,521,953	3,036,176	2,938,402	3,174,002	4,014,067	1,492,114.4	59.2%	14.8%
Union	10,531,648	10,644,915	11,450,503	12,377,690	12,933,468	2,401,819.2	22.8%	5.7%
Non-Permanent	1,019,399	1,387,354	1,277,383	1,593,516	1,627,761	608,361.9	59.7%	14.9%
Total	**18,726,102**	**19,817,107**	**20,756,561**	**22,446,471**	**24,261,500**	**5,535,397.8**	**29.6%**	**7.4%**
Year on Year % increase		**5.8%**	**4.7%**	**8.1%**	**8.1%**			
Current Benefits								
Executive	350,685	406,728	444,048	543,494	519,035	168,349.9	48.0%	12.0%
Management	664,315	706,034	663,884	751,562	849,951	185,636.2	27.9%	7.0%
Non-Union	599,250	702,020	727,731	833,771	1,019,011	419,760.9	70.0%	17.5%
Union	2,860,912	3,136,026	3,071,139	3,678,816	3,810,251	949,338.9	33.2%	8.3%
Non-Permanent	83,868	122,328	166,483	153,286	214,752	130,884.0	156.1%	39.0%
Total	**4,559,030**	**5,073,136**	**5,073,285**	**5,960,929**	**6,413,000**	**1,853,969.9**	**40.7%**	**10.2%**
Year on Year % increase		**11.3%**	**0.0%**	**17.5%**	**7.6%**			
Accrued Pension and Post-Retirement Benefits								
Executive	88,871	101,865	146,271	147,787	116,407	27,535.7	31.0%	7.7%
Management	135,956	134,397	180,519	164,363	162,487	26,530.3	19.5%	4.9%
Non-Union	115,246	143,513	178,439	178,928	188,379	73,133.1	63.5%	15.9%
Union	476,522	500,112	692,287	694,487	604,328	127,806.5	26.8%	6.7%
Non-Permanent	-	-	-	-	-	-		
Total	**816,594**	**879,886**	**1,197,516**	**1,185,566**	**1,071,600**	**255,005.6**	**31.2%**	**7.8%**
Year on Year % increase		**7.8%**	**36.1%**	**-1.0%**	**-9.6%**			
Total Benefits (Current + Accrued)								
Executive	439,556	508,593	590,320	691,281	635,441	195,885.6	44.6%	11.1%
Management	800,271	840,430	844,403	915,925	1,012,438	212,166.5	26.5%	6.6%
Non-Union	714,496	845,533	906,170	1,012,699	1,207,390	492,894.0	69.0%	17.2%
Union	3,337,434	3,636,139	3,763,426	4,373,303	4,414,579	1,077,145.4	32.3%	8.1%
Non-Permanent	83,868	122,328	166,483	153,286	214,752	130,884.0	156.1%	39.0%
Total	**5,375,625**	**5,953,022**	**6,270,801**	**7,146,495**	**7,484,600**	**2,108,975.5**	**39.2%**	**9.8%**
Year on Year % increase		**10.7%**	**5.3%**	**14.0%**	**4.7%**			
Total Compensation (Salary, Wages, & Benefits)								
Executive	2,122,876	2,421,117	2,734,296	3,079,132	2,874,707	751,831.0	35.4%	8.9%
Management	3,770,053	3,676,567	3,790,700	3,829,338	4,459,376	689,323.5	18.3%	4.6%
Non-Union	3,236,448	3,881,709	3,844,572	4,186,701	5,221,457	1,985,008.3	61.3%	15.3%
Union	13,869,082	14,281,054	15,213,929	16,750,993	17,348,047	3,478,964.6	25.1%	6.3%
Non-Permanent	1,103,267	1,509,682	1,443,866	1,746,802	1,842,513	739,245.9	67.0%	16.8%
Total	**24,101,727**	**25,770,129**	**27,027,363**	**29,592,966**	**31,746,100**	**7,644,373.3**	**31.7%**	**7.9%**
Year on Year % increase		**6.9%**	**4.9%**	**9.5%**	**7.3%**			

Item	Actual	Actual	Actual	Actual	Test Year	$ Increase 2009-2013F	% Increase 2009-2013F	Avg Increase 2009-2013
	2009	2010	2011	2012	2013			
Overtime by Group								
Executive	-	-	-	-	-			
Management	91,677	90,233	184,519	158,931	110,242	18,565	20.3%	5.1%
Non-Union	19,978	10,950	32,538	24,476	19,073	(905)	-4.5%	-1.1%
Union	1,125,621	1,131,885	1,217,239	1,093,723	1,069,545	(56,076)	-5.0%	-1.2%
Non-Permanent	2,841	11,615	10,658	15,205	7,641	4,800	168.9%	42.2%
Total	**1,240,116**	**1,244,682**	**1,444,954**	**1,292,334**	**1,206,500**	**(33,616)**	**-2.7%**	**-0.7%**
Year on Year % increase		**0.4%**	**16.1%**	**-10.6%**	**-6.6%**			
Incentive Pay by Group								
Executive	280,825	255,668	275,368	246,126	252,000	(28,825)	-10.3%	-2.6%
Management	35,000	24,500	39,500	16,000	30,500	(4,500)	-12.9%	-3.2%
Non-Union	25,100	18,500	13,000	15,000	17,500	(7,600)	-30.3%	-7.6%
Union	-	-	-	-	-			
Non-Permanent	-	-	-	-	-			
Total	**340,925**	**298,668**	**327,868**	**277,126**	**300,000**	**(40,925)**	**-12.0%**	**-3.0%**
Year on Year % increase		**-12.4%**	**9.8%**	**-15.5%**	**8.3%**			
Compensation - Average Yearly Base Wages								
Executive	122,041	128,884	133,166	140,462	139,954	17,913	14.7%	3.7%
Management	87,075	92,310	91,217	91,906	95,748	8,674	10.0%	2.5%
Non-Union	77,067	79,426	77,942	81,177	83,626	6,559	8.5%	2.1%
Union	62,551	64,492	64,692	68,197	68,795	6,244	10.0%	2.5%
Non-Permanent	42,495	41,675	46,115	53,117	51,695	9,200	21.6%	5.4%
Total	**391,229**	**406,787**	**413,132**	**434,858**	**439,819**	**48,590**	**12.4%**	**3.1%**
Year on Year % increase		**4.0%**	**1.6%**	**5.3%**	**1.1%**			
Compensation - Average Yearly Overtime								
Executive	-	-	-	-	-			
Management	2,688	2,937	5,713	5,014	3,062	374	13.9%	3.5%
Non-Union	610	286	863	626	397	(213)	-34.9%	-8.7%
Union	6,685	6,858	6,877	6,026	5,689	(996)	-14.9%	-3.7%
Non-Permanent	118	349	385	507	243	124	104.9%	26.2%
Total	**10,102**	**10,430**	**13,838**	**12,172**	**9,391**	**(711)**	**-7.0%**	**-1.8%**
Year on Year % increase		**3.2%**	**32.7%**	**-12.0%**	**-22.8%**			
Compensation - Average Yearly Incentive Pay								
Executive	20,360	17,229	17,104	14,478	15,750	(4,610)	-22.6%	-5.7%
Management	1,026	797	1,223	505	847	(179)	-17.4%	-4.4%
Non-Union	767	484	345	384	365	(402)	-52.5%	-13.1%
Union	-	-	-	-	-			
Non-Permanent	-	-	-	-	-			
Total	**22,153**	**18,511**	**18,671**	**15,366**	**16,962**	**(5,191)**	**-23.4%**	**-5.9%**
Year on Year % increase		**-16.4%**	**0.9%**	**-17.7%**	**10.4%**			
Compensation - Average Yearly Benefits								
Executive	31,868	34,274	36,666	40,664	39,715	7,847	24.6%	6.2%
Management	23,464	27,354	26,143	28,894	28,123	4,659	19.9%	5.0%
Non-Union	21,834	22,119	24,036	25,900	25,154	3,320	15.2%	3.8%
Union	19,822	22,030	21,262	24,095	23,482	3,660	18.5%	4.6%
Non-Permanent	3,496	3,675	6,010	5,110	6,820	3,324	95.1%	23.8%
Total	**100,484**	**109,451**	**114,117**	**124,662**	**123,294**	**22,810**	**22.7%**	**5.7%**
Year on Year % increase		**8.9%**	**4.3%**	**9.2%**	**-1.1%**			
Total Compensation	$25,682,768	$27,313,479	$28,800,184	$31,162,426	$33,252,600	$ 7,569,832	29.5%	7.4%
Year on Year % increase		**6.3%**	**5.4%**	**8.2%**	**6.7%**			
Total Compensation Capitalized (CGAAP)	$ 6,746,630	$ 6,913,533	$ 7,931,964	$ 8,502,446				
Total Compensation Charged to OM&A (CGAAP)	$18,936,138	$20,399,946	$20,868,220	$22,659,980				
Total Compensation Capitalized (MIFRS)					$10,166,700			
Total Compensation Charged to OM&A (MIFRS)			$28,800,184	$31,162,426	$23,085,900			

EP #21

Ref: Appendix 2-K Employee Expenses

Please provide a schedule that Normalizes the annual amounts of the Increases in Compensation from 2009-2013F to the following distribution benchmarks:

Number of Customers

Energy Distributed kwh

Distribution Circuit kilometres

Please provide a graph/bar chart that shows the changes in unit compensation costs

Please provide a copy of the OEB regulatory filing that shows OM&A costs per customer and per unit of energy distributed for all distributors and highlight London Hydro historic data.

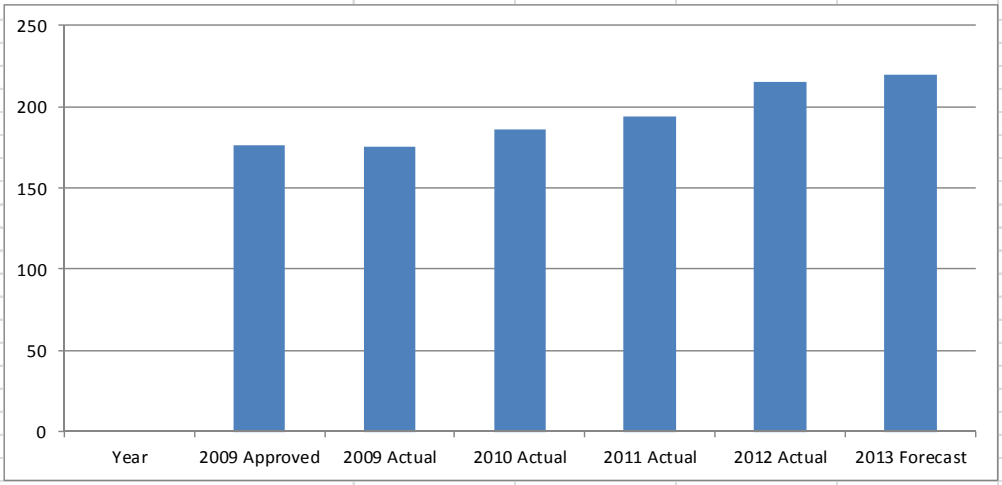
a)

Appendix 2-K Employee Expenses per Unit Analysis

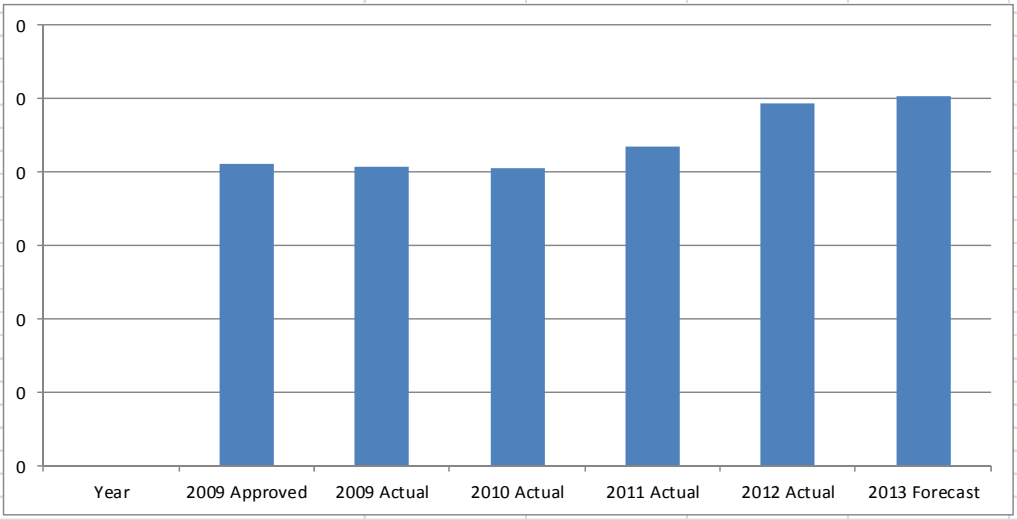
	Approved 2009	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Forecast 2013
Applied to Total Compensation						
Number of Customers	146,787	146,787	146,974	148,331	149,742	151,642
Energy Distrbuted kWh	3,150,821,438	3,150,821,438	3,376,719,308	3,310,999,124	3,252,131,031	3,307,602,128
Distribution Circuit kms (2012 / 2013 no forecast)	2,705	2,705	2,774	2,820	2,820	2,820
Number of Customers	$ 176.22	$ 174.97	$ 185.84	$ 194.16	$ 214.80	$ 219.28
Energy Distrbuted kWh	$ 0.0082	$ 0.0082	$ 0.0081	$ 0.0087	$ 0.0099	$ 0.0101
Distribution Circuit kms (2012 & 2013 no forecast available)	9,562.40	9,494.55	9,846.24	10,212.83	11,405.74	11,791.70

b)

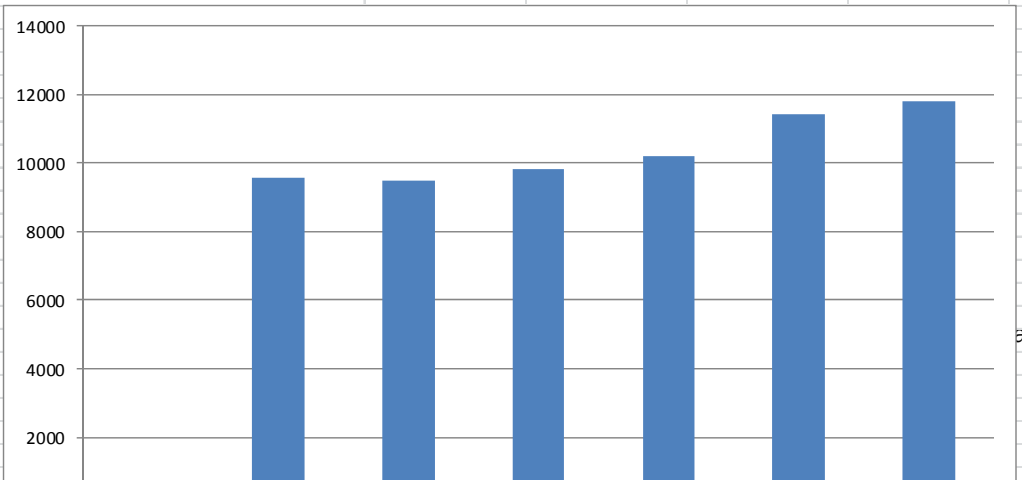
Total Compensation to Number of Customers



Total Compensation to Energy Distributed kWhs



Total Distribution Circuit Kms



c)

Please reference excel file LondonHydro_IRR_ EP 21 c_OMA Comparison_20130204.

EP #22

Ref: Exhibit 4, Pages 77 and 102 &

Board Staff #35. Navigant Report

London Hydro confirms that the base revenue requirement in this Application is lower than it would be if London Hydro did not provide water billing services to the City of London and that the revenue requirement is lower by $2,720,000 ($3,750,000 less $1,030,000)

a) Please provide a Copy of the 2013 Service Level Agreement (SLA) (per ARC) between LH and City Of London for Water Meter Services.

b) Please provide a schedule that shows the annual costs of providing Water Service and recoveries for 2009 to 2012.

c) Please indicate which for which years the amounts were "contracted" (as opposed to simply billed).

d) Please Identify how the 2013 recovery amount for services was reduced.

e) Please reconcile the 2013 recovery amount of $3,750,000 to the Fully Allocated Cost of providing the Services in 2010

Response EP #22

a) Please refer to SEC #31.
b) The actual costs of providing the Water Services to the City of London are not known on a yearly basis as there are both direct and indirect costs associated with providing the service. Based on the report provided by Navigant it was estimated that the "cost of providing the services" was $1.03 Million. Table 4-46 (OEB Appendix 2-L) contained on page 102 provides both the estimated cost of providing the service ($1.03M constant) with and the recoveries (which vary from $3.025M to an estimated $3.75M).
c) London Hydro is unsure exactly what the question is asking. The current SLA (prior to the SLA which is still being finalized) has been in effect since 2010 and the actual revenue

charged has remained consistent. The only difference is that in 2011 London Hydro began retaining the late payment charge for water billings rather than providing those funds to the City of London. As such, the services have been "contracted" for a number of years and the agreement is updated every few years to ensure the rates charged remain appropriate and in compliance with the ARC.

d) London Hydro is unsure exactly what this question is asking. The Actual amount charged to the City of London during 2012 was $3.025 million (before any late payment charges) while the revenue forecasted in 2013 represents $3.5 million while the Navigant report estimates that the fully allocated cost for this service is $3.47 million.

e)

Total Revenue recorded:	3,750,000
Fully Allocated Cost	3,470,000
Difference	280,000
Estimated Water Late Payment Charges	250,000
Revenue in excess of Fully Allocated costs	30,000

Exhibit 4 Appendices:

B	OEB #39	2013 Lost Revenue Adjustment Mechanism ("LRAM") Recoveries Rate Application Persistence of 2010 OPA CDM Program
C	OEB #39	London Hydro 2013 LRAM Recovery for 2011 OPA CDM Programs
E-4	Throughout	2012 Actual Data
4-A	LPMA #34	2011 Notice of Assessment
4-B	LPMA #34	2013 CCA schedule under MIFRS
4-C	SEC #29	4th Quarter Targets
4-D	EP #12	Summary of Plan Provisions

APPENDIX B: 2013 Lost Revenue Adjustment Mechanism ("LRAM") Recoveries Rate Application Persistence of 2010 OPA CDM Programs

1. Introduction

On May 31, 2004, the Minister of Energy granted approval to all distributors in Ontario to apply to the Ontario Energy Board (the "Board") for an increase in their 2005 rates by way of the third installment of their incremental market adjusted revenue requirement ("MARR"). This approval was conditional upon a commitment to reinvest in conservation and demand management ("CDM") an equivalent of one year's return. Consequently, in 2005 distributors, including London Hydro, brought forward, and the Board approved, $163 million in CDM funding for distributors, an amount related to the third tranche of their MARR.

In 2006 and through to 2012, London Hydro has received CDM funding from the Ontario Power Authority (the "OPA"). London Hydro's significant commitment to both CDM Programs and the achieving for customer efficiency in the use of energy London Hydro combined with the partnership of the OPA, has resulted in 2011 OPA verified 2011 to 2014 net cumulative energy savings of 84.04 gWh (representing 53.65% of London Hydro's 2011 to 2014 cumulative CDM energy target).

