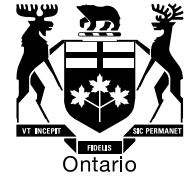


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**VIA EMAIL**

July 31, 2018

Syed Mir  
VP Corporate Services & CIO  
London Hydro  
111 Horton Street,  
London, ON N6A 4H6

Dear Mr. Mir:

**Re: London Hydro Regulated Price Plan Pilot (Board File No. EB-2016-0201)**

By letter dated June 11, 2018, London Hydro requested additional funding to offset a portion of incremental costs incurred to that date and projected to the end of the RPP pilot. Based on the information set out in your letter, and subsequent discussions with OEB staff, we have broken down your request as shown in Table 1 below.

**Table 1 Summary of London Hydro's Requested Changes to Project Budget**

<b>Incurred costs (actual through Mar 31, 2018)</b>	\$337,250
<b>Future costