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ONE Nicholas Street, Suite 1204, Ottawa, Ontario, CanadaK1N 7B7
Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Michael Janigan
Counsel for VECC
613-562-4002

February 25, 2013

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: EB-2012-0146/0380 London Hydro Inc.

Please find enclosed the Supplementary Interrogatories of VECC in the above-noted proceeding.

Yours truly,

Michael Janigan
Counsel for VECC

cc. London Hydro Inc. - Mike Chase - chasem@londonhydro.com

REQUESTOR NAME	**VECC**
INFORMATION REQUEST ROUND NO:	**# 2**
TO:	**London Hydro Inc. (London or London Hydro)**
DATE:	**February 25, 2013**
CASE NO:	**EB-2012-0146/0380**
APPLICATION NAME	**2013Cost of Service Electricity Distribution Rate Application**

NB: Interrogatories continue from last VECC # 45

GENERAL (Exhibit 1)

46.0 Reference: LPMA #3, SEC #5, LPMA #4

a) London states that is does not include actual 2012 data in the application. Yet it appears that London does undertake monthly variance analysis and in response to LPMA #4 it appears that actual 2012 data (unaudited) has been used in the interrogatory responses. Please explain why not adjustment is being proposed for changes to the 2012 capital projects data.

47.0 Reference: Exhibit 2, pg. 44 / LPMA #8 / VECC #6

a) Please file an up-to-date tracking sheet and final RRWF form (in Excel format) for the 2013 Application.

RATE BASE (Exhibit 2)

48.0 Reference: Exhibit 2, pg. 44 / LPMA #8 / VECC #6

a) The most recent capital contributions for 2012 are $3.781 million as compared to the original forecast of $2,011 million (Table 2-16). Please explain the reasons for the significant difference in these figures.

b) Why are no capital contributions being forecast to be paid by the City of London in the 2013 test year?

49.0 Reference: Appendix 2-A Capital Projects Table_xlsx_20121016 / Exhibit 2, pg. 44 Table 2-16, LPMA #8

a) Please provide the 2013 rate base and revenue requirement adjustment for the variance in 2012 forecast capital projects (27,244,000) and capital contributions (2,011,000) from the actual 2012 capital projects ($23,792,255) and capital contributions ($3,780,977).

b) The total capital spending (net of contributions) differs in the Excel Spreadsheet Appendix 2-A and Tables 2-16 (original and IRR). Please explain why and show the reconciliation.

LOAD FORECAST (Exhibit 3)

50.0 Reference: Staff #20 b) and c) VECC #16 b) /Exhibit 3, pages 15-16

a) Please confirm that in the original Application the forecast of 2013 purchased kWh developed using the regression equation used a CDM variable value for 2013 that included the persistence of both 2006-2010 CDM program savings and 2011 CDM program savings – based on preliminary OPA estimates.

b) Please confirm that the projection provided in response to Staff 20 b) only included in the 2013 value for the CDM variable the 2013 persistence associated with the 2006-2010 CDM programs.

c) If parts (a) and (b) are confirmed, please explain why the basis for the 2013 value of the CDM variable was changed.

d) If part (b) is confirmed, please re-calculate the 2012 and 2013 purchased energy forecasts using the equation from Staff 20 b) but where the value of the CDM variable in each year also reflects the persisting savings from the 2011 CDM programs as reported by the OPA in its final 2011 CDM report.

e) Please revise the response to Staff 20 c) such that the "Base" values include the persisting impact of 2011 CDM programs and the "CDM Manual Adjustment" includes only the impact of 2012 and 2013 CDM programs.

51.0 Reference: LPMA #11

a) The response suggests that for the years 2009-2011 the distribution revenues shown in Table 3-2 are based on weather normalized loads for each customer class. Please confirm if this is the case.

b) If yes, please indicate how the actual loads for each customer class were "weather normalized" and provide an example of the procedure using 2011 actual loads.

c) If yes, please provide the weather normalized loads (kWhs and kWs where applicable) for 2011.