Previous to London Hydro's 2012 IRM rate application filing (EB-2011-0181), London Hydro had not applied for any recoveries for lost distribution revenues for either due to CDM programs funded from 3rd tranche MARR funding, or 2006, 2007, and 2008 CDM programs that were funded by the OPA. In Board's Decision and Order of London Hydro's 2012 IRM rate application (EB-2011-0181), it is stated, "*The Board approves an LRAM recovery of $152,652.49 representing lost revenues from 2010 CDM programs in the year 2010, as London was under IRM in this year and London has not otherwise received LRAM compensation for this year"*. The Board further stated approval of, "*a one year disposition period for the LRAM recovery of $152,652.49*". The approved rate rider for lost revenue adjustment mechanism ("LRAM") recovery is effective to April 30, 2013, as evidence in London Hydro's Tariff of Rates and Charges (Effective Date May 1, 2012).

In preparing this recovery of LRAM, London Hydro has followed the *Board's Guidelines for Electricity Distributor Conservation and Demand Management issued on March 28, 2008* (the "CDM Guidelines", EB-2008-0037). The Ontario Energy Board CDM Guidelines provide information on the Board's policies relating to Conservation and Demand Management activities undertaken by electricity distributors in Ontario, including the review and approval of claims for the LRAM recovery associated with distributors' CDM activities. Further, guidance was obtained by relying on the September 22, 2009 Decision and Order related to Toronto Hydro-Electric System Limited LRAM/ SSM application (the "Toronto Hydro 2007 Decision") granting approval and recovery of amount related to CDM activated in 2007 (EB-2008-0401).

The Board updated the CDM Guidelines on April 26, 2012 and the filing requirements on June 28, 2012 for LRAM claims for pre-2011 CDM activities. In Section 13.6 of the Board Guidelines states, " *The Board expects that LRAM for pre-2011 CDM activities should be completed with the 2012 rate applications, outside of persisting historical CDM impacts realized after 2010 for those distributors whose load forecast has not been updated as part of a cost of service".*

London Hydro's last approved Cost of Service Rate Application was for 2009 (EB-2008-0235).

The purpose of the 2013 requested LRAM riders would be to recover 2011 and 2012 lost distribution revenues due to persistent 2010 CDM programs funded by the OPA. London has not in the past applied for a Shared Savings Mechanism ("SSM") rate rider as the Board's Guidelines indicate SSM is only available for programs that are funded through distribution rates.

Therefore, London Hydro is applying to the Board for the approval to recover a LRAM amount of $266,877.56, including carrying costs.

2. 2010 OPA Programs

The OPA has provided London Hydro with the 2011 verified results for all OPA funded programs for 2010. Details are provided Appendix A: OPA – 2011 Final Annual CDM Results London Hydro Inc. For efficiency purposes, only the results applicable to 2009 through 2013 are shown in the attached spreadsheet, although 25 years were provided.

The Board's Guidelines states "The LRAM applies to programs implemented by the distributor, within its licensed service area, including programs delivered by the distributor itself and/or programs delivered for the distributor by a third party" (Pg. 18, Board's Guidelines for Electricity Distributor Conservation and Demand Management issued on March 28, 2008).

The CDM programs that London Hydro delivered through the OPA in 2009 in the London Hydro service territory were:

- The Great Refrigerator Roundup Program ("GRRP"),
- Every Kilowatt Counts ("EKC") Power Savings Event,
- Cool Savings Rebate Program ("CSRP"),
- High Performance New Construction,
- Demand Response Programs,
- Energy Retrofit Incentive Program "ERIP", and
- Power Savings Blitz.

A brief description of each program is provided below:

• GRRP was a province-wide energy efficiency initiative designed to act as the catalyst for the removal of older, inefficient appliances from the homes of residential electricity consumers. The removal of second full sized refrigerators or freezers was the GRRP's

primary focus, with a secondary focus on room air conditioners and smaller “bar” style refrigerators or freezers.

• EKC was a province-wide education and incentive program targeted at Ontario’s residential households. The goal of the program was to provide Ontario homeowners and tenants with the necessary tools and information to save electricity and to have a positive impact on the environment by inducing customers to implement ‘easy to do’ and ‘low cost’ energy saving measures.

London Hydro delivered both the spring and fall campaigns in its service territory. The products for which discount coupons were provided in the Spring campaign included Energy Star® Specialty compact fluorescent lights (“CFLs”), clothes lines, plug-in pool timers, Energy Star® light fixtures, window film, pipe wrap, Energy Star® ceiling fans and water heater blankets. The products for which coupons were provided in the Fall campaign were Energy Star® Specialty CFLs/ electric baseboard programmable thermostats, Energy Star® light fixtures, lighting and appliance controls, water heater blankets, pipe wrap and weather stripping.

• CSRP, managed by the Heating, Refrigeration and Air Conditioning Institute of Canada, offered incentives to motivate consumer purchases of ENERGY STAR® qualified central air conditioning, furnaces and programmable thermostats.

• The High Performance New Construction program provides design assistance and financial incentives for building owners and architects who exceed the electricity efficiency standards specified in the Ontario Building Code.

• Demand Response programs compensate industrial and commercial businesses for reducing their energy demand at specific time of power system need.

• ERIP provides a substantial financial incentive to businesses for replacing existing equipment with high efficiency equipment and for installing new control systems that improve the efficiency for operational procedures and processes.

• The Power Savings Blitz program is designed to install energy efficient equipment (lighting and water heating upgrades) in small businesses at no cost to the owners, up to $1,000.

In Table 2, OPA CDM Load Impacts 2010 OPA Programs for which London Hydro is seeking a LRAM recovery in 2013. The table indicates the kWh and Kw impacts (both in gross and net of free riders) for the years 2011 and 2012.

Although many of the OPA energy conservation and demand management programs are specific to a rate class, the Electricity Retrofit Incentive Programs (ERIP, and its successor the saveONenergy RETROFIT Program) does span several customer classes, namely general service less than 50 kW, and general service greater than 50 kW.

Reviewing our records and the information as submitted to the OPA, for ERIP projects carried within our service territory during 2010, the division of gross kW reductions amongst customer classes was:

Table 2, 2010 ERIP Gross Demand Reduction (within London)

Customer Classification	Gross kW Demand Reduction	Percentage
General Service Less Than 50 kW	316	8.2%
General Service Greater Than 50 kW	3,554	91.7%
Large User	0	0%
Total:	**3,874**	**99.9%**

**For the purposes of reflecting 100% totals for the above allocations, the 0.1% balance will be allocated to general service greater than 50 kW.*

TABLE 1 – kWh and Kw Allocation of ERIP Program to Customer Classes for 2010

ERIP ALLOCATION:		2011		2011		2012		2012	
From OPA Verified Results (see Tab ERIP Savings)		NET		GROSS		NET		GROSS	
** Used 2011 OPA verified results as proxy for 2012.		1,419,000	252	2,798,000	480.0				
Allocation of Retrofit kWh (GS 50 and Kw Demand)	2010	1,419,000	252.0	2,798,000	480.0				
GS < 50	8.2%	116,358	20.7	229,436	39.4				
GS 1,000 to 4,999 kW	91.8%	1,302,642	231.3	2,568,564	440.6				
		1,419,000	252.0	2,798,000	480.0				
	2010	-		-		1,419,000	252.0	2,798,000	480.0
GS < 50	8.2%	-	-	-	-	116,358	20.7	229,436	39.4
GS 1,000 to 4,999 kW	91.8%	-	-	-	-	1,302,642	231.3	2,568,564	440.6
						1,419,000	252.0	2,798,000	480.0

TABLE 2 – OPA CDM Program Load Impacts (2010)

*London Hydro is not requesting LRAM /SSM for Programs in 2006, 2007, and 2008. Programs in 2009 were also not included

		2011		2011			2012		2012		TOTAL		TOTAL	
		NET		GROSS			NET		GROSS		NET		GROSS	
Class/ Program	Year Program Implimented	kWh	Kw	kWh	Kw		kWh	Kw	kWh	Kw	kWh	Kw	kWh	Kw
RESIDENTIAL														
Great Refrigerator Roundup	2010	1,313,000	201.0	2,471,000	395.0		1,313,000	201.0	2,471,000	395.0	2,626,000	402.0	4,942,000	790.0
Cool Savings Rebate	2010	1,228,000	811.0	2,855,000	1,826.0		1,228,000	811.0	2,855,000	1,826.0	2,456,000	1,622.0	5,710,000	3,652.0
Every Kilowatt Counts Power Savings Event	2010	473,000	46.0	1,161,000	112.0		458,000	46.0	1,159,000	112.0	931,000	92.0	2,320,000	224.0
Residential Total		3,014,000	1,058.0	6,487,000	2,333.0		2,999,000	1,058.0	6,485,000	2,333.0	6,013,000	2,116.0	12,972,000	4,666.0
General Service < 50 kW														
OPA Energy Retrofit Incentive Program (ERIP)	2010	116,358	21	229,436	39		116,358	20.7	229,436	39.4	232,716	41.3	458,872	78.7
High Performance New Construction	2010	839,000	368.0	1,198,000	525.0		839,000	368.0	1,198,000	525.0	1,678,000	736.0	2,396,000	1,050.0
Power Savings Blitz	2010	7,485,000	2,439.0	7,560,000	2,464.0		7,485,000	2,439.0	7,560,000	2,464.0	14,970,000	4,878.0	15,120,000	4,928.0
MultiFamily Energy Efficency Rebates	2010	1,244,000	105.0	1,689,000	138.0		1,244,000	105.0	1,689,000	138.0	2,488,000	210.0	3,378,000	276.0
Total General Service < 50 kW		9,684,358	2,932.7	10,676,436	3,166.4		9,684,358	2,932.7	10,676,436	3,166.4	19,368,716	5,865.3	21,352,872	6,332.7
General Service 50 kW to 4,999 kW														
OPA Energy Retrofit Incentive Program (ERIP)	2010	1,302,642	231.3	2,568,564	440.6		1,302,642	231.3	2,568,564	440.6	2,605,284	462.7	5,137,128	881.3
Demand Response 1	2010	0	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0
Total General Service 50 to 4,999 kW		1,302,642	231.3	2,568,564	440.6		1,302,642	231.3	2,568,564	440.6	2,605,284	462.7	5,137,128	881.3
Total Load Impacts from OPA programs		14,001,000	4,222	19,732,000	5,940	0	13,986,000	4,222	19,730,000	5,940	27,987,000	8,444	39,462,000	11,880

3. Forgone Revenues

For the 2013 LRAM resulting from actual 2010 OPA programs, London Hydro has reflected the OPA confirmed energy savings by OPA program and by customer class and valued these savings using the appropriate variable distribution charge (per kWh or kW, as applicable), and not including any Regulatory Asset Recovery rate rider.

TABLE 3 – Forgone Revenue by Program and Class

Forgone Revenue by Program and Class
(2010 OPA Programs Only)

*London Hydro is not requesting LRAM /SSM for Programs in 2006, 2007, and 2008. Programs in 2009 were also not included

		2011				2012				Total Revenue
Class/ Program	Year Program Implimented	Load Impact	kWh or kW	Rate per Unit	Revenue	Load Impact	kWh or kW	Rate per Unit	Revenue	
RESIDENTIAL										
Great Refrigerator Roundup	2010	1,313,000	kWh	$ 0.0142	$ 18,644.60	1,313,000	kWh	$ 0.0143	$ 18,775.90	$ 37,420.50
Cool Savings Rebate	2010	1,228,000	kWh	$ 0.0142	$ 17,437.60	1,228,000	kWh	$ 0.0143	$ 17,560.40	$ 34,998.00
Every Kilowatt Counts Power Savings Event	2010	473,000	kWh	$ 0.0142	$ 6,716.60	458,000	kWh	$ 0.0143	$ 6,549.40	$ 13,266.00
Residential Total		3,014,000			$ 42,798.80	2,999,000			$ 42,885.70	$ 85,684.50
General Service < 50 kW										
OPA Energy Retrofit Incetive Program (ERIP)	2010	116,358	kWh	$ 0.0091	$ 1,058.86	116,358	kWh	$ 0.0092	$ 1,070.49	$ 2,129.35
High Performance New Construction	2010	839,000	kWh	$ 0.0091	$ 7,634.90	839,000	kWh	$ 0.0092	$ 7,718.80	$ 15,353.70
Power Savings Blitz	2010	7,485,000	kWh	$ 0.0091	$ 68,113.50	7,485,000	kWh	$ 0.0092	$ 68,862.00	$ 136,975.50
MultiFamily Energy Efficency Rebates	2010	1,244,000	kWh	$ 0.0091	$ 11,320.40	1,244,000	kWh	$ 0.0092	$ 11,444.80	$ 22,765.20
Total General Service < 50 kW		9,684,358			$ 88,127.66	9,684,358			$ 89,096.09	$ 177,223.75
General Service 50 kW to 4,999 kW										
OPA Energy Retrofit Incetive Program (ERIP)		231.3	kW	$ 1.6081	$ 372.01	231	kW	$ 1.6223	$ 375.30	$ 747.31
Demand Response 1	2010	0	kW	$ 1.6081	$ -	0	kW	$ 1.6223	$ -	$ -
Total General Service 50 to 4,999 kW		231			$ 372.01	231			$ 375.30	$ 747.31
Total Forgone Revenue OPA programs		12,698,589			$ 131,298.47	12,683,589			$ 132,357.09	$ 263,655.56

4. Carrying Charges

In the Toronto Hydro Decision, the Board found that Toronto Hydro was entitled to carrying charges on the LRAM balances. London Hydro has calculated carrying charges as follows: interest has been applied to the ending balance of the annual LRAM for all of 2011 and 2012.The calculation of the carrying costs used the Board's prescribed interest rates for Q1 2011 – Q1 2013, as shown in Table 4.

Table 4 – Board's Prescribed Interest Rates and Calculated Interest

	Q1 2012	Q2 2013	Q3 2012	Q4 2012	4 Months to April 30, 2013	Total
%	1.47	1.47	1.47	1.47	1.47	
Residential ($)	$ 157	$ 157	$ 157	$ 157	$ 420	$ 1,049.00
GS < 50 kW ($)	$ 324	$ 324	$ 324	$ 324	$ 868	$ 2,163.87
GS 50 to 4,999 kW ($)	$ 1	$ 1	$ 1	$ 1	$ 4	$ 9.13

5. Calculation of Rate Rider

The amount of relief request for LRAM is an amount of $263,655.56, plus $3,222.00 carrying charges.

The LRAM rate rider being applied, as calculated in Table 5 – LRAM Rate Riders, includes LRAM as reflected in Table 3 – Forgone Revenue by Program by Class, and Carrying Charges as reflected in Table 4 – Board's Prescribe Interest Rates and

Calculated Interest. The Billing Determines is actual distribution energy quantities (kWh or kW) for 2011.

Table 5 – LRAM Rate Riders for 2013

Class	Units	LRAM	Carrying Charges	Total	2011 Billing Determines	Rate Rider
Residential	kWh	$ 85,685	$ 1,049	$ 86,734	1,128,904,736	$ 0.0001
GS < 50 kW	kWh	$ 177,224	$ 2,164	$ 179,388	408,115,902	$ 0.0004
GS 50 to 4,999 kW	kW	$ 747	$ 9	$ 756	3,944,476	$ 0.0002
Totals		$ 263,656	$ 3,222	$ 266,878		

Billing Deteminates used 2011 Distribution Energy Quantities (Actual)

London Hydro is requesting a volumetric LRAM specific rate rider be established to collect the total recovery amount. The proposed rate rider is over a one-year period, effective May 1, 2013.

Therefore, London Hydro is requesting approval for a LRAM volumetric rate rider of $0.0001/kWh for the Residential class and $0.0004/kWh for General Service > 50 kW Class, and $0.0002/kW for General Service 50 to 4,999 kW Class.

6. Third party Verification

Section 7.5 of the Board's Guidelines requires that distributors should engage an independent third party to review the program evaluations prepared for the purposes of LRAM claims filed with the Board. The Guidelines state "This independent third party review applies to LRAM and SSM claims made in relation to programs funded in 2007 and beyond", but goes on to say "The Board would consider an evaluation by the OPA

or a third party designated by the OPA to be sufficient. For programs funded by the OPA, it will be the role of the third party to:

- Verify the participation levels, and,
- Confirm that input assumptions are those used by the OPA“

Appendix A: OPA – 2011 Final Annual CDM Results London Hydro Inc.

OPA Conservation & Demand Management Programs

Initiative Results at End-User Level

For: London Hydro Inc.

