

IN THE MATTER of the *Ontario Energy Board Act 1998*, Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by London Hydro Inc. for an Order or Orders approving just and reasonable rates and other service charges for the distribution of electricity, effective on May 1, 2013.

SUPPLEMENTARY INTERROGATORIES

FROM THE

SCHOOL ENERGY COALITION

[Note: All questions have been assigned to Exhibits for ease of reference. However, please provide answers that respond to each question in full, without being restricted by the issue or category. Many questions have application to multiple issues and exhibits, but all have been asked only once to avoid duplication.]

Exhibit 1 – Administrative Documents

SEC - 43 [1.0 SEC-1] Please confirm from the Applicant's records that that the following customers have the following numbers of schools served by the Applicant:

- a. Thames Valley District School Board – 198
- b. London Catholic District School Board – 35
- c. Cs public ddd Centre-sud-Ouest – 2
- d. Csdde catholiques du Sud-Ouest - 7

If it is not possible to get this information, please explain the limitations in the Applicant's systems that prevent the Applicant from accessing this information easily. If it is possible to get this information, please also provide a breakdown of the rate classes of those schools between GS<50 and GS>50.

SEC - 44 [1.0 SEC-6] Please confirm that the reduction in revenue requirement from CGAAP to MIFRS in the Test Year is \$6,061,377. Please confirm that, but for that reduction, the weighted average rate increase would be 21.02%.

SEC - 45 [1.0 SEC-7] With respect to this response:

- a. (c) Please confirm that no net cost reductions are expected to result from the

increase in self-service to offset the cost of pursuing that initiative. If cost reductions are expected, please provide details.

- b. (g) Please estimate the reductions in OM&A costs and FTEs in or prior to the Test Year resulting from this initiative.

SEC - 46 [June 30, 2012 Six Month Financials, p. 11] Please explain why the total of PP&E that was fully amortized but still in use jumped from \$5.6 million in June 2011 to \$21.3 million in June, 2012.

SEC - 47 [December 19, 2012 Monthly Report, p. 2] Please reconcile the \$250,000 impact of the change in overhead capitalization on page 2 with the \$520,000 impact on page 3.

SEC - 48 [Appendix 1C] With respect to this document:

- a. Please confirm that this is in fact the 2013-2015 Strategic Plan. If confirmed, please explain why in numerous places it is written as planning to take actions in 2012 (e.g. pages 20, 31).
- b. Please provide the current draft of Section 6.1.1.
- c. P. 6. Please provide the internal document(s) that set out the business case for the conversion of downtown core supply to 27.6 kV, including any spreadsheets or other financial analysis.
- d. P. 17. Please describe the current status of each of the opportunities described in Section 6.2.3, including actions taken, results achieved, planned timing, etc.
- e. P. 23. Please explain how the timing of the rate-making cycle affects decisions with respect to the “allocation of resources to various initiatives arising out of the Strategic Plan”.
- f. P. 31. Please identify where in the Application is the budget for the “detailed study” of environmental issues referred to, and the amount of that budget in the Test Year. Please provide any documents setting out the rationale for the study and the budget being proposed.

SEC - 49 [Appendix 1F] With respect to this document:

- a. Please provide the equivalent document (i.e. Appendix A) for the 2013-2015 Strategic Plan.
- b. P. 21-23. For each of the 2012 Q4 targets, please provide details of the actual achievement relative to the target, and any report to the Board of Directors or senior management reporting on that achievement against target.

SEC - 50 [Appendix 1I] With respect to this document:

- a. P. 9. Please describe the current status of the plan to get rid of “cottage industry systems”, such as Excel spreadsheets and Access databases developed within departments.
- b. P. 19. Please describe the current status of the mobile workforce strategy. If any business cases or similar analyses of the costs and benefits of that strategy have been prepared, please provide.
- c. P. 24. Please provide details of the costs and benefits of the replacement of the JDEdwards ERP functionality with similar SAP ERP functionality. If any business cases or similar analyses of the costs and benefits of that strategy have been prepared, please provide.
- d. P. 31. Please provide more details on the “consolidation of the IT and PMO organizations”, and provide references in the Application to that strategy and the results that have been realized.

Exhibit 2 – Rate Base

SEC - 51 [2.0 SEC-8] Please provide a location for Appendix 2H, which does not appear to be in the package sent to us (the Appendices appear to jump from 2G to 2K).

SEC - 52 [2.0 SEC-9] Please explain why the OMS project is included under TOU/Customer Service in 2013, rather than Engineering and Operations as was the case in 2011 and 2012.

SEC - 53 [2.0 SEC-10] Please reconcile this table with the figures set out in Question SEC-46 above.

SEC - 54 [2.0 VECC-10] Please provide the internal business case document referred to, including all related spreadsheets or other financial analyses.

Exhibit 4 – Operating Costs

SEC - 55 [4.0 LPMA-27] Please provide, with respect to the 16 planned hires in 2013,

- a. the total amount of compensation included in the OM&A and capital budgets with respect to those new employees, broken down into the normal compensation categories, and
- b. the annualized compensation for those new employees, with the same breakdown.

SEC - 56 [4.0 LPMA-30] Please confirm that the Applicant’s standard depreciation method regularly produces annual depreciation about 1% below the depreciation calculated using

the half-year rule. Please confirm that this pattern can reasonably be expected to continue into the future. If not confirmed, please provide the reasons this pattern is expected to change.

SEC - 57 [4.0 SEC-16] Please explain the approximately \$1 million dip in Customer Care Labour and Benefits in 2012 relative to either 2011 or 2013.

SEC - 58 [4.0 SEC-18] Please confirm that the OM&A cost of fleet has dropped by \$122,700, but the cost of ownership of fleet assets (depreciation, cost of capital, and PILS) has increased by \$780,763. Please reconcile these results with the strategy to move to more ownership vs. leasing of transportation equipment in order to reduce costs. Please explain why, in a period of increasing ownership of fleet assets, the tax shield from CCA is dropping rather than increasing.

SEC - 59 [4.0 SEC-28] Please confirm that the total revenue requirement associated with IT is proposed to increase 96.2% from 2009 to 2013, a compounded rate of approximately 18.5% per year. Please provide any reports, presentations, memos, analyses or other documentation provided to senior management or the Board of Directors explaining the reasons for this increase and/or justifying the level of increase.

SEC - 60 [4.0 EP-20] Please provide a breakdown of the 46.5 FTEs being added by department.

Respectfully submitted on behalf of the School Energy Coalition this 25th day of February, 2013

Jay Shepherd