52.0 Reference: LPMA #16

a) Please provide a schedule that sets out the 2012 actual kWh sales for all customer classes.

b) Please provide the actual weather normalized loads for each customer class for 2012.

53.0 Reference: VECC #13 b)

a) Please confirm that the equation set out in the response is based on the OPA's final CDM results for 2011. If not, please re-estimate the equation.

b) Please provide a forecast for 2013 purchased kWh based on the results of VECC 13 b) – where: i) the equation is estimated using the OPA`s final 2011 CDM results and ii) the value of the CDM variable for 2013 includes the persisting savings from the 2011 CDM programs as well as the persisting savings from the 2006-2010 programs.

54.0 Reference: VECC #16 b)

a) Please confirm that, for any given year, the difference between gross and net OPA reported savings does not reflect all of the CDM activity that will take place without any incentive being provided. If not confirmed, please explain why.

b) Does London agree that the historical consumption values for each customer class will have been impacted by the total CDM activity that has occurred each year without any incentive being provided (and not just that associated with OPA CDM programs)?

c) Can London provide any estimates of the total savings in each year 2002-2011 from CDM activity that has would have taken place in its service area without any incentive (as opposed to just that associated with OPA programs)? If so, please do so and indicate how the savings amounts were determined.

OM&A EXPENSES (Exhibit 4)

55.0 Reference: VECC #27 (b); LPMA #28

a) Interrogatory 27(b) is seeking to understand the corporate (as opposed to individual) performance metric that Executive and Management are compared against when determining the incentive rewards. What are the corporate metrics that were used by the Executive group and management group in 2009 through 2012 and will be used in 2013?

56.0 Reference: VECC # 30; LPMA # 22

a) Please update the response to VECC #30 so as to show 2012 Actuals in MIFRS (i.e. in same format at Excel Spreadsheet Appendix 2-G_OM&A Expense_xlms_20120928).

b) Please also update the 2013 test year so as to reconcile the response to LPMA #22 which states that the CGAAP OM&A request is $33,708,563 and $34,044,563 MIFRS format.

c) VECC was unable to locate the tables in Excel format as requested. In updating the tables above please provide them both in summary (PDF) and Excel format.

d) Please provide all final figures for 2012 and 2013 in these updated tables so as to provide a complete and final format comparable to the original OM&A filing.

COST OF CAPITAL (Exhibit 5)

57.0 Reference: VECC 34 / Exhibit 5, pg. 1 / pg. 11

a) At page 1 of the promissory note (Exhibit 5, page 11) paragraph 1, states that a sum of $95,000,000 (also shown on the top left margin). VECC is unable to locate the agreement which would appear to have adjusted this note to the current $70 million as shown in Exhibit 5, page 150. If the originally promissory note was not for $95 million in December 2000 then please explain the figure in this document. If the note was re-negotiated prior to 2009 please file this document.

COST ALLOCATION (Exhibit 7)

58.0 Reference: LPMA #40 a) and b)

a) Part a) of the LPMA 40 asked about changes relative to the previous cost of service application (i.e., the 2009 EDR). Please respond to the question as posed.

b) Part b) of LPMA 40 asked about the percentage of the total revenue requirement associated with the accounts where the weighting factors were updated. Please provide a response to the question as posed.

RATE DESIGN (Exhibit 8)

59.0 Reference: VECC #40 c)

a) Please explain more fully why/how the result of the 2013 (2012?) cost allocation “disrupted” London`s intention to maintain the existing fixed/variable split for the Residential class.

DEFERRAL AND VARIANCE ACCOUNTS /STRANDED METERS(Exhibit 9)

60.0 Reference: VECC #42 / Exhibit 9, pg. 22, pg. 59

a) The response to part (b) of the interrogatory shows no difference in recorded costs as between installed meters in the residential and GS<50 class. Is it London's position that installed mechanical meters for the two classes are identical. If so were identical meters used for both classes?

b) Please provide the average installed cost for smart meters for both the GS<50 and residential classes.

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