Net Summer Peak Demand Savings (MW)

#	Initiative Name	Program Name	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	2013
1	Secondary Refrigerator Retirement Pilot	Consumer	2006	Final	0.034	0.034	0.034	0.034	0.034	0.034	0.000	0.000
2	Cool & Hot Savings Rebate	Consumer	2006	Final	0.346	0.346	0.346	0.346	0.346	0.346	0.346	0.346
3	Every Kilowatt Counts	Consumer	2006	Final	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114
4	Demand Response 1	Business, Industrial	2006	Final	7.633	0.000	0.000	0.000	0.000	0.000	0.000	0.000
5	Loblaw & York Region Demand Response	Business, Industrial	2006	Final	0.374	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6	Great Refrigerator Roundup	Consumer	2007	Final	0.000	0.061	0.061	0.061	0.061	0.054	0.054	0.054
7	Cool & Hot Savings Rebate	Consumer	2007	Final	0.000	0.396	0.396	0.396	0.396	0.396	0.365	0.365
8	Every Kilowatt Counts	Consumer	2007	Final	0.000	0.138	0.125	0.125	0.125	0.125	0.125	0.125
9	***peaksaver®***	Consumer, Business	2007	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
10	Summer Savings	Consumer	2007	Final	0.000	1.835	0.547	0.263	0.263	0.263	0.263	0.263
11	Aboriginal	Consumer	2007	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12	Affordable Housing Pilot	Consumer Low-Income	2007	Final	0.000	0.005	0.005	0.005	0.005	0.005	0.005	0.005
13	Social Housing Pilot	Consumer Low-Income	2007	Final	0.000	0.038	0.038	0.038	0.038	0.038	0.038	0.038
14	Energy Efficiency Assistance for Houses Pilot	Consumer Low-Income	2007	Final	0.000	0.003	0.003	0.003	0.003	0.003	0.003	0.003
15	Electricity Retrofit Incentive	Business	2007	Final	0.000	1.252	1.252	1.252	1.252	1.252	0.000	0.000
16	Toronto Comprehensive	Business	2007	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
17	Demand Response 1	Business, Industrial	2007	Final	0.000	8.634	0.000	0.000	0.000	0.000	0.000	0.000
18	Loblaw & York Region Demand Response	Business, Industrial	2007	Final	0.000	0.718	0.000	0.000	0.000	0.000	0.000	0.000
19	Renewable Energy Standard Offer	Consumer, Business, Industrial	2007	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
20	Great Refrigerator Roundup	Consumer	2008	Final	0.000	0.000	0.130	0.130	0.130	0.130	0.125	0.125
21	Cool Savings Rebate	Consumer	2008	Final	0.000	0.000	0.408	0.408	0.408	0.408	0.408	0.408
22	Every Kilowatt Counts Power Savings Event	Consumer	2008	Final	0.000	0.000	0.178	0.170	0.170	0.170	0.155	0.155
23	***peaksaver®***	Consumer, Business	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
24	Summer Sweepstakes	Consumer	2008	Final	0.000	0.000	0.721	0.414	0.414	0.414	0.414	0.414
25	Electricity Retrofit Incentive	Consumer, Business	2008	Final	0.000	0.000	1.998	1.998	1.998	1.998	1.998	1.998
26	Toronto Comprehensive	Consumer, Consumer Low-Income, Busine	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
27	High Performance New Construction	Business	2008	Final	0.000	0.000	0.009	0.009	0.009	0.009	0.009	0.009
28	Power Savings Blitz	Business	2008	Final	0.000	0.000	0.003	0.003	0.001	0.001	0.001	0.001
29	Demand Response 1	Business, Industrial	2008	Final	0.000	0.000	11.893	0.000	0.000	0.000	0.000	0.000
30	Demand Response 3	Business, Industrial	2008	Final	0.000	0.000	2.300	0.000	0.000	0.000	0.000	0.000
31	Loblaw & York Region Demand Response	Business, Industrial	2008	Final	0.000	0.000	0.790	0.000	0.000	0.000	0.000	0.000
32	Renewable Energy Standard Offer	Consumer, Business	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
33	Other Customer Based Generation	Business	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
34	LDC Custom - Hydro One Networks Inc. - Double R	Business, Industrial	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35	Great Refrigerator Roundup	Consumer	2009	Final	0.000	0.000	0.000	0.187	0.187	0.187	0.179	0.131
36	Cool Savings Rebate	Consumer	2009	Final	0.000	0.000	0.000	0.512	0.512	0.512	0.510	0.510
37	Every Kilowatt Counts Power Savings Event	Consumer	2009	Final	0.000	0.000	0.000	0.137	0.135	0.135	0.135	0.134
38	***peaksaver®***	Consumer, Business	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
39	Electricity Retrofit Incentive	Consumer, Business	2009	Final	0.000	0.000	0.000	1.602	1.602	1.602	1.602	1.602
40	Toronto Comprehensive	Consumer, Consumer Low-Income, Busine	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
41	High Performance New Construction	Business	2009	Final	0.000	0.000	0.000	0.103	0.103	0.103	0.103	0.103
42	Power Savings Blitz	Business	2009	Final	0.000	0.000	0.000	0.836	0.836	0.836	0.836	0.836
43	Multi-Family Energy Efficiency Rebates	Consumer, Consumer Low-Income	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
44	Demand Response 1	Business, Industrial	2009	Final	0.000	0.000	0.000	4.648	0.000	0.000	0.000	0.000
45	Demand Response 2	Business, Industrial	2009	Final	0.000	0.000	0.000	3.156	0.000	0.000	0.000	0.000
46	Demand Response 3	Business, Industrial	2009	Final	0.000	0.000	0.000	4.508	0.000	0.000	0.000	0.000
47	Loblaw & York Region Demand Response	Business, Industrial	2009	Final	0.000	0.000	0.000	0.775	0.000	0.000	0.000	0.000
48	LDC Custom - Thunder Bay Hydro - Phantom Load	Consumer	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
49	LDC Custom - Toronto Hydro - Summer Challenge	Consumer	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
50	LDC Custom - PowerStream - Data Centers	Business	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
51	Toronto Comprehensive Adjustment	Consumer, Business	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
52	LDC Custom - Hydro One Networks Inc. - Double R	Business, Industrial	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
53	Great Refrigerator Roundup	Consumer	2010	Final	0.000	0.000	0.000	0.000	0.201	0.201	0.201	0.195
54	Cool Savings Rebate	Consumer	2010	Final	0.000	0.000	0.000	0.000	0.811	0.811	0.811	0.811
55	Every Kilowatt Counts Power Savings Event	Consumer	2010	Final	0.000	0.000	0.000	0.000	0.048	0.046	0.045	0.045
56	***peaksaver®***	Consumer, Business	2010	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
57	Electricity Retrofit Incentive	Consumer, Business	2010	Final	0.000	0.000	0.000	0.000	0.252	0.252	0.252	0.252
58	Toronto Comprehensive	Consumer, Consumer Low-Income, Busine	2010	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
59	High Performance New Construction	Business	2010	Final	0.000	0.000	0.000	0.000	0.368	0.368	0.368	0.368
60	Power Savings Blitz	Business	2010	Final	0.000	0.000	0.000	0.000	2.439	2.439	2.439	2.439
61	Multi-Family Energy Efficiency Rebates	Consumer, Consumer Low-Income	2010	Final	0.000	0.000	0.000	0.000	0.105	0.105	0.105	0.105
62	Demand Response 2	Business, Industrial	2010	Final	0.000	0.000	0.000	0.000	3.391	0.000	0.000	0.000
63	Demand Response 3	Business, Industrial	2010	Final	0.000	0.000	0.000	0.000	7.171	0.000	0.000	0.000
64	Loblaw & York Region Demand Response	Business, Industrial	2010	Final	0.000	0.000	0.000	0.000	0.832	0.000	0.000	0.000
65	LDC Custom - Hydro Ottawa - Small Commercial D	Consumer	2010	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2006 Subtotal					**8.50**	**0.49**	**0.49**	**0.49**	**0.49**	**0.49**	**0.46**	**0.46**
2007 Subtotal					**0.00**	**13.08**	**2.43**	**2.14**	**2.14**	**2.14**	**0.85**	**0.85**
2008 Subtotal					**0.00**	**0.00**	**18.43**	**3.13**	**3.13**	**3.13**	**3.11**	**3.11**
2009 Subtotal					**0.00**	**0.00**	**0.00**	**16.46**	**3.37**	**3.37**	**3.36**	**3.32**
2010 Subtotal					**0.00**	**0.00**	**0.00**	**0.00**	**15.62**	**4.22**	**4.22**	**4.21**
Overall Total					**8.50**	**13.57**	**21.35**	**22.23**	**24.76**	**13.36**	**12.01**	**11.95**

Net Energy Savings (MWh)

#	Initiative Name	Program Name	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	2013
1	Secondary Refrigerator Retirement Pilot	Consumer	2006	Final	151	151	151	151	151	151	0	0
2	Cool & Hot Savings Rebate	Consumer	2006	Final	373	373	373	373	373	373	373	373
3	Every Kilowatt Counts	Consumer	2006	Final	9,679	9,679	9,679	9,679	1,248	1,248	1,248	1,248
4	Demand Response 1	Business, Industrial	2006	Final	0	0	0	0	0	0	0	0
5	Loblaw & York Region Demand Response	Business, Industrial	2006	Final	0	0	0	0	0	0	0	0
6	Great Refrigerator Roundup	Consumer	2007	Final	0	480	480	480	480	479	477	477
7	Cool & Hot Savings Rebate	Consumer	2007	Final	0	593	593	593	593	593	565	565
8	Every Kilowatt Counts	Consumer	2007	Final	0	3,557	3,513	3,513	3,513	3,513	3,393	3,393
9	***peaksaver®***	Consumer, Business	2007	Final	0	0	0	0	0	0	0	0
10	Summer Savings	Consumer	2007	Final	0	3,277	552	209	209	209	209	209
11	Aboriginal	Consumer	2007	Final	0	0	0	0	0	0	0	0
12	Affordable Housing Pilot	Consumer Low-Income	2007	Final	0	8	8	8	8	8	8	8
13	Social Housing Pilot	Consumer Low-Income	2007	Final	0	323	323	323	323	323	323	323
14	Energy Efficiency Assistance for Houses Pilot	Consumer Low-Income	2007	Final	0	4	4	4	4	4	4	4
15	Electricity Retrofit Incentive	Business	2007	Final	0	3,479	3,479	3,479	3,479	3,479	0	0
16	Toronto Comprehensive	Business	2007	Final	0	0	0	0	0	0	0	0
17	Demand Response 1	Business, Industrial	2007	Final	0	0	0	0	0	0	0	0
18	Loblaw & York Region Demand Response	Business, Industrial	2007	Final	0	0	0	0	0	0	0	0
19	Renewable Energy Standard Offer	Consumer, Business, Industrial	2007	Final	0	0	0	0	0	0	0	0
20	Great Refrigerator Roundup	Consumer	2008	Final	0	0	1,199	1,199	1,199	1,199	1,197	1,194
21	Cool Savings Rebate	Consumer	2008	Final	0	0	644	644	644	644	644	644
22	Every Kilowatt Counts Power Savings Event	Consumer	2008	Final	0	0	3,271	3,257	3,257	3,257	2,765	2,765
23	***peaksaver®***	Consumer, Business	2008	Final	0	0	0	0	0	0	0	0
24	Summer Sweepstakes	Consumer	2008	Final	0	0	2,851	1,029	1,029	1,029	1,029	1,029
25	Electricity Retrofit Incentive	Consumer, Business	2008	Final	0	0	12,385	12,385	12,385	12,385	12,385	12,385
26	Toronto Comprehensive	Consumer, Consumer Low-Income, Busine	2008	Final	0	0	0	0	0	0	0	0
27	High Performance New Construction	Business	2008	Final	0	0	8	8	8	8	8	8
28	Power Savings Blitz	Business	2008	Final	0	0	22	22	9	9	9	9
29	Demand Response 1	Business, Industrial	2008	Final	0	0	0	0	0	0	0	0
30	Demand Response 3	Business, Industrial	2008	Final	0	0	0	0	0	0	0	0
31	Loblaw & York Region Demand Response	Business, Industrial	2008	Final	0	0	0	0	0	0	0	0
32	Renewable Energy Standard Offer	Consumer, Business	2008	Final	0	0	0	0	0	0	0	0
33	Other Customer Based Generation	Business	2008	Final	0	0	0	0	0	0	0	0
34	LDC Custom - Hydro One Networks Inc. - Double R	Business, Industrial	2008	Final	0	0	0	0	0	0	0	0
35	Great Refrigerator Roundup	Consumer	2009	Final	0	0	0	1,243	1,243	1,243	1,236	938
36	Cool Savings Rebate	Consumer	2009	Final	0	0	0	778	778	778	775	771
37	Every Kilowatt Counts Power Savings Event	Consumer	2009	Final	0	0	0	1,353	1,297	1,297	1,296	1,288
38	***peaksaver®***	Consumer, Business	2009	Final	0	0	0	0	0	0	0	0
39	Electricity Retrofit Incentive	Consumer, Business	2009	Final	0	0	0	11,850	11,850	11,850	11,850	11,850
40	Toronto Comprehensive	Consumer, Consumer Low-Income, Busine	2009	Final	0	0	0	0	0	0	0	0
41	High Performance New Construction	Business	2009	Final	0	0	0	235	235	235	235	235
42	Power Savings Blitz	Business	2009	Final	0	0	0	3,260	3,260	3,260	3,260	3,260
43	Multi-Family Energy Efficiency Rebates	Consumer, Consumer Low-Income	2009	Final	0	0	0	0	0	0	0	0
44	Demand Response 1	Business, Industrial	2009	Final	0	0	0	204	0	0	0	0
45	Demand Response 2	Business, Industrial	2009	Final	0	0	0	1,944	0	0	0	0
46	Demand Response 3	Business, Industrial	2009	Final	0	0	0	37	0	0	0	0
47	Loblaw & York Region Demand Response	Business, Industrial	2009	Final	0	0	0	0	0	0	0	0
48	LDC Custom - Thunder Bay Hydro - Phantom Load	Consumer	2009	Final	0	0	0	0	0	0	0	0
49	LDC Custom - Toronto Hydro - Summer Challenge	Consumer	2009	Final	0	0	0	0	0	0	0	0
50	LDC Custom - PowerStream - Data Centers	Business	2009	Final	0	0	0	0	0	0	0	0
51	Toronto Comprehensive Adjustment	Consumer, Business	2008	Final	0	0	0	0	0	0	0	0
52	LDC Custom - Hydro One Networks Inc. - Double R	Business, Industrial	2008	Final	0	0	0	0	0	0	0	0
53	Great Refrigerator Roundup	Consumer	2010	Final	0	0	0	0	1,313	1,313	1,313	1,308
54	Cool Savings Rebate	Consumer	2010	Final	0	0	0	0	1,228	1,228	1,228	1,228
55	Every Kilowatt Counts Power Savings Event	Consumer	2010	Final	0	0	0	0	539	473	458	458
56	***peaksaver®***	Consumer, Business	2010	Final	0	0	0	0	0	0	0	0
57	Electricity Retrofit Incentive	Consumer, Business	2010	Final	0	0	0	0	1,419	1,419	1,419	1,419
58	Toronto Comprehensive	Consumer, Consumer Low-Income, Busine	2010	Final	0	0	0	0	0	0	0	0
59	High Performance New Construction	Business	2010	Final	0	0	0	0	839	839	839	839
60	Power Savings Blitz	Business	2010	Final	0	0	0	0	7,485	7,485	7,485	7,485
61	Multi-Family Energy Efficiency Rebates	Consumer, Consumer Low-Income	2010	Final	0	0	0	0	1,244	1,244	1,244	1,244
62	Demand Response 2	Business, Industrial	2010	Final	0	0	0	0	3,963	0	0	0
63	Demand Response 3	Business, Industrial	2010	Final	0	0	0	0	140	0	0	0
64	Loblaw & York Region Demand Response	Business, Industrial	2010	Final	0	0	0	0	0	0	0	0
65	LDC Custom - Hydro Ottawa - Small Commercial D	Consumer	2010	Final	0	0	0	0	0	0	0	0
2006 Subtotal					**10,203**	**10,203**	**10,203**	**10,203**	**1,772**	**1,772**	**1,621**	**1,621**
2007 Subtotal					**0**	**11,722**	**8,953**	**8,610**	**8,610**	**8,608**	**4,980**	**4,980**
2008 Subtotal					**0**	**0**	**20,381**	**18,544**	**18,532**	**18,532**	**18,037**	**18,034**
2009 Subtotal					**0**	**0**	**0**	**20,905**	**18,663**	**18,663**	**18,653**	**18,342**
2010 Subtotal					**0**	**0**	**0**	**0**	**18,171**	**14,002**	**13,987**	**13,981**
Overall Total					**10,203**	**21,924**	**39,537**	**58,262**	**65,748**	**61,577**	**57,277**	**56,959**

London Hydro Inc. Lost Revenue Adjustment Mechanism Recoveries Rate Application - Persistence of 2010 OPA CDM Programs

Gross Summer Peak Demand Savings (MW)

#	Initiative Name	Program Name	Program Year	Results Status	2006	2007	2008	2009	2010	2011	2012	2013
1	Secondary Refrigerator Retirement Pilot	Consumer	2006	Final	0.038	0.038	0.038	0.038	0.038	0.038	0.000	0.000
2	Cool & Hot Savings Rebate	Consumer	2006	Final	0.420	0.420	0.420	0.420	0.420	0.420	0.420	0.420
3	Every Kilowatt Counts	Consumer	2006	Final	0.127	0.127	0.127	0.127	0.127	0.127	0.127	0.127
4	Demand Response 1	Business, Industrial	2006	Final	7.633	0.000	0.000	0.000	0.000	0.000	0.000	0.000
5	Loblaw & York Region Demand Response	Business, Industrial	2006	Final	0.374	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6	Great Refrigerator Roundup	Consumer	2007	Final	0.000	0.149	0.149	0.149	0.149	0.134	0.134	0.134
7	Cool & Hot Savings Rebate	Consumer	2007	Final	0.000	0.831	0.831	0.831	0.831	0.831	0.635	0.635
8	Every Kilowatt Counts	Consumer	2007	Final	0.000	0.199	0.176	0.176	0.176	0.176	0.176	0.176
9	***peaksaver®***	Consumer, Business	2007	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
10	Summer Savings	Consumer	2007	Final	0.000	15.290	4.560	2.196	2.196	2.196	2.196	2.196
11	Aboriginal	Consumer	2007	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12	Affordable Housing Pilot	Consumer Low-Income	2007	Final	0.000	0.005	0.005	0.005	0.005	0.005	0.005	0.005
13	Social Housing Pilot	Consumer Low-Income	2007	Final	0.000	0.038	0.038	0.038	0.038	0.038	0.038	0.038
14	Energy Efficiency Assistance for Houses Pilot	Consumer Low-Income	2007	Final	0.000	0.003	0.003	0.003	0.003	0.003	0.003	0.003
15	Electricity Retrofit Incentive	Business	2007	Final	0.000	1.392	1.392	1.392	1.392	1.392	0.000	0.000
16	Toronto Comprehensive	Business	2007	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
17	Demand Response 1	Business, Industrial	2007	Final	0.000	8.634	0.000	0.000	0.000	0.000	0.000	0.000
18	Loblaw & York Region Demand Response	Business, Industrial	2007	Final	0.000	0.718	0.000	0.000	0.000	0.000	0.000	0.000
19	Renewable Energy Standard Offer	Consumer, Business, Industrial	2007	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
20	Great Refrigerator Roundup	Consumer	2008	Final	0.000	0.000	0.244	0.244	0.244	0.244	0.230	0.230
21	Cool Savings Rebate	Consumer	2008	Final	0.000	0.000	0.709	0.709	0.709	0.709	0.709	0.709
22	Every Kilowatt Counts Power Savings Event	Consumer	2008	Final	0.000	0.000	0.427	0.405	0.405	0.405	0.364	0.364
23	***peaksaver®***	Consumer, Business	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
24	Summer Sweepstakes	Consumer	2008	Final	0.000	0.000	0.930	0.533	0.533	0.533	0.533	0.533
25	Electricity Retrofit Incentive	Consumer, Business	2008	Final	0.000	0.000	3.511	3.511	3.511	3.511	3.511	3.511
26	Toronto Comprehensive	Consumer, Consumer Low-Income, Busine	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
27	High Performance New Construction	Business	2008	Final	0.000	0.000	0.013	0.013	0.013	0.013	0.013	0.013
28	Power Savings Blitz	Business	2008	Final	0.000	0.000	0.003	0.003	0.001	0.001	0.001	0.001
29	Demand Response 1	Business, Industrial	2008	Final	0.000	0.000	11.893	0.000	0.000	0.000	0.000	0.000
30	Demand Response 3	Business, Industrial	2008	Final	0.000	0.000	2.300	0.000	0.000	0.000	0.000	0.000
31	Loblaw & York Region Demand Response	Business, Industrial	2008	Final	0.000	0.000	0.790	0.000	0.000	0.000	0.000	0.000
32	Renewable Energy Standard Offer	Consumer, Business	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
33	Other Customer Based Generation	Business	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
34	LDC Custom - Hydro One Networks Inc. - Double R	Business, Industrial	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35	Great Refrigerator Roundup	Consumer	2009	Final	0.000	0.000	0.000	0.362	0.362	0.362	0.340	0.241
36	Cool Savings Rebate	Consumer	2009	Final	0.000	0.000	0.000	1.172	1.172	1.172	1.170	1.169
37	Every Kilowatt Counts Power Savings Event	Consumer	2009	Final	0.000	0.000	0.000	0.374	0.359	0.359	0.359	0.358
38	***peaksaver®***	Consumer, Business	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
39	Electricity Retrofit Incentive	Consumer, Business	2009	Final	0.000	0.000	0.000	2.444	2.444	2.444	2.444	2.444
40	Toronto Comprehensive	Consumer, Consumer Low-Income, Busine	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
41	High Performance New Construction	Business	2009	Final	0.000	0.000	0.000	0.147	0.147	0.147	0.147	0.147
42	Power Savings Blitz	Business	2009	Final	0.000	0.000	0.000	0.880	0.880	0.880	0.880	0.880
43	Multi-Family Energy Efficiency Rebates	Consumer, Consumer Low-Income	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
44	Demand Response 1	Business, Industrial	2009	Final	0.000	0.000	0.000	4.648	0.000	0.000	0.000	0.000
45	Demand Response 2	Business, Industrial	2009	Final	0.000	0.000	0.000	3.156	0.000	0.000	0.000	0.000
46	Demand Response 3	Business, Industrial	2009	Final	0.000	0.000	0.000	4.508	0.000	0.000	0.000	0.000
47	Loblaw & York Region Demand Response	Business, Industrial	2009	Final	0.000	0.000	0.000	0.775	0.000	0.000	0.000	0.000
48	LDC Custom - Thunder Bay Hydro - Phantom Load	Consumer	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
49	LDC Custom - Toronto Hydro - Summer Challenge	Consumer	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
50	LDC Custom - PowerStream - Data Centers	Business	2009	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
51	Toronto Comprehensive Adjustment	Consumer, Business	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
52	LDC Custom - Hydro One Networks Inc. - Double R	Business, Industrial	2008	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
53	Great Refrigerator Roundup	Consumer	2010	Final	0.000	0.000	0.000	0.000	0.395	0.395	0.395	0.379
54	Cool Savings Rebate	Consumer	2010	Final	0.000	0.000	0.000	0.000	1.826	1.826	1.826	1.826
55	Every Kilowatt Counts Power Savings Event	Consumer	2010	Final	0.000	0.000	0.000	0.000	0.112	0.112	0.112	0.112
56	***peaksaver®***	Consumer, Business	2010	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
57	Electricity Retrofit Incentive	Consumer, Business	2010	Final	0.000	0.000	0.000	0.000	0.480	0.480	0.480	0.480
58	Toronto Comprehensive	Consumer, Consumer Low-Income, Busine	2010	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
59	High Performance New Construction	Business	2010	Final	0.000	0.000	0.000	0.000	0.525	0.525	0.525	0.525
60	Power Savings Blitz	Business	2010	Final	0.000	0.000	0.000	0.000	2.464	2.464	2.464	2.464
61	Multi-Family Energy Efficiency Rebates	Consumer, Consumer Low-Income	2010	Final	0.000	0.000	0.000	0.000	0.138	0.138	0.138	0.138
62	Demand Response 2	Business, Industrial	2010	Final	0.000	0.000	0.000	0.000	3.391	0.000	0.000	0.000
63	Demand Response 3	Business, Industrial	2010	Final	0.000	0.000	0.000	0.000	7.171	0.000	0.000	0.000
64	Loblaw & York Region Demand Response	Business, Industrial	2010	Final	0.000	0.000	0.000	0.000	0.832	0.000	0.000	0.000
65	LDC Custom - Hydro Ottawa - Small Commercial D	Consumer	2010	Final	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2006 Subtotal					**8.59**	**0.59**	**0.59**	**0.59**	**0.59**	**0.59**	**0.55**	**0.55**
2007 Subtotal					**0.00**	**27.26**	**7.15**	**4.79**	**4.79**	**4.77**	**3.19**	**3.19**
2008 Subtotal					**0.00**	**0.00**	**20.82**	**5.42**	**5.42**	**5.42**	**5.36**	**5.36**
2009 Subtotal					**0.00**	**0.00**	**0.00**	**18.47**	**5.36**	**5.36**	**5.34**	**5.24**
2010 Subtotal					**0.00**	**0.00**	**0.00**	**0.00**	**17.33**	**5.94**	**5.94**	**5.92**
Overall Total					**8.59**	**27.84**	**28.56**	**29.26**	**33.49**	**22.08**	**20.38**	**20.26**

APPENDIX C: 2013 Lost Revenue Adjustment Mechanism ("LRAM") Recoveries Rate Application of 2011 OPA CDM Programs

2013 Lost Revenue Adjustment Mechanism ("LRAM") for 2011 CDM Programs Recoveries Rate Application

1. Introduction

On May 31, 2004, the Minister of Energy granted approval to all distributors in Ontario to apply to the Ontario Energy Board (the "Board") for an increase in their 2005 rates by way of the third installment of their incremental market adjusted revenue requirement ("MARR"). This approval was conditional upon a commitment to reinvest in conservation and demand management ("CDM") an equivalent of one year's return. Consequently, in 2005 distributors, including London Hydro, brought forward, and the Board approved, $163 million in CDM funding for distributors, an amount related to the third tranche of their MARR.

In 2006 and through to 2012, London Hydro has received CDM funding from the Ontario Power Authority (the "OPA"). London Hydro's significant commitment to both CDM Programs and the achieving for customer efficiency in the use of energy London Hydro combined with the partnership of the OPA, has resulted in 2011 OPA verified 2011 to 2014 net cumulative energy savings of 84.04 gWh (representing 53.65% of London Hydro's 2011 to 2014 cumulative CDM energy target).

Previous to London Hydro's 2012 IRM rate application filing (EB-2011-0181), London Hydro had not applied for any recoveries for lost distribution revenues for either due to CDM programs funded from 3rd tranche MARR funding, or 2006, 2007, and 2008 CDM programs that were funded by the OPA. In Board's Decision and Order of London Hydro's 2012 IRM rate application (EB-2011-0181), it is stated, "*The Board approves an LRAM recovery of $152,652.49 representing lost revenues from 2010 CDM programs in the year 2010, as London was under IRM in this year and London has not otherwise received LRAM compensation for this year*". The Board further stated approval of, "*a one year disposition period for the LRAM recovery of $152,652.49*". The approved rate rider for lost revenue adjustment mechanism ("LRAM") recovery is effective to April 30, 2013, as evidence in London Hydro's Tariff of Rates and Charges (Effective Date May 1, 2012).

In preparing this recovery of LRAM, London Hydro has followed the *Board's Guidelines for Electricity Distributor Conservation and Demand Management issued on March 28, 2008* (the "CDM Guidelines", EB-2008-0037). The Ontario Energy Board CDM Guidelines provide information on the Board's policies relating to Conservation and Demand Management activities undertaken by electricity distributors in Ontario, including the review and approval of claims for the LRAM recovery associated with distributors' CDM activities. Further, guidance was obtained by relying on the September 22, 2009 Decision and Order related to Toronto Hydro-Electric System Limited LRAM/ SSM application (the "Toronto Hydro 2007 Decision") granting approval and recovery of amount related to CDM activated in 2007 (EB-2008-0401).

The Board updated the CDM Guidelines on April 26, 2012 and the filing requirements on June 28, 2012 for LRAM claims for pre-2011 CDM activities. In Section 13.6 of the Board Guidelines states, " *The Board expects that LRAM for pre-2011 CDM activities should be completed with the 2012 rate applications, outside of persisting historical CDM impacts realized after 2010 for those distributors whose load forecast has not been updated as part of a cost of service".*

London Hydro's last approved Cost of Service Rate Application was for 2009 (EB-2008-0235).

In London hydro's response to Board staff intervenor questions, and in particular Question # 39, London Hydro has applied for recoveries for 2011 and 2012 lost distribution revenues due to persistent 2010 CDM programs funded by the OPA. The amount that the Applicant seeks to recover through volumetric rate riders totals a LRAM amount of $266,877.56, including carrying costs.

London Hydro, in response to Board staff intervenor questions, and in particular Question # 47, London Hydro is applying both for recoveries for 2011 lost distribution revenues due to 2011 CDM programs funded by the OPA, and recoveries for 2012 lost

distribution revenues due to persistent 2011 CDM programs funded by the OPA. . The amount that the Applicant seeks to recover through volumetric rate riders totals a LRAM amount of $176,092, including carrying costs.

Pre-2011 Programs completed in 2011:

It should be clarified that London Hydro applied for LRAM for CDM Program Results as contained in the 2011 CDM OPA report (file as Excel document and identified as "LondonHydro_ Copy of 2011_Final_Annual_Report_Data_CDM_OPAPrograms_20130108"). This includes results related to Pre-2011 Programs completed in 2011 (as reflected in the table below).

Table 5: Summarized Program Results

#	Initiative	Realization Rate		Gross Savings		Net-to-Gross Ratio		Net Savings		Contribution to Targets	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Pre-2011 Programs completed in 2011											
22	Electricity Retrofit Incentive Program	94%	95%	2,288	16,207,519	60%	60%	1,359	9,726,531	1,359	38,906,125
23	High Performance New Construction	100%	100%	337	1,731,809	50%	50%	169	865,905	169	3,463,618
24	Toronto Comprehensive	-	-	0	0	-	-	0	0	0	0
25	Multifamily Energy Efficiency Rebates	-	-	0	0	-	-	0	0	0	0
26	Data Centre Incentive Program	-	-	0	0	-	-	0	0	0	0
27	EnWin Green Suites	-	-	0	0	-	-	0	0	0	0
	Assumes demand response resources have a persistence of 1 year										

London Hydro took into consideration that these results are 2010 carry-over projects and are those approved under the OPA 2010 rules and incentive levels, but actually carried out in 2011. It would be inappropriate for London Hydro to record these program savings results into the 2010 LRAM application filing. Therefore these savings are not included in this 2010 LRAM filing, but included in the 2011 LRAM application filing.

2. 2011 OPA Programs

The OPA has provided London Hydro with the 2011 verified results for all OPA funded programs for 2010 and 2011. Details are provided Appendix A: OPA – 2011 Final Annual CDM Results London Hydro Inc.

The Board's Guidelines states "The LRAM applies to programs implemented by the distributor, within its licensed service area, including programs delivered by the distributor itself and/or programs delivered for the distributor by a third party" (Pg. 18, Board's Guidelines for Electricity Distributor Conservation and Demand Management issued on March 28, 2008).

The CDM programs that London Hydro delivered through the OPA in 2011 in the London Hydro service territory were:

- Appliance Retirement
- Appliance Exchange,
- HVAC Incentives,
- Conservation Instant Coupon Booklet,
- Bi-annual Retailer Event,
- Efficiency Equipment Replacement,
- Direct Install Lighting,
- Demand Response 3 Programs.

An OPA Province-Wide Evaluation Findings is provided below:

Table 3: OPA Province-Wide Evaluation Findings

#	*Initiative*	*OPA Province-Wide Key Evaluation Findings*
Consumer Program		
1	Appliance Retirement	* Overall participation continues to decline year over year * Participation declined 17% from 2010 (from over 67,000 units in 2010 to over 56,000 units in 2011) * 97% of net resource savings achieved through the home pick-up stream * Measure Breakdown: 66% refrigerators, 30% freezers, 4% Dehumidifiers and window air conditioners * 3% of net resource savings achieved through the Retailer pick-up stream * Measure Breakdown: 90% refrigerators, 10% freezers * Net-to-Gross ratio for the initiative was 50% * Measure-level free ridership ranges from 82% for the retailer pick-up stream to 49% for the home pick-up stream * Measure-level spillover ranges from 3.7% for the retailer pick-up stream to 1.7% for the home pick-up stream
2	Appliance Exchange	* Overall eligible units exchanged declined by 36% from 2010 (from over 5,700 units in 2010 to over 3,600 units in 2011) * Measure Breakdown: 75% window air conditioners, 25% dehumidifiers * Dehumidifiers and window air conditioners contributed almost equally to the net energy savings achieved * Dehumidifiers provide more than three times the energy savings per unit than window air conditioners * Window air conditioners contributed to 64% of the net peak demand savings achieved * Approximately 96% of consumers reported having replaced their exchanged units (as opposed to retiring the unit) * Net-to-Gross ratio for the initiative is consistent with previous evaluations (51.5%)
3	HVAC Incentives	* Total air conditioner and furnace installations increased by 14% (from over 95,800 units in 2010 to over 111,500 units in 2011) * Measure Breakdown: 64% furnaces, 10% tier 1 air conditioners (SEER 14.5) and 26% tier 2 air conditioners (SEER 15) * Measure breakdown did not change from 2010 to 2011 * The HVAC Incentives initiative continues to deliver the majority of both the energy (45%) and demand (83%) savings in the consumer program * Furnaces accounted for over 91% of energy savings achieved for this initiative * Net-to-Gross ratio for the initiative was 17% higher than 2010 (from 43% in 2010 to 60% in 2011) * Increase due in part to the removal of programmable thermostats from the program, and an increase in the net-to-gross ratio for both Furnaces and Tier 2 air conditioners (SEER 15)
4	Conservation	* Customers redeemed nearly 210,000 coupons, translating to nearly 560,000 products

	Instant Coupon Booklet	* Majority of coupons redeemed were downloadable (~40%) or LDC-branded (~35%) * Majority of coupons redeemed were for multi-packs of standard spiral CFLs (37%), followed by multi-packs of specialty CFLs (17%) * Per unit savings estimates and net-to-gross ratios for 2011 are based on a weighted average of 2009 and 2010 evaluation findings * Careful attention in the 2012 evaluation will be made for standard CFLs since it is believed that the market has largely been transformed
5	Bi-Annual Retailer Event	* Customers redeemed nearly 370,000 coupons, translating to over 870,000 products * Majority of coupons redeemed were for multi-packs of standard spiral CFLs (49%), followed by multi-packs of specialty CFLs (16%) * Per unit savings estimates and net-to-gross ratios for 2011 are based on a weighted average of 2009 and 2010 evaluation findings * Standard CFLs and heavy duty outdoor timers were reintroduced to the initiative in 2011 and contributed more than 64% of the initiative's 2011 net annual energy savings * While the volume of coupons redeemed for heavy duty outdoor timers was relatively small (less than 1%), the measure accounted for 10% of net annual savings due to high per unit savings * Careful attention in the 2012 evaluation will be made for standard CFLs since it is believed that the market has largely been transformed.
Business Program		
9	Efficiency: Equipment Replacement	* Gross verified energy savings were boosted by lighting projects in the prescriptive and custom measure tracks * Lighting projects overall were determined to have a realization rate of 112%; 116% when including interactive energy changes * On average, the evaluation found high realization rates as a result of both longer operating hours and larger wattage reductions than initial assumptions * Low realization rates for engineered lighting projects due to overstated operating hour assumptions * Custom non-lighting projects suffered from process issues such as: the absence of required M&V plans, the use of inappropriate assumptions , and the lack of adherence to the M&V plan * The final realization rate for summer peak demand was 94% * 84% was a result of different methodologies used to calculate peak demand savings * 10% due to the benefits from reduced air conditioning load in lighting retrofits * Overall net-to-gross ratios in the low 70's represent an improvement over the 2009 and 2010 ERIP program where net-to-gross ratios were in the low 60's and low 50's, respectively. Strict eligibility requirements and improvements in the pre-approval process contributed to the improvement in net-to-gross ratios
10	Direct Install Lighting	* Though overall performance is above expectations, participation continues to decline year over year as the initiative reaches maturity

		* 70% of province-wide resource savings persist to 2014 * Over 35% of the projects for 2011 included at least one CFL measure * Resource savings from CFLs in the commercial sector only persist for the industry standard of 3 years * Since 2009 the overall realization rate for this program has improved * 2011 evaluation recorded the highest energy realization rate to date at 89.5% * The hours of use values were held constant from the 2010 evaluation and continue to be the main driver of energy realization rate * Lights installed in "as needed" areas (e.g., bathrooms, storage areas) were determined to have very low realization rates due to the difference in actual energy saved vs. reported savings
15	Demand Response 3 (part of the Industrial program schedule)	* See Demand Response 3 (#20)
Industrial Program		
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	* See Efficiency: Equipment Replacement (#9)
20	Demand Response 3	* Program performance for Tier 1 customers increased with DR-3 participants providing 75% of contracted MW for both sectors Program continues to diversify but still remains heavily concentrated with less than 5% of the contributors accounting for the majority (~60%) of the load reductions. By increasing the number of contributors in each settlement account and implementation of the new baseline methodology the performance of the program is expected to increase

In Table 1, OPA CDM Load Impacts (2011), reflects the OPA Programs for which London Hydro is seeking a LRAM recovery in 2013. The table indicates the kWh and Kw impacts (both in gross and net of free riders) for 2011.

TABLE 1 – OPA CDM Program Load Impacts (2011)

London Hydro Inc.

OPA CDM Program Load Impacts (2011)

2011 Data from OPA Verfied Results

see Tab 1- OPA CDM Savings

*London Hydro is not requesting LRAM /SSM for Programs in 2006, 2007, and 2008. Programs in 2009 were also not included

		2011		2011			2012		2012		TOTAL		TOTAL	
		NET		GROSS			NET		GROSS		NET		GROSS	
Class/ Program	Year Program Implimented	kWh	Kw	kWh	Kw		kWh	Kw	kWh	Kw	kWh	Kw	kWh	Kw
RESIDENTIAL														
Appliance Retirement	2011	1,002,610	167.0	1,967,720	350.0		1,002,610	167.0	2,471,000	395.0	2,005,220	334.0	4,438,720	745.0
Appliance Exchange	2011	15,910	12.0	30,871	24.0		15,910	12.0	2,855,000	1,826.0	31,820	24.0	2,885,871	1,850.0
HVAC Incentives	2011	1,901,868	1,052.0	3,173,112	1,739.0		1,901,868	1,052.0	1,159,000	112.0	3,803,736	2,104.0	4,332,112	1,851.0
Conservative Instant Coupon Booklet	2011	512,644	32.0	465,107	28.0		512,644	32.0	1,159,000	112.0	1,025,288	64.0	1,624,107	140.0
Bi-Annual Retailer Event	2011	802,521	46.0	734,572	41.0		802,521	46.0	1,159,000	112.0	1,605,042	92.0	1,893,572	153.0
Residential Total		**4,235,553**	**1,309.0**	**6,371,382**	**2,182.0**		**4,235,553**	**1,309.0**	**8,803,000**	**2,557.0**	**8,471,106**	**2,618.0**	**15,174,382**	**4,739.0**
General Service < 50 kW														
OPA Energy Retrofit Incentive Program (ERIP)	2010	797,576	111.4	1,329,017	187.6		797,576	111.4	1,329,017	187.6	1,595,151	222.9	2,658,033	375.2
High Performance New Construction*	2010	865,905	169.0	1,731,809	337.0		865,905	169.0	1,731,809	337.0	1,731,810	338.0	3,463,618	674.0
Efficiency Equipment Replacement	2011	493,355	95	657,805	130		493,355	95	657,805	129.6	986,710	190.6	1,315,610	259.1
Direct Install Lighting	2011	145,929	56.0	157,160	52.0		145,929	368.0	1,198,000	525.0	291,858	424.0	1,355,160	577.0
Demand Response 3	2011	19,012	485.0	19,012	642.0		0	0.0	0	0.0	19,012	485.0	19,012	642.0
Total General Service < 50 kW		**2,321,777**	**917**	**3,894,802**	**1,348**		**2,302,765**	**744**	**4,916,630**	**1,179.2**	**4,624,542**	**1,660.4**	**8,811,433**	**2,527.4**
General Service 50 kW to 4,999 kW														
OPA Energy Retrofit Incentive Program (ERIP)	2010	8,928,955	1,247.6	14,878,502	2,100.4		8,928,955	1,247.6	14,878,502	2,100.4	17,857,911	2,495.1	29,757,005	4,200.8
Efficiency Equipment Replacement	2011	5,523,172	1,066.7	7,364,206	1,450.4		5,523,172	1,066.7	7,364,206	1,450.4	11,046,344	2,133.4	14,728,412	2,900.9
Demand Response 3	2011	125,454	2,137.0	125,454	2,536.0		0	0.0	0	0.0	125,454	0.0	125,454	0.0
Total General Service 50 to 4,999 kW		**14,577,581**	**4,451.3**	**22,368,163**	**6,087**		**14,452,127**	**2,314**	**22,242,709**	**3,550.8**	**29,029,708**	**4,628.6**	**44,610,871**	**7,101.6**
Total Load Impacts from OPA programs		**21,134,911**	**6,677**	**32,634,347**	**9,617**		**20,990,445**	**4,367**	**35,962,339**	**7,287**	**42,125,356**	**8,907**	**68,596,686**	**14,368**

Although many of the OPA energy conservation and demand management programs are specific to a rate class, the Electricity Retrofit Incentive Programs (ERIP, and its successor the Efficiency Equipment Replacement Program) does span several customer classes, namely general service less than 50 kW, and general service greater than 50 kW.

Reviewing our records and the information as submitted to the OPA, for ERIP projects carried within our service territory during 2010, the division of gross kW reductions amongst customer classes was:

Table 2, 2010 ERIP Gross Demand Reduction (within London)

Customer Classification	Gross kW Demand Reduction	Percentage
General Service Less Than 50 kW	316	8.2%
General Service Greater Than 50 kW	3,554	91.7%
Large User	0	0%
Total:	**3,874**	**99.9%**

**For the purposes of reflecting 100% totals for the above allocations, the 0.1% balance will be allocated to general service greater than 50 kW.*

TABLE 2 – kWh and Kw Allocation of ERIP Program to Customer Classes for 2011

ERIP ALLOCATION:		2011		2011		2012		2012	
From OPA Verified Results (see Tab ERIP Savings)		NET		GROSS		NET		GROSS	
** Used 2011 OPA verified results as proxy for 2012.		6,016,527	1,162	8,022,011	0.0				
Allocation of Retrofit kWh (GS 50 and Kw Demand)	2010	6,016,527	1,162.0	8,022,011	-				
GS < 50	8.2%	493,355	95.3	657,805	-				
GS 1,000 to 4,999 kW	91.8%	5,523,172	1,066.7	7,364,206	-				
		6,016,527	1,162.0	8,022,011	-				
	2010	-		-		6,016,527	1,162.0	8,022,011	-
GS < 50	8.2%	-	-	-	-	493,355	95.3	657,805	-
GS 1,000 to 4,999 kW	91.8%	-	-	-	-	5,523,172	1,066.7	7,364,206	-
						6,016,527	1,162.0	8,022,011	-

3. Forgone Revenues

For the 2013 LRAM resulting from actual 2011 OPA programs, London Hydro has reflected the OPA confirmed energy savings by OPA program and by customer class and valued these savings using the appropriate variable distribution charge (per kWh or kW, as applicable), and not including any Regulatory Asset Recovery rate rider.

TABLE 3 – Forgone Revenue by Program and Class

Forgone Revenue by Program and Class

*London Hydro is not requesting LRAM /SSM for Programs in 2006, 2007, and 2008. Programs in 2009 were also not included

		2011				2012				Total Revenue
Class/ Program	Year Program Implimented	Load Impact	kWh or kW	Rate per Unit	Revenue	Load Impact	kWh or kW	Rate per Unit	Revenue	
RESIDENTIAL										
Appliance Retirement	2011	1,002,610	kWh	$ 0.0142	$ 14,237.06	1,002,610	kWh	$ 0.0143	$ 14,337.32	$ 28,574.39
Appliance Exchange	2011	15,910	kWh	$ 0.0142	$ 225.92	15,910	kWh	$ 0.0143	$ 227.51	$ 453.44
HVAC Incentives	2011	1,901,868	kWh	$ 0.0142	$ 27,006.53	1,901,868	kWh	$ 0.0143	$ 27,196.71	$ 54,203.24
Conservative Instant Coupon Booklet	2011	512,644	kWh	$ 0.0142	$ 7,279.54	512,644	kWh	$ 0.0143	$ 7,330.81	$ 14,610.35
Bi-Annual Retailer Event	2011	802,521	kWh	$ 0.0142	$ 11,395.80	802,521	kWh	$ 0.0143	$ 11,476.05	$ 22,871.85
Residential Total		**4,235,553**			**$ 60,144.85**	**4,235,553**			**$ 60,568.41**	**$ 120,713.26**
General Service < 50 kW										
OPA Energy Retrofit Incentive Program (ERIP)	2010	797,576	kWh	$ 0.0091	$ 7,257.94	797,576	kWh	$ 0.0092	$ 7,337.69	$ 14,595.63
High Performance New Construction*	2010	865,905	kWh	$ 0.0091	$ 7,879.74	865,905	kWh	$ 0.0092	$ 7,966.33	$ 15,846.06
Efficiency Equipment Replacement	2011	493,355	kWh	$ 0.0091	$ 4,489.53	493,355	kWh	$ 0.0092	$ 4,538.87	$ 9,028.40
Direct Install Lighting	2011	145,929	kWh	$ 0.0091	$ 1,327.95	145,929	kWh	$ 0.0092	$ 1,342.55	$ 2,670.50
Demand Response 3	2011	19,012	kWh	$ 0.0091	$ 173.01	0	kWh	$ 0.0092	$ -	$ 173.01
	2011	0	kWh	$ 0.0091	$ -	0	kWh	$ 0.0092	$ -	$ -
Total General Service < 50 kW		**2,321,777**			**$ 21,128.17**	**2,302,765**			**$ 21,185.44**	**$ 42,313.60**
General Service 50 kW to 4,999 kW										
OPA Energy Retrofit Incentive Program (ERIP)	2010	1,247.6	kW	$ 1.6081	$ 2,006.20	1,248	kW	$ 1.6223	$ 2,023.92	$ 4,030.12
Efficiency Equipment Replacement	2011	1,066.7	kW	$ 1.6081	$ 1,715.39	1,067	kW	$ 1.6223	$ 1,730.53	$ 3,445.92
Demand Response 3	2011	2,137	kW	$ 1.6081	$ 3,436.51	0	kW	$ 1.6223	$ -	$ 3,436.51
Total General Service 50 to 4,999 kW		**4,451**			**$ 7,158.10**	**2,314**			**$ 3,754.45**	**$ 10,912.55**
Total Forgone Revenue OPA programs		**6,561,781**			**$ 88,431.12**	**6,540,632**			**$ 85,508.30**	**$ 173,939.42**

4. Carrying Charges

In the Toronto Hydro Decision, the Board found that Toronto Hydro was entitled to carrying charges on the LRAM balances. London Hydro has calculated carrying charges as follows: interest has been applied to the ending balance of the annual LRAM for all of 2011 and 2012.The calculation of the carrying costs used the Board's prescribed interest rates for Q1 2011 – Q1 2013, as shown in Table 4.

Table 4 – Board's Prescribed Interest Rates and Calculated Interest

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	4 Months to April 30, 2013	Total
%	1.47	1.47	1.47	1.47	1.47	
Residential ($)	$ 221	$ 221	$ 221	$ 221	$ 591	$ 1,475.62
GS < 50 kW ($)	$ 78	$ 78	$ 78	$ 78	$ 207	$ 517.92
GS 50 to 4,999 kW ($)	$ 26	$ 26	$ 26	$ 26	$ 53	$ 158.70

5. Calculation of Rate Rider

The amount of relief request for LRAM is an amount of $139,467.60, plus $1731.31 carrying charges.

The LRAM rate rider being applied, as calculated in Table 5 – LRAM Rate Riders, includes LRAM as reflected in Table 3 – Forgone Revenue by Program by Class, and Carrying Charges as reflected in Table 4 – Board's Prescribe Interest Rates and Calculated Interest. The Billing Determines is actual distribution energy quantities (kWh or kW) for 2011.

Table 5 – LRAM Rate Riders for 2013

Class	Units	LRAM	Carrying Charges	Total	2011 Billing Determines	Rate Rider
Residential	kWh	$ 120,713	$ 1,476	$ 122,190	1,128,904,736	$ 0.00011
GS < 50 kW	kWh	$ 42,314	$ 518	$ 42,832	408,115,902	$ 0.00010
GS 50 to 4,999 kW	kW	$ 10,913	$ 159	$ 11,071	3,944,476	$ 0.00281
Totals		$ 173,939	$ 2,152	$ 176,092		

Billing Deteminates used 2011 Distribution Energy Quantities (Actual)

London Hydro is requesting a volumetric LRAM specific rate rider be established to collect the total recovery amount. The proposed rate rider is over a one-year period, effective May 1, 2013.

Therefore, London Hydro is requesting approval for a LRAM volumetric rate rider of $0.00011/kWh for the Residential class and $0.0001/kWh for General Service > 50 kW Class, and $0.00281/kW for General Service 50 to 4,999 kW Class.

6. Third party Verification

Section 7.5 of the Board's Guidelines requires that distributors should engage an independent third party to review the program evaluations prepared for the purposes of LRAM claims filed with the Board. The Guidelines state "This independent third party review applies to LRAM and SSM claims made in relation to programs funded in 2007 and beyond", but goes on to say "The Board would consider an evaluation by the OPA or a third party designated by the OPA to be sufficient. For programs funded by the OPA, it will be the role of the third party to:

- Verify the participation levels, and,
- Confirm that input assumptions are those used by the OPA"

Appendix A: OPA – 2011 Final Annual CDM Results London Hydro

Table 5: Summarized Program Results

Program	Gross Savings			Net Savings		Contribution to Targets	
	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)		Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program Total	2,182	6,371,383		1,309	4,235,553	1,288	16,924,158
Business Program Total	2,103	7,211,326		1,575	5,425,294	1,076	21,596,043
Industrial Program Total	2,708	1,112,311		2,265	881,628	127	3,147,173
Home Assistance Program Total	0	0		0	0	0	0
Pre-2011 Programs completed in 2011 Total	2,625	17,939,328		1,528	10,592,436	1,528	42,369,743
Total OPA Contracted Province-Wide CDM Programs	**9,618**	**32,634,347**		**6,677**	**21,134,911**	**4,020**	**84,037,117**

#	Initiative	Realization Rate		Gross Savings		Net-to-Gross Ratio		Net Savings		Contribution to Targets	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program											
1	Appliance Retirement	100%	100%	350	1,967,720	49%	52%	167	1,002,610	153	3,998,531
2	Appliance Exchange	100%	100%	24	30,871	52%	52%	12	15,910	5	57,495
3	HVAC Incentives	100%	100%	1,739	3,173,112	61%	60%	1,052	1,901,868	1,052	7,607,473
4	Conservation Instant Coupon Booklet	100%	100%	28	465,107	114%	111%	32	512,644	32	2,050,576
5	Bi-Annual Retailer Event	100%	100%	41	734,572	113%	110%	46	802,521	46	3,210,084
6	Retailer Co-op	-	-	0	0	-	-	0	0	0	0
7	Residential Demand Response	0%	0%	0	0	-	-	0	0	0	0
8	Residential New Construction	-	-	0	0	-	-	0	0	0	0
Business Program											
9	Efficiency: Equipment Replacement	92%	123%	1,408	7,035,154	73%	75%	1,034	5,260,353	1,024	21,005,761
10	Direct Install Lighting	108%	90%	52	157,160	93%	93%	56	145,929	52	571,271
11	Existing Building Commissioning Incentive	-	-	0	0	-	-	0	0	0	0
12	New Construction and Major Renovation Incentive	-	-	0	0	-	-	0	0	0	0
13	Energy Audit	-	-	0	0	-	-	0	0	0	0
14	Commercial Demand Response (part of the Residential program schedule)	0%	0%	0	0	-	-	0	0	0	0
15	Demand Response 3 (part of the Industrial program schedule)	76%	100%	642	19,012	n/a	n/a	485	19,012	0	19,012
Industrial Program											
16	Process & System Upgrades	-	-	0	0	-	-	0	0	0	0
17	Monitoring & Targeting	-	-	0	0	-	-	0	0	0	0
18	Energy Manager	-	-	0	0	-	-	0	0	0	0
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	92%	131%	172	986,857	74%	77%	128	756,174	127	3,021,719
20	Demand Response 3	84%	100%	2,536	125,454	n/a	n/a	2,137	125,454	0	125,454
Home Assistance Program											
21	Home Assistance Program	-	-	0	0	-	-	0	0	0	0
Pre-2011 Programs completed in 2011											
22	Electricity Retrofit Incentive Program	94%	95%	2,288	16,207,519	60%	60%	1,359	9,726,531	1,359	38,906,125
23	High Performance New Construction	100%	100%	337	1,731,809	50%	50%	169	865,905	169	3,463,618
24	Toronto Comprehensive	-	-	0	0	-	-	0	0	0	0
25	Multifamily Energy Efficiency Rebates	-	-	0	0	-	-	0	0	0	0
26	Data Centre Incentive Program	-	-	0	0	-	-	0	0	0	0
27	EnWin Green Suites	-	-	0	0	-	-	0	0	0	0

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Table 4-8 Summary of Total Distribution Expense (before PILs)

SUMMARY OF OM&A COSTS BY MAJOR COST CATEGORY									
Major Cost Category	**2009 TEST as Submitted**	**OEB Decision Adjustments Required**	**2009 OEB Approved**	**2009 ACTUAL**	**2010 ACTUAL**	**2011 ACTUAL**	**2012 ACTUAL**	**2013 BRIDGE CGAAP**	**2013 TEST MIFRS**
LABOUR & BENEFITS:	$19,393,700	$ (225,000)	$19,168,700	$18,936,138	$20,399,946	$20,868,220	$22,339,051	$22,852,300	$22,852,300
NON LABOUR COST ELEMENTS:									
Purchased Services	4,342,000		4,342,000	4,072,391	5,142,670	5,014,988	4,036,832	4,775,600	4,775,600
Materials & Supplies	1,074,500		1,074,500	1,002,008	1,019,451	1,005,394	1,048,780	1,175,963	1,175,963
Bad Debts	535,000		535,000	825,000	1,120,000	800,000	325,000	1,000,000	1,000,000
Property Taxes and Insurance	1,222,000		1,222,000	1,136,041	1,122,764	1,116,903	1,081,432	1,148,500	1,148,500
Facilities Maintenance and Repair	1,531,800		1,531,800	1,468,387	1,681,819	1,616,108	1,390,877	1,738,000	1,738,000
Office Equipment Services and Maintenance	1,324,000		1,324,000	1,342,531	1,427,800	1,748,632	1,624,631	1,792,600	1,792,600
Postage	975,000		975,000	874,451	963,197	1,044,174	1,119,539	1,070,000	1,070,000
Fleet Operations and Maintenance	1,079,800	481,900	1,561,700	1,414,617	1,333,134	1,659,625	1,413,788	2,086,000	1,685,000
Corporate Training & Employee Expenses	932,900	(125,000)	807,900	761,043	734,884	1,030,685	951,147	1,025,800	1,025,800
Rental Regulatory & Other expenses	1,023,400	(17,637)	1,005,763	1,113,329	897,563	1,085,981	1,087,333	1,129,800	1,129,800
Studies and Special Projects	109,000		109,000	66,996	62,178	59,964	278,367	165,000	165,000
TOTAL NON-LABOUR COST ELEMENTS:	14,149,400	339,263	14,488,663	14,076,794	15,505,460	16,182,453	14,357,725	17,107,263	16,706,263
ALLOCATIONS: Stores and Fleet	(1,715,700)		(1,715,700)	(1,658,543)	(1,890,069)	(2,136,291)	(1,587,585)	(2,547,700)	(1,810,700)
COST RECOVERIES:	(3,658,000)	(42,000)	(3,700,000)	(3,610,172)	(3,815,955)	(4,137,801)	(4,153,637)	(4,678,200)	(4,678,200)
SMART METER COSTS: Table 4-5									
Labour							320,929	232,000	232,000
Non-Labour							140,459	442,900	442,900
	$28,169,400	**$ 72,263**	**$28,241,663**	**$27,744,217**	**$30,199,382**	**$30,776,581**	**$31,416,942**	**$33,408,563**	**$33,744,563**

LPMA #23 Table 4-13 Summary of Cost Drivers: Labour

Note: Costs are presented in CGAAP, no MIFRS impacts. Allocations to capital, billable and other activities is shown under "Deployment of Resources"	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 Actual	2013 TEST
TOTAL Labour in OM&A - 2009 ACTUALS to 2013 TEST	**$18,936,138**	**$20,399,946**	**$20,868,220**	**$22,659,981**	**$23,084,300**
Year over Year Change ($)		$ 1,463,809	$ 468,274	$ 1,791,761	$ 424,319
Cumulative Change ($)					$ 4,148,162
Year over Year Change (%)		7.7%	2.3%	8.6%	1.9%
Cumulative Change (%)					21.9%

		Year on Year Change				Total Change
Cost Drivers: Labour	**Description**	**2009 Actual to 2010 Actual**	**2010 Actual to 2011 Actual**	**2011 Actual to 2012 Actual**	**2012 Actual to 2013 TEST**	**2009 Actual to 2013 TEST**
		$	**$**	**$**	**$**	**$**
Wage Settlements	The cumulative increase in wage settlements is 10.92% over the 2009 - 2013 period. The current contract with the Power Workers' Union expires Dec 31, 2012.	381,341	486,209	598,037	615,978	**2,081,566**
Change in Employee Complement	Total headcount, both full time and part-time have increased in order to: address changing technology, support new OPA programs, customer demand, succession planning, regulatory compliance, time of use and bill complexity, and a change in resourcing mix to reduce external contractors and increase internal labour. See full discussion related to Base Labour in this Exhibit, Page 39	667,407	482,445	1,041,129	1,356,926	**3,547,907**
Benefit Cost	Benefit Costs, particularly pension cost (OMERS) is increasing significantly. See Table 4-23, Page 52	577,398	317,779	875,696	338,103	**2,108,976**
Deployment of Resources	Changing the mix of internal labour and external contractors. This results in increases to the complement, however is partially offset with higher allocations to capital, billable and other activities. All labour and benefit costs related to CDM are allocated out of OM&A	(166,903)	(1,018,431)	(570,482)	(1,800,854)	**(3,556,670)**
Overtime	Although wages have increase 10.92% since 2009, actual hours of overtime have declined. See Table 4-25, and Table 4-26, Pages 54 and 55	4,566	200,271	(152,620)	(85,834)	**(33,616)**
TOTAL ANNUAL CHANGE - LABOUR IN OM&A		**1,463,809**	**468,274**	**1,791,761**	**424,319**	**4,148,162**

LPMA #23 Table 4-13 Summary of Cost Drivers: Non-Labour

Note: Costs are presented in CGAAP, and are prior to allocations to capital, billable, and other activities. Non-Labour Smart Meter Costs are included.		2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 TEST
TOTAL Non-Labour Costs in OM&A - 2009 ACTUALS to 2013 TEST		**$14,076,794**	**$15,505,460**	**$16,182,453**	**$14,498,184**	**$17,550,163**
Year over Year Change (%)			$ 1,428,666	$ 676,993	-$ 1,684,269	$ 3,051,979
Cumulative Change ($)						$ 3,473,369
Year over Year Change ($)			10.1%	4.4%	-10.4%	21.1%
Cumulative Change (%)						24.7%
		Annual Change				**Total Change**
Cost Drivers: Non Labour	**Description**	**2009 Actual to 2010 Actual**	**2010 Actual to 2011 Actual**	**2011 Actual to 2012 Actual**	**2012 Actual to 2013 TEST**	**2009 Actual to 2013 TEST**
		$	**$**	**$**	**$**	**$**
NEW PROGRAMS - TECHNOLOGY - REGULATORY						
Smart Meter - Ongoing Non Labour OM&A	See detailed tab of new recurring smart meter spending Table 4-5, Page 11. These costs are partially offset with reductions in meter reading cost	-	-	321,471	121,429	442,900
Billing System (TOU) - Software and Hardware Mtce and License Fees	To prepare for the introduction of TOU rates, added bill complexity and to provide flexibility to adopt regulatory changes , London Hydro implemented a new billing system in 2009. This and other new technology results in changes to hardware and software maintenance costs.	69,137	402,594	(96,015)	132,879	508,595
Billing System (TOU) - System Support	SAP system support utilizes both internal labour and external contracted maintenance support services. This required external support peaked in 2011 at $1,751,000 and with business reengineering is declining to an ongoing maintenance level in 2013 Test Year	881,916	61,519	(639,518)	146,872	450,788
Studies and Special Projects	Studies may vary from year to year, however, continual need for studies to take advantage of new technology, and assess new programs and identify new opportunities	2,074	(6,823)	(12,124)	63,493	46,620

LPMA #23 Table 4-13 Summary of Cost Drivers: Non-Labour, cont'd

Community Relations - Information Programs	New expanded programs to inform and educate customer related to TOU billing, regulatory, new programs, etc.	6,815	(46,735)	(47,606)	149,179	61,653
OEB Hearing Expense	Timing of actual expense related to the 2009 Cost of Service Application results in year over year comparability issues. The 2013 Test Year includes only 1/4 of the total rate application cost to be recovered 2013 - 2017	(161,345)	(30,000)	128,356	(7,856)	(70,845)
Year over Year and Total Change - 2009 to 2013		**798,597**	**380,556**	**(345,437)**	**605,996**	**1,439,712**
CHANGE IN PROGRAM SCOPE/PROGRAM ENDS						
PCB Removal Program	London Hydro's program to become 100% PCB free has been accomplished and future budgets include only an on-going maintenance function	(22,684)	5,328	(1,607)	1,279	(17,684)
Wholesale Metering	London Hydro has taken full responsibility of these metering points and will no longer incur one-time exit fees or legacy meter service provider fees from Hydro One related to transition	(24,716)	20,151	(69,008)	46,701	(26,872)
Smart Meter Start-up Cost	Non - labour Start up costs will be recovered through SMIRR			148,989	(148,989)	-
	Adjustment to reflect incremental costs for recovery			(330,000)	330,000	-
Epost	Program ended in 2011 as not cost effective, new on-line services offered on London Hydro Website to meet customer demand	2,975	(14,090)	(32,033)	-	(43,149)
Year over Year and Total Change - 2009 to 2013		**(44,425)**	**11,389**	**(283,660)**	**228,991**	**(87,705)**
TECHNOLOGY CHANGE						
Contracted Meter Reading	With the introduction of TOU and new technology for wireless meter readings the traditional meter reading is replaced. Remaining meter reading cost is mainly related to the water readings and are recovered through the Service Level Agreement with the City of London. See Exhibit 4, Shared Service and Corporate Cost Allocation, Page 99.	(63,828)	(185,627)	(135,833)	88,264	(297,024)
Year over Year and Total Change - 2009 to 2013		**(63,828)**	**(185,627)**	**(135,833)**	**88,264**	**(297,024)**

LPMA #23 Table 4-13 Summary of Cost Drivers: Non-Labour, cont'd

ECONOMIC - REGULATORY COMPLIANCE						
Contracted Collection Services	Consumers continue to have difficulty paying bills due to the combined impact of the economy, regulated price increases, and TOU billing. London Hydro negotiated new pricing in 2011.	96,752	9,166	8,019	2,291	116,228
Bad Debt Expense	Despite London Hydro's best collection efforts, bad debt expenses continue to rise. The economy, price increases, TOU, as well as regulations impacting collection practices are continuing to increase bad debts.	295,000	(320,000)	(475,000)	675,000	175,000
Year over Year and Total Change - 2009 to 2013		**391,752**	**(310,834)**	**(466,981)**	**677,291**	**291,228**
SUCCESSION PLANNING, SKILL UPGRADE AND SUSTAINMENT						
Employee Training and Development	The Strategic plan outlines the importance of skilled resources, and training programs must respond to changes in technology, and new skill development. The aging workforce will result in continued high turn-over in future years.	(26,844)	216,658	(84,965)	53,416	158,265
Year over Year and Total Change - 2009 to 2013		**(26,844)**	**216,658**	**(84,965)**	**53,416**	**158,265**
WEATHER AND ENVIRONMENTAL ISSUES						
Snow Removal	Year to year fluctuations impact comparability of prior year actuals to future year forecasts. Test year forecast based on historical averages, although fluctuates from 2009 Actual	67,335	(29,401)	(49,690)	44,921	33,166
Operating & Maintenance Materials and Supplies	Materials related to storm damage and cycle maintenance programs impact total cost year on year.	69,231	(59,929)	37,910	133,791	181,004
Environmental Assessments and Remediation	Deferrals in programs from prior years are no longer possible. New ongoing assessments and remediation is required	(6,892)	4,609	230,527	(176,860)	51,383
Year over Year and Total Change - 2009 to 2013		**129,673**	**(84,721)**	**218,747**	**1,853**	**265,553**

LPMA #23 Table 4-13 Summary of Cost Drivers: Non-Labour, cont'd

OUTSOURCING OPPORTUNITIES / CUSTOMER DEMAND						
Plant Locates	Positioning London Hydro to take advantage of amalgamation of plant locate services and future efficiencies. The internal labour plan reflects reduced headcount requirement for this activity. Locates completed by the service provider continue to increase from the 2009 level.	132,017	28,440	23,406	20,000	203,863
Year over Year and Total Change - 2009 to 2013		**132,017**	**28,440**	**47,929**	**(4,523)**	**203,863**
CAPITAL INVESTMENT - IMPACT TO OM&A						
Depreciation (part of Fleet overhead)	Since 2009 London Hydro has invested in the fleet in order to reduce maintenance cost, down time, provide efficient, safe and reliable equipment. Approximately 40% of fleet costs remain in OM&A	95,157	224,299	(225,538)	575,808	669,726
Standby Generator	New investment to provide on-going power supply for emergency situations. Also a safety cost driver	11,272	8,453	(11,228)	10,420	18,916
HVAC Expense	Costs for maintaining the HVAC system were increasing significantly. Replacement of the systems in 2010 and 2011 have resulted in lower on-going cost in 2012.	76,165	5,284	(47,914)	(24,972)	8,563
Lease Cost / Vehicle Parts & Auto Body Repair	No longer leasing and contracted auto body repair has declined	(190,020)	58,578	(57,527)	93,850	(95,119)
Year over Year and Total Change - 2009 to 2013		**(7,426)**	**296,613**	**(342,208)**	**655,106**	**602,086**

LPMA #23 Table 4-13 Summary of Cost Drivers: Non-Labour, cont'd

CONTRACT COST / RENEGOTIATIONS / ALTERNATE SERVICE PROVIDERS						
Photocopier Expense	Competition in market results in negotiations with a new service provider.	(2,909)	(19,013)	3,747	(76)	(18,251)
Telephone Expense	Competition in market results in negotiations with a new service provider.	(8,142)	(39,047)	19,442	1,121	(26,626)
Insurance Claims Expense	By changing insurance coverage and deductibles, eliminated this cost while maintaining insurance premiums within normal inflationary increases	(35,266)	(1,680)	(511)	1,405	(36,052)
Facility Maintenance Contracts and Expense	Contracts such as janitorial, landscape, security, has been renegotiated since 2009	68,057	121,586	(266,400)	321,754	244,998
Software Mtce - Financial Systems	Issued an RFP for Financial systems support (JDEdwards), resulting in awarding contract at lower price	(584)	(13,662)	(15,157)	1,100	(28,303)
Payment Processing Fees	Faced with 110% increases from service provider this previously outsourced activity was brought in-house. As volumes of lockbox mail continue to decline London Hydro will be able to reduce hours and maintain lower unit processing costs	(3,945)	(6,182)	(42,640)	6,872	(45,895)
Fuel	Price increases of 33.6% experienced over the 2009 - 2013 period.	13,072	54,341	32,291	(14,136)	85,567
Postage	Price increases of 17.5% experienced over the 2009 Actual - 2013 Test period. This price is non-controllable	88,746	80,977	75,365	(49,539)	195,549
Year over Year and Total Change - 2009 to 2013		**119,029**	**177,320**	**(193,862)**	**268,501**	**370,987**
OTHER COST VARIANCES						
Year over Year and Total Change - 2009 to 2013		**121**	**147,199**	**(53,154)**	**432,238**	**526,404**
TOTAL ANNUAL CHANGE: NON LABOUR:		1,428,666	676,993	(1,639,423)	3,007,133	3,473,369

VECC #22 – Table 4-27

SUMMARY OF PURCHASED SERVICES - SIGNIFICANT COST VARIANCES								
	CGAAP							MIFRS
	2009 OEB Submission	2009 OEB Approved	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 TEST	2013 TEST
			$	$	$	$	$	$
Significant Expense & Cost Variances:								
Operations and Maintenance:								
Contractor Services	401,500	401,500	418,683	447,890	421,945	349,663	484,700	484,700
Plant Locate Services	292,200	292,200	256,137	388,154	416,594	464,523	460,000	460,000
PCB Elimination Services	5,200	5,200	22,684	-	5,328	3,721	5,000	5,000
Wholesale Metering Services	123,900	123,900	140,772	116,056	136,208	67,199	113,900	113,900
General and Administrative:								
Advertising Expense	158,400	158,400	155,747	162,562	115,828	68,221	217,400	217,400
Legal Fees	147,100	147,100	90,853	89,643	105,349	114,376	170,600	170,600
Collection Agency Fees	90,000	90,000	54,529	65,960	74,900	71,605	80,000	80,000
Disaster Recovery Expense	51,500	51,500	58,884	52,640	50,828	53,368	54,000	54,000
Contractor / Consulting Services	796,700	796,700	807,312	1,689,228	1,750,746	1,111,228	1,258,100	1,258,100
Bill Printing Services	59,700	59,700	71,360	94,283	88,231	88,287	100,000	100,000
Epost Contracted Services	38,600	38,600	43,149	46,124	32,033	-	-	-
Payment Processor Fees	92,700	92,700	109,095	105,150	98,968	56,328	63,200	63,200
Contract Collection Services	250,000	250,000	159,243	244,564	244,790	256,104	250,000	250,000
Contract Meter Reading Service	1,060,900	1,060,900	997,024	933,196	747,569	611,736	700,000	700,000
	3,568,400	3,568,400	3,385,472	4,435,450	4,289,317	3,316,361	3,956,900	3,956,900
Other Expense & Cost Variances:								
Operations and Maintenance:	82,600	82,600	68,801	94,320	55,123	49,631	100,000	100,000
General and Administrative:	691,000	691,000	618,118	612,900	670,548	670,840	718,700	718,700
Smart Meter Costs *(Note 1)*						286,328	238,900	238,900
	773,600	773,600	686,919	707,220	725,671	1,006,799	1,057,600	1,057,600
TOTAL EXPENSE & COST VARIANCE:	**4,342,000**	**4,342,000**	**4,072,391**	**5,142,670**	**5,014,988**	**4,323,160**	**5,014,500**	**5,014,500**

Note 1 - see detailed schedule of smart meter expense - Table 4-5

VECC #22 – Table 4-28

SUMMARY OF MATERIALS & SUPPLIES - SIGNIFICANT COST VARIANCES								
	CGAAP							MIFRS
	2009 OEB Submission	2009 OEB Approved	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 TEST	2013 TEST
			$	$	$	$	$	$
Significant Expense & Cost Variances:								
Operations and Maintenance:								
Conductors	30,600	30,600	34,326	53,241	45,658	51,940	51,800	51,800
Hardware, Attachs & Terms	360,500	360,500	330,385	355,430	384,085	363,142	422,900	422,900
General Maintenance Supplies	102,100	102,100	113,615	122,535	85,045	151,531	142,863	142,863
Small Tool & Shop Supplies	218,600	218,600	180,931	189,538	167,895	149,821	219,100	219,100
Poles	25,800	25,800	36,403	44,146	22,278	26,437	40,000	40,000
General and Administrative:								
Office Supplies	84,800	84,800	93,171	90,344	86,438	93,634	100,800	100,800
Forms, Prints & Stationery	131,700	131,700	127,111	76,015	115,038	124,167	92,400	92,400
	954,100	954,100	915,941	931,249	906,438	960,672	1,069,863	1,069,863
Other Expense & Cost Variances:	120,400	120,400	86,067	88,202	98,956	88,108	106,100	106,100
TOTAL EXPENSE & COST VARIANCE:	**1,074,500**	**1,074,500**	**1,002,008**	**1,019,451**	**1,005,394**	**1,048,780**	**1,175,963**	**1,175,963**

VECC #22 – Table 4-29

SUMMARY OF FACILITIES MAINTENANCE & REPAIR - SIGNIFICANT COST VARIANCES								
	CGAAP							MFRS
	2009 OEB Submission	2009 OEB Approved	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 TEST	2013 TEST
	$	$	$	$	$	$	$	$
Significant Expense & Cost Variances:								
Contractor Services	218,000	218,000	210,912	169,266	220,546	186,408	267,000	267,000
HVAC Expense	100,000	100,000	156,437	232,602	237,886	189,972	165,000	165,000
Utilities	386,300	386,300	361,249	367,270	360,980	359,761	390,000	390,000
Electrical	80,000	80,000	120,305	168,924	120,327	97,605	120,000	120,000
Painting	40,000	40,000	40,311	35,913	25,590	24,620	40,000	40,000
Janitorial Services	246,500	246,500	221,145	201,801	199,634	210,761	223,500	223,500
Landscape Expense	75,000	75,000	55,847	32,264	52,350	47,188	55,000	55,000
Snow Removal	90,000	90,000	56,834	124,169	94,768	45,079	90,000	90,000
Plumbing/Sewer	60,000	60,000	30,817	63,178	32,570	34,341	50,000	50,000
Furniture Mntce & Expense	30,000	30,000	57,467	79,370	61,898	39,184	73,500	73,500
Door Maintenance	20,000	20,000	12,585	26,843	25,192	21,039	25,000	25,000
Fencing & Gates	25,000	25,000	5,644	11,319	2,026	2,114	15,000	15,000
Fire Protection	30,000	30,000	22,601	27,521	38,060	29,045	43,000	43,000
Paving	15,000	15,000	15,062	27,355	24,350	-	25,000	25,000
Standby Generator Maintenance	22,000	22,000	29,084	40,356	48,809	37,580	48,000	48,000
	1,437,800	1,437,800	1,396,299	1,608,150	1,544,987	1,324,697	1,630,000	1,630,000
Other Expense & Cost Variances:	94,000	94,000	72,088	73,669	71,121	66,180	108,000	108,000
TOTAL EXPENSE & COST VARIANCE:	**1,531,800**	**1,531,800**	**1,468,387**	**1,681,819**	**1,616,108**	**1,390,877**	**1,738,000**	**1,738,000**

VECC #22 – Table 4-30

SUMMARY OF OFFICE EQUIPMENT SERVICES & MAINTENANCE - SIGNIFICANT COST VARIANCES								
	CGAAP							MIFRS
	2009 OEB Submission	2009 OEB Approved	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 TEST	2013 TEST
	$	$	$	$	$	$	$	$
Significant Expense & Cost Variances:								
Photocopier Equipment Lease	116,400	116,400	125,451	122,542	103,529	107,276	107,200	107,200
Telephone Equipment / Lines	198,100	198,100	268,726	260,584	221,537	240,979	242,100	242,100
Software Expense	770,600	770,600	680,439	756,180	1,023,665	942,099	1,043,700	1,043,700
Hardware Maintenance Expense	93,900	93,900	117,968	110,780	232,228	202,623	235,000	235,000
	1,179,000	1,179,000	1,192,584	1,250,086	1,580,959	1,492,976	1,628,000	1,628,000
Other Expense & Cost Variances:	145,000	145,000	149,946	177,713	167,673	131,655	164,600	164,600
Smart Meter Expenses *(Note 1)*						107,053	126,600	126,600
TOTAL EXPENSE & COST VARIANCE:	**1,324,000**	**1,324,000**	**1,342,531**	**1,427,800**	**1,748,632**	**1,731,684**	**1,919,200**	**1,919,200**

Note 1 - see detailed schedule of smart meter expense - Table 4-5

VECC #22 – Table 4-31

SUMMARY OF SOFTWARE AND HARDWARE EXPENSE						
	CGAAP					MIFRS
	2009 ACTUAL $	2010 ACTUAL $	2011 ACTUAL $	2012 ACTUAL	2013 TEST $	2013 TEST $
Software						
Applications	529,842	642,628	883,507	838,811	910,000	910,000
Infrastructure	59,476	43,684	52,735	46,430	39,000	39,000
Network Security	31,778	11,905	19,669	17,738	29,300	29,300
Network & Telecom	55,316	52,986	65,835	26,171	64,600	64,600
End User Computing	4,028	4,977	1,921	12,950	800	800
TOTAL SOFTWARE	**680,439**	**756,180**	**1,023,667**	**942,099**	**1,043,700**	**1,043,700**
Hardware						
Servers & Storage	51,162	63,699	182,639	151,729	179,900	179,900
Network Security	9,234	10,394	4,141	8,249	13,800	13,800
Network & Telecom	32,700	27,541	22,317	27,922	24,800	24,800
End User Computing	24,181	9,147	23,129	14,724	10,500	10,500
Peripherals	692	-	-	-	6,000	6,000
TOTAL HARDWARE	**117,968**	**110,781**	**232,226**	**202,623**	**235,000**	**235,000**
Smart Meter Costs						
Software	-	-	-	96,580	120,600	120,600
Hardware	-	-	-	5,680	6,000	6,000
TOTAL SMART METER COSTS	**-**	**-**	**-**	**102,260**	**126,600**	**126,600**
TOTAL	**798,408**	**866,961**	**1,255,893**	**1,246,983**	**1,405,300**	**1,405,300**

VECC #22 – Table 4-33

SUMMARY OF FLEET OPERATIONS & MAINTENANCE - SIGNIFICANT COST VARIANCES								
	CGAAP							MIFRS
	2009 OEB Submission	2009 OEB Approved	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 TEST	2013 TEST
	$	$	$	$	$	$	$	$
Significant Expense & Cost Variances:								
Lease Expense	72,000	72,000	62,184	20,466	13,778	10,059	10,000	10,000
Fuel Expense	388,200	388,200	254,433	267,505	321,846	354,136	340,000	340,000
Vehicle Parts / Auto Body Repair	472,100	472,100	477,936	329,633	394,899	341,090	435,000	435,000
V&E Depreciation	481,900	481,900	458,274	553,431	777,730	552,192	1,128,000	727,000
	1,414,200	1,414,200	1,252,826	1,171,035	1,508,252	1,257,478	1,913,000	1,512,000
Other Expense & Cost Variances:	147,500	147,500	161,790	162,100	151,372	156,310	173,000	173,000
TOTAL EXPENSE & COST VARIANCE:	**1,561,700**	**1,561,700**	**1,414,617**	**1,333,134**	**1,659,625**	**1,413,788**	**2,086,000**	**1,685,000**

VECC #22 – Table 4-35

SUMMARY OF CORPORATE TRAINING AND EMPLOYEE EXPENSES - SIGNIFICANT COST VARIANCES								
	CGAAP							MIFRS
	2009 OEB Submission	2009 OEB Approved	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 TEST	2013 TEST
	$	$	$	$	$	$	$	$
Significant Expense & Cost Variances:								
O/T Meal Allowance	32,100	32,100	26,840	31,943	32,567	33,194	34,700	34,700
Corporate Clothing	70,600	70,600	72,023	47,960	77,449	66,296	71,600	71,600
Boot and Tool Allowance	42,100	42,100	39,100	35,280	37,666	46,491	45,600	45,600
Membership Dues	20,900	20,900	16,894	20,943	21,519	26,372	26,200	26,200
Department Safety Supplies	99,500	99,500	107,743	94,145	119,346	115,124	105,300	105,300
Relocation / Recruitment Exp	30,600	30,600	20,457	34,159	19,478	14,207	30,000	30,000
Corporate Medical Expenses	16,000	16,000	11,338	8,202	15,466	18,150	24,700	24,700
LEAC / Employee Wellness	25,500	25,500	31,019	43,096	51,032	51,198	57,900	57,900
Recognition Gifts	33,700	33,700	20,454	23,242	30,830	28,505	26,500	26,500
Employee Development / Training	510,100	385,100	368,735	341,891	558,549	473,584	527,000	527,000
	881,100	756,100	714,601	680,861	963,902	873,120	949,500	949,500
Other Expenses & Cost Variances:	51,800	51,800	46,442	54,023	66,783	78,026	76,300	76,300
Smart Meter Expenses *(Note 1)*						11,967	4,000	4,000
TOTAL EXPENSE & COST VARIANCE:	**932,900**	**807,900**	**761,043**	**734,884**	**1,030,685**	**963,114**	**1,029,800**	**1,029,800**

Note 1 - see detailed schedule of smart meter expense - Table 5

VECC #22 – Table 4-36

SUMMARY OF RENTAL REGULATORY & OTHER EXPENSES - SIGNIFICANT COST VARIANCES								
	CGAAP							MIFRS
	2009 OEB Submission	2009 OEB Approved	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 TEST	2013 TEST
	$	$	$	$	$	$	$	$
Significant Expense & Cost Variances:								
Non-recoverable Claims Exp	40,800	40,800	37,552	2,285	606	95	1,500	1,500
School Safety Program	12,200	12,200	11,407	13,402	13,212	17,414	15,000	15,000
Corporate Membership Fees	134,800	134,800	138,932	144,202	149,273	156,404	154,200	154,200
Property Lease	189,000	189,000	190,619	190,656	188,423	186,153	189,200	189,200
OEB Regulatory Expense	367,200	367,200	384,242	377,039	393,158	413,479	417,200	417,200
OEB Hearing Expense	72,800	72,800	161,345	-	(30,000)	98,356	90,500	90,500
IMO Prudential Fees	28,600	28,600	26,335	31,780	26,336	26,408	30,000	30,000
	845,400	845,400	950,432	759,365	741,008	898,308	897,600	897,600
Other Expense & Cost Variances:	178,000	160,363	162,898	138,198	344,973	189,025	232,200	232,200
Total Before Smart Meters	**1,023,400**	**1,005,763**	**1,113,329**	**897,563**	**1,085,981**	**1,087,334**	**1,129,800**	**1,129,800**
Incremental Smart Meter Expenses *(Note 1)*						65,110	73,400	73,400
Incremental Smart Meter Cost Adjustment						(330,000)		
TOTAL EXPENSE & COST VARIANCE:	**1,023,400**	**1,005,763**	**1,113,329**	**897,563**	**1,085,981**	**822,444**	**1,203,200**	**1,203,200**

Note 1 - see detailed schedule of smart meter expense - Table 4-5

VECC #30 - Table 4-42 Detailed, Account by Account, OM&A Expense Table

Acct	Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual	2012 Actual	2013 TEST Year	2013 TEST Year
Reporting Basis		**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
Operations							
5005	Operation Supervision and Engineering	$ 1,258,994	$ 1,395,778	$ 1,636,095	$ 1,759,993	$ 1,879,668	$ 1,924,935
5010	Load Dispatching	1,296,420	1,220,584	1,297,969	$ 1,433,677	1,580,153	1,580,153
5012	Station Buildings and Fixtures Expense	221,313	219,793	195,112	$ 214,454	226,631	226,631
5014	Transformer Station Equipment - Operation Labour	-	-	-	$ -	-	-
5015	Transformer Station Equipment - Operation Supplies and Exp	-	-	-	$ -	-	-
5016	Distribution Station Equipment - Operation Labour	152,951	119,253	165,190	$ 173,349	162,547	162,547
5017	Distribution Station Equipment - Operation Supplies and Exp	458,250	303,181	363,340	$ 364,125	346,028	454,931
5020	Overhead Distribution Lines and Feeders - Operation Labour	27,132	24,787	60,204	$ 50,814	37,151	37,151
5025	Overhead Distribution Lines and Feeders-Operation Supplies & Exp	438,331	304,447	308,813	$ 415,561	300,932	407,951
5030	Overhead Sub-transmission Feeders - Operation	-	-	-	$ -	-	-
5035	Overhead Distribution Transformers - Operation	41,026	3,130	19,553	$ 17,887	19,559	23,125
5040	Underground Distribution Lines and Feeders - Operation Labour	85,665	61,852	51,197	$ 50,925	72,210	72,210
5045	Underground Distribution Lines and Feeders - Operation Supplies & Exp	76,915	52,243	49,603	$ 59,058	52,824	67,635
5050	Underground Sub-transmission Feeders - Operation	-	-	-	$ -	-	-
5055	Underground Distribution Transformers - Operation	493,020	283,265	400,125	$ 578,004	339,496	441,196
5060	Street Lighting and Signal System Expense	-	-	-	$ -	-	-
5065	Meter Expense	643,483	747,504	846,336	$ 953,922	762,099	762,099
5070	Customer Premises - Operation Labour	-	-	-	$ -	-	-
5075	Customer Premises - Operation Materials and Expenses	-	-	-	$ -	-	-
5085	Miscellaneous Distribution Expenses	1,964,358	2,420,493	2,400,326	$ 2,291,337	2,556,988	2,556,988
5090	Underground Distribution Lines and Feeders - Rental Paid	-	-	-	$ -	-	-
5095	Overhead Distribution Lines and Feeders - Rental Paid	81,886	82,090	80,223	$ 69,511	94,496	94,496
5096	Other Rent	-	-	-	$ -	-	-
Total - Operations		$ 7,239,743	$ 7,238,401	$ 7,874,084	$ 8,432,617	$ 8,430,782	$ 8,812,049

VECC #30 - Table 4-42 Detailed, Account by Account, OM&A Expense Table, cont'd

Acct	Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual	2012 Actual	2013 TEST Year	2013 TEST Year
Reporting Basis		**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
Maintenance							
5105	Maintenance Supervision and Engineering	$ 1,050,377	$ 1,242,742	$ 1,420,801	$ 1,525,703	$ 1,747,339	$ 1,702,072
5110	Maintenance of Buildings and Fixtures - Distribution Stations	45,280	44,335	92,967	80,044	67,009	67,009
5112	Maintenance of Transformer Station Equipment	-	-	-	-	-	-
5114	Maintenance of Distribution Station Equipment	140,079	217,687	296,775	388,040	253,783	253,783
5120	Maintenance of Poles, Towers and Fixtures	715,826	696,114	494,639	445,916	725,065	725,065
5125	Maintenance of Overhead Conductors and Devices	1,028,495	1,065,656	1,366,596	1,458,107	1,421,976	1,421,976
5130	Maintenance of Overhead Services	146,430	177,095	207,094	179,043	197,365	197,365
5135	Overhead Distribution Lines and Feeders - Right of Way	581,897	647,810	785,017	794,373	920,100	920,100
5145	Maintenance of Underground Conduit	263,195	362,082	126,356	307,503	317,588	317,588
5150	Maintenance of Underground Conductors and Devices	805,664	880,178	1,125,571	965,821	950,176	950,176
5155	Maintenance of Underground Services	442,246	485,985	521,033	495,852	512,908	512,908
5160	Maintenance of Line Transformers	413,936	502,903	316,721	326,298	448,239	448,239
5165	Maintenance of Street Lighting and Signal Systems	-	-	-	-	-	-
5170	Sentinel Lights - Labour	-	-	-	-	-	-
5172	Sentinel Lights - Materials and Expenses	-	-	162	-	47	47
5175	Maintenance of Meters	9,792	66,007	28,453	314,272	275,364	275,364
5178	Customer Installations Expenses - Leased Property	-	-	-	-	-	-
5195	Maintenance of Other Installations on Customer Premises	-	-	-	-	-	-
Total - Maintenance		$ 5,643,217	$ 6,388,593	$ 6,782,183	$ 7,280,971	$ 7,836,959	$ 7,791,693

VECC #30 - Table 4-42 Detailed, Account by Account, OM&A Expense Table, cont'd

Acct	Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual	2012 Actual	2013 TEST Year	2013 TEST Year
Reporting Basis		**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
Billing and Collecting							
5305	Supervision	$ 88,553	$ 87,365	$ 85,214	$ 85,628	$ 80,443	$ 80,443
5310	Meter Reading Expense	1,524,579	1,367,829	1,409,092	1,206,726	1,248,848	1,248,848
5315	Customer Billing	2,175,953	2,011,563	2,033,959	2,026,069	1,789,354	1,789,354
5320	Collecting	1,272,225	1,306,745	1,369,719	1,252,800	1,197,519	1,197,519
5325	Collecting - Cash Over and Short	-	-	-	-	-	-
5330	Collection Charges	(493,985)	(661,368)	(672,100)	(746,325)	(667,000)	(667,000)
5335	Bad Debt Expense	825,000	1,120,000	800,000	325,000	1,000,000	1,000,000
5340	Miscellaneous Customer Accounts Expenses	-	-	-	-	-	-
Total - Billing and Collecting		$ 5,392,324	$ 5,232,134	$ 5,025,884	$ 4,149,897	$ 4,649,165	$ 4,649,165
Acct	**Description**	**Last Rebasing Year (2009 Actuals)**	**2010 Actual**	**2011 Actual**	**2012 Actual**	**2013 TEST Year**	**2013 TEST Year**
Community Relations							
5405	Supervision	$ -	$ -	$ -	$ -	$ -	$ -
5410	Community Relations - Sundry	38,844	70,506	39,250	33,347	92,340	92,340
5415	Energy Conservation	219,195	90,165	34,025	(0)	-	-
5420	Community Safety Program	94,113	90,504	105,456	110,140	112,997	112,997
5425	Miscellaneous Customer Service and Informational Expenses	-	-	-	-	-	-
5505	Supervision	-	-	-	-	-	-
5510	Demonstrating and Selling Expense	-	-	-	-	-	-
5515	Advertising Expenses	-	-	-	-	-	-
5520	Miscellaneous Sales Expense	-	-	-	-	-	-
Total - Community Relations		$ 352,152	$ 251,175	$ 178,731	$ 143,487	$ 205,337	$ 205,337

VECC #30 - Table 4-42 Detailed, Account by Account, OM&A Expense Table, cont'd

Acct	Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual	2012 Actual	2013 TEST Year	2013 TEST Year
Reporting Basis		**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**
Administrative and General Expenses							
5605	Executive Salaries and Expenses	$ 1,047,992	$ 984,165	$ 1,066,582	$ 180,438	$ 1,140,925	$ 1,140,925
5610	Management Salaries and Expenses	842,539	1,291,293	1,256,619	1,181,592	1,378,848	1,378,848
5615	General Administrative Salaries and Expenses	1,988,455	2,656,469	2,577,862	4,064,248	3,042,152	3,042,152
5620	Office Supplies and Expenses	1,039,106	1,114,368	1,222,633	1,228,048	1,225,718	1,225,718
5625	Administrative Expense Transferred - Credit	-	-	-	-	-	-
5630	Outside Services Employed	472,272	1,516,867	1,184,623	1,053,666	1,168,753	1,168,753
5635	Property Insurance	420,500	394,895	411,307	403,635	427,860	427,860
5640	Injuries and Damages	297,775	215,132	248,767	222,978	277,054	277,054
5645	OMERS Pensions and Benefits	133,685	182,541	223,313	220,815	249,208	249,208
5646	Employee Pensions and OPEB	-	-	-	-	-	-
5647	Employee Sick Leave	-	-	-	-	-	-
5650	Franchise Requirements	-	-	-	-	-	-
5655	Regulatory Expenses	571,922	408,819	389,494	538,243	537,700	537,700
5660	General Advertising Expenses	404,405	417,810	406,027	463,729	586,260	586,260
5665	Miscellaneous General Expenses	1,286,805	1,365,210	1,395,733	1,317,352	1,662,265	1,662,265
5670	Rent	-	-	-	-	-	-
5672	Lease Payment Charge	-	-	-	-	-	-
5675	Maintenance of General Plant	611,324	541,510	532,739	535,225	589,576	589,576
5680	Electrical Safety Authority Fees	-	-	-	-	-	-
5681	Special Purpose Charge Expense	-	-	-	-	-	-
5685	Independent Electricity System Operator Fees and Penalties	-	-	-	-	-	-
5695	OM&A Contra Account	-	-	-	-	-	-
6205	Donations	3,291	7,252	5,742	33,217	-	-
6205	Donations, Sub-account LEAP Funding	100,000	100,000	100,000	100,000	100,000	100,000
Total - Administrative and General Expenses		$ 9,220,072	$11,196,330	$11,021,441	$11,543,185	$12,386,320	$12,386,320
Total OM&A and Donations		$27,847,508	$30,306,634	$30,882,323	$31,550,159	$33,508,563	$33,844,563
Adjustments for non-recoverable items							
5681	Special Purpose Charge Expense	$ -	$ -	$ -		$ -	$ -
6205	Donations	3,291	7,252	5,742	33,217	-	-
Total Recoverable OM&A, and Donations		**$27,844,217**	**$30,299,382**	**$30,876,581**	**$31,516,942**	**$33,508,563**	**$33,844,563**

Ontario
Ministry of Finance
33 King St W
PO Box 622
Oshawa ON L1H 8H6

HPL - tL059

0000016

LONDON HYDRO INC.
ATTENTION: C/O DAVID WILLIAMSON J.STEPHENS
111 HORTON ST E
LONDON ON N6B 3N9

Issue Date 29-Jun-2012

Business No. 864837430TW0001
Reference No. L1903712128

Notice of Assessment - Hydro Payment in Lieu

Electricity Act, 1998, Corporations Tax Act

Your account has been assessed resulting in a balance as indicated below.

Period Ending: 31-Dec-2011	**Return As Filed**
Total Federal Tax	$896,545.00
Total Ontario Tax	$606,369.00
Total Credits	($37,191.00)
Loss Carry-back	$0.00
Total Tax Payable	$1,465,723.00
Interest	$0.00
Current Penalty	$0.00
Credits/Payments	($1,465,723.00)
Total Assessment	**$0.00**

As of 29-Jun-2012, including the amount assessed above, you have an overall credit balance on your account of ($334,309.00).

If you have any questions concerning this Notice of Assessment, please call the number listed below. After discussion with a ministry representative, if you still do not agree with this assessment you have the right to file a Notice of Objection with the Objections and Appeals Branch within 180 days of the issue date of this form. Any taxes, interest and penalties that are outstanding as a result of the assessment are due and payable even if you have filed, or intend to file, a Notice of Objection.

If you have any questions or require additional information, please visit our website or call the Ministry of Finance at the number listed below.

Ministry use only

LONDON HYDRO INC.

CAPITAL COST ALLOWANCE

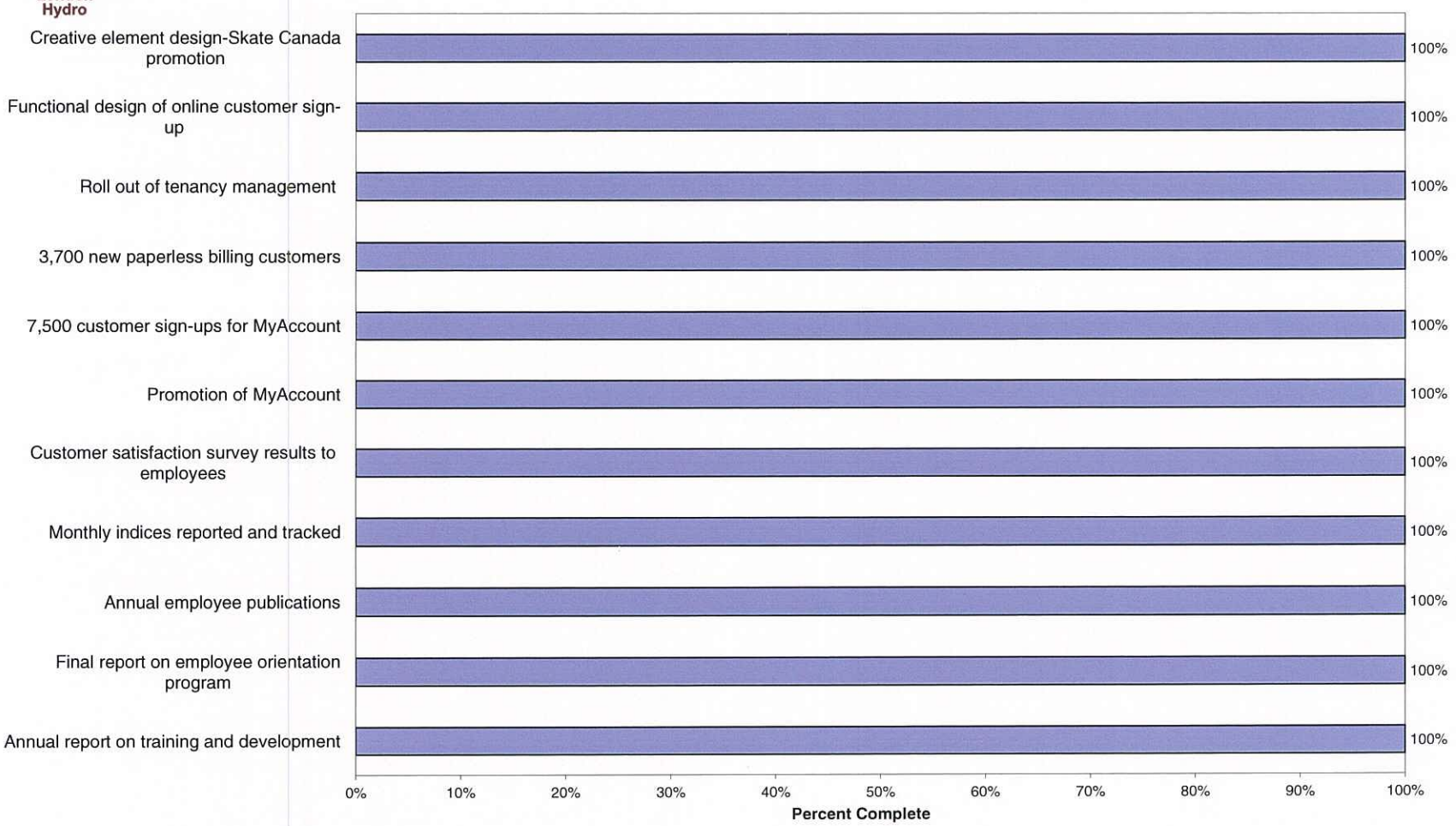
2013 TEST YEAR - MIFRS

(with opening UCC under CGAAP)

CCA CONTINUITY SCHEDULE (2013 TEST) - MIFRS										
Class	**Class description**	**UCC prior year ending balance (CGAAP)**	**Additions**	**Dispositions**	**UCC before 1/2 year adjustment**	**1/2 year rule (1/2 additions, less disposals)**	**Reduced UCC**	**Rate %**	**CCA**	**UCC ending balance**
1	Distribution system - 1988 to Feb 22, 2005	79,203,173			79,203,173	-	79,203,173	4%	3,168,127	76,035,046
1	Buildings - pre 2007	8,281,781			8,281,781	-	8,281,781	4%	331,271	7,950,510
1	Buildings - post 2007	776,000	575,000		1,351,000	(287,500)	1,063,500	6%	63,810	1,287,190
2	Distribution system - pre 1988	33,909,697	-		33,909,697	-	33,909,697	6%	2,034,582	31,875,115
8	Equipment	18,080,521	976,200		19,056,721	(488,100)	18,568,621	20%	3,713,724	15,342,997
10	Computer hardware / vehicles	3,519,075	1,210,000		4,729,075	(605,000)	4,124,075	30%	1,237,222	3,491,853
12	Computer software	2,660,000	5,520,000		8,180,000	(2,760,000)	5,420,000	100%	5,420,000	2,760,000
38	Power-operated equipment	420,089	200,000		620,089	(100,000)	520,089	30%	156,027	464,062
47	Distribution system - post Feb 22, 2005	80,739,921	17,060,200	(280,000)	97,520,121	(8,390,100)	89,130,021	8%	7,130,402	90,389,719
50	Computer hardware - post 2007	470,510	480,000		950,510	(240,000)	710,510	55%	390,781	559,729
		228,060,767	**26,021,400**	**(280,000)**	**253,802,167**	**(12,870,700)**	**240,931,467**		**23,645,946**	**230,156,221**

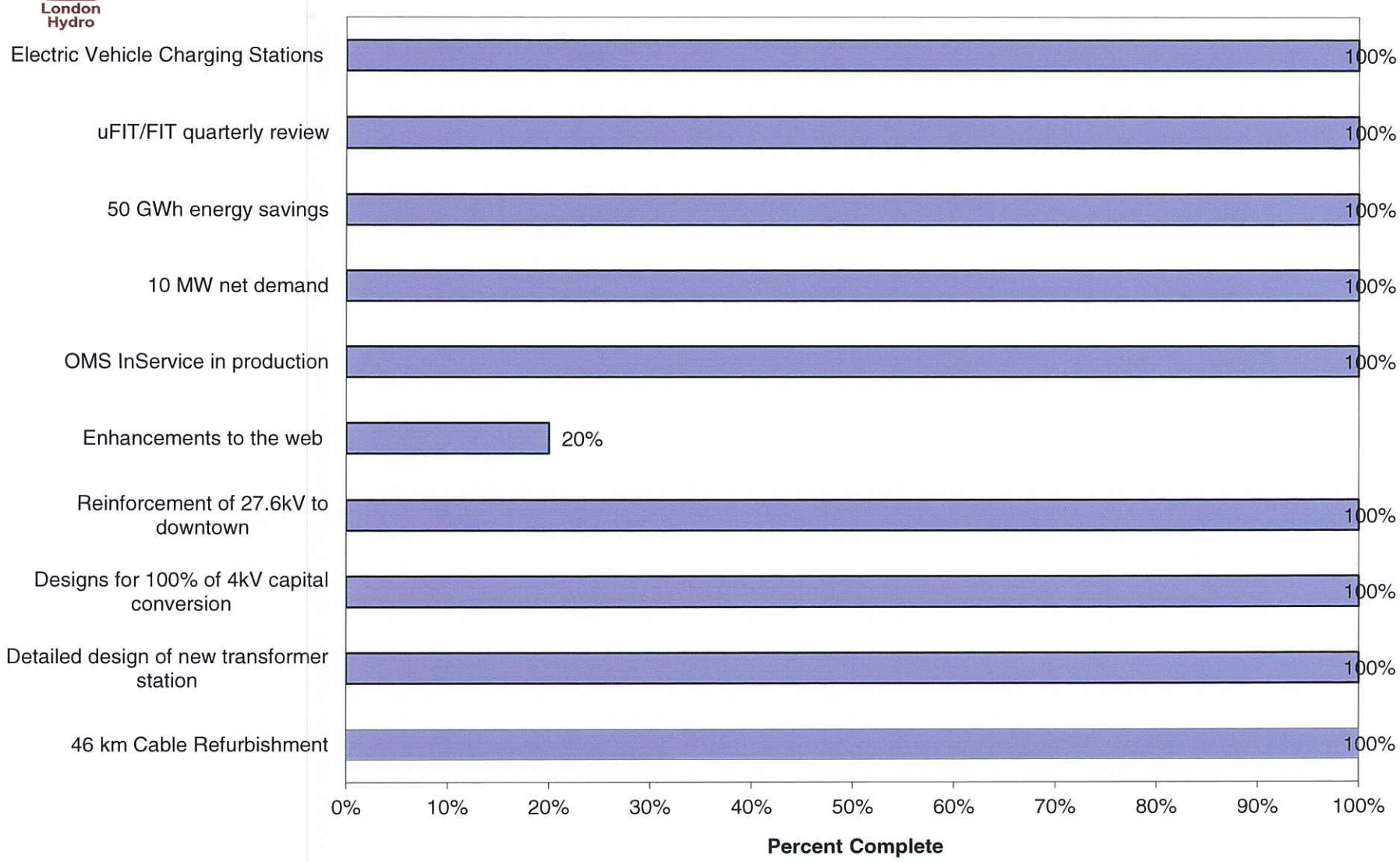
London Hydro

2012 Corporate Q4 Targets as of December 31, 2012



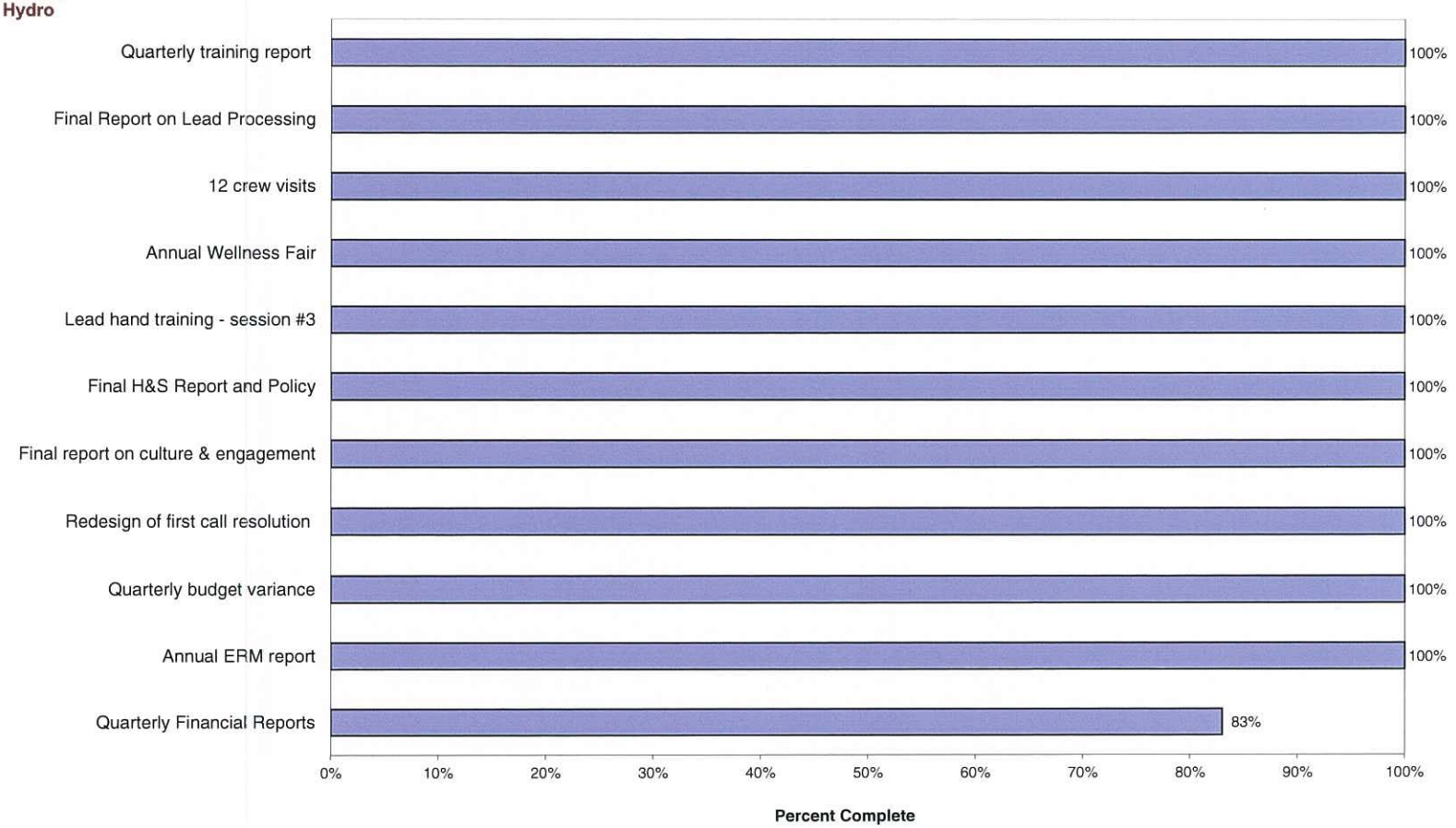
London Hydro

2012 Corporate Q4 Targets as of December 31, 2012



London Hydro

2012 Corporate Q4 Targets as of December 31, 2012



APPENDIX D

Summary of Plan Provisions

Hourly and Salaried employees who retire from active service after age 55 are entitled to paid up life insurance and continued health and dental benefit coverage for themselves and their eligible family for life.

In general, retirees are entitled to $10,000 paid up life insurance. However, there are certain grandfathered active employees (5 as of 30 June 2009) who are entitled to retiree life insurance equal to 50% of their pre-retirement annual base earnings. Also, the majority of current retirees are entitled to non-paid up life insurance amounts under previous plan provisions equal to flat dollar amounts, 50% of their pre-retirement annual base earnings, or 70% of their pre-retirement life benefit.

Retiree Divisions

Upon retirement, pre-age 65 hourly retirees are placed in Division 7999 and salaried retirees are placed in Division 7998. Upon the attainment of age 65, hourly and salaried retirees are classified as Division 1983 and 3282 respectively.

The plan provisions for all divisions are summarized below.

Division 7999-00 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year
	All other practitioners (including physiotherapy): $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	$7.00 dispensing fee cap
Vision Care	100% coverage to $250 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,000 / year maximum per person
Orthodontia	50% coverage to $1,250 / lifetime maximum per person

Division 7999-01 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $300 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,200 / year maximum per person
Orthodontia	50% coverage to $1,500 / lifetime maximum per person

Division 7999-05 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $350 maximum every 24 months per person
Hearing Aids	100% standard coverage to a maximum of $500 every 3 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,275 / year maximum per person
Major Restorative	50% coverage to $1,350 / year maximum per person
Orthodontia	50% coverage to $2,000 / lifetime maximum per person

Division 7999-91 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $300 maximum every 24 months per person includes eye exam
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,250 / year maximum per person
Major Restorative	50% coverage to $1,350 / year maximum per person
Orthodontia	50% coverage to $2,000 / lifetime maximum per person

Division 7999-92 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative No dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,000 / year maximum per person
Orthodontia	50% coverage to $1,000 / lifetime maximum per person

Division 7999-96 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year
	Physiotherapist: No maximum
	All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	$7.00 dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,000 / year maximum per person
Orthodontia	50% coverage to $1,000 / lifetime maximum per person

Division 7998-02 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year
	Physiotherapist: $750/calendar year
	All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	$7.00 dispensing fee cap
Vision Care	100% coverage to $300 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthodontia	50% coverage to $2,500 / lifetime maximum per person

Division 7998-04 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $350 maximum every 24 months per person includes eye exams
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,600 / year maximum per person
Major Restorative	50% coverage to $1,600 / year maximum per person
Orthodontia	50% coverage to $2,500 / lifetime maximum per person

Division 7998-10 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $375 maximum every 24 months per person includes eye exams
Hearing Aids	100% standard coverage every 3 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,625 / year maximum per person
Major Restorative	50% coverage to $1,600 / year maximum per person
Orthodontia	50% coverage to $2,500 / lifetime maximum per person

Division 7998-82 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year
	Physiotherapist: No maximum
	All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
Vision Care	100% coverage to $200 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthodontia	50% coverage to $2,000 / lifetime maximum per person

Division 7998-86 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthodontia	50% coverage to $2,000 / lifetime maximum per person

Division 7998-90 - 100% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year All other practitioners (including physiotherapy): $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $250 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthodontia	50% coverage to $2,500 / lifetime maximum per person

Division 1983-00 – 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year
	All other practitioners (including physiotherapy): $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	$7.00 dispensing fee cap
Vision Care	100% coverage to $250 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,000 / year maximum per person
Orthodontia	50% coverage to $1,250 / lifetime maximum per person

Division 1983-01 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year
	Physiotherapist: $750/calendar year
	All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	$7.00 dispensing fee cap
Vision Care	100% coverage to $300 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,200 / year maximum per person
Orthodontia	50% coverage to $1,500 / lifetime maximum per person

Division 1983-11 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year
	Physiotherapist: $750/calendar year
	All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	$7.00 dispensing fee cap
Vision Care	100% coverage to $350 maximum every 24 months per person
Hearing Aids	100% standard coverage to a maximum of $500 every 3 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,275 / year maximum per person
Major Restorative	50% coverage to $1,350 / year maximum per person
Orthodontia	50% coverage to $2,000 / lifetime maximum per person

Division 1983-94 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year
	Physiotherapist: $750/calendar year
	All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	$7.00 dispensing fee cap
Vision Care	100% coverage to $300 maximum every 24 months per person includes eye exam
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,250 / year maximum per person
Major Restorative	50% coverage to $1,350 / year maximum per person
Orthodontia	50% coverage to $2,000 / lifetime maximum per person

Division 1983-96 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year
	Physiotherapist: No maximum
	All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	$7.00 dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,000 / year maximum per person
Orthodontia	50% coverage to $1,000 / lifetime maximum per person

Division 1983-98 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year
	Physiotherapist: No maximum
	All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	No dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,000 / year maximum per person
Major Restorative	50% coverage to $1,000 / year maximum per person
Orthodontia	50% coverage to $1,000 / lifetime maximum per person

Division 3282-88 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year
	Physiotherapist: No maximum
	All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	No dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthodontia	50% coverage to $2,000 / lifetime maximum per person

Division 3282-86 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $300/calendar year Physiotherapist: No maximum All other practitioners: Various cost per visit and/or calendar year maximums
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $200 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthodontia	50% coverage to $2,000 / lifetime maximum per person

Division 3282-90 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible
	$20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year
	All other practitioners (including physiotherapy): $500/calendar year
Hospital	100% Semi-Private coverage, unlimited maximum
	100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs
	Coverage limited to lowest priced generic alternative
	$7.00 dispensing fee cap
Vision Care	100% coverage to $250 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000
	180 day trip maximum
	Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthodontia	50% coverage to $2,500 / lifetime maximum per person

Division 3282-02 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $300 maximum every 24 months per person
Hearing Aids	100% standard coverage every 5 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,500 / year maximum per person
Major Restorative	50% coverage to $1,500 / year maximum per person
Orthodontia	50% coverage to $2,500 / lifetime maximum per person

Division 3282-10 - 15% Company Paid benefits

Benefit	Coverage Summary
Life	$10,000 Paid Up Life (100% paid for by Company)
Extended Health Care	$10 Single Annual Deductible $20 Family Annual Deductible
Paramedical	Chiropractor: $350/calendar year Physiotherapist: $750/calendar year All other practitioners: $500/calendar year combined
Hospital	100% Semi-Private coverage, unlimited maximum 100% Private coverage, $5,000 / 5 years maximum (subject to Extended Health Care deductible)
Drugs	100% coverage, Paid Direct Drug Card - prescription drugs Coverage limited to lowest priced generic alternative $7.00 dispensing fee cap
Vision Care	100% coverage to $375 maximum every 24 months per person includes eye exams
Hearing Aids	100% standard coverage every 3 years
Out of Country	100% coverage for Emergency Care to a maximum $1,000,000 180 day trip maximum Referral coverage to maximum of $50,000
Basic Dental	100% coverage to $1,625 / year maximum per person
Major Restorative	50% coverage to $1,600 / year maximum per person
Orthodontia	50% coverage to $2,500 / lifetime maximum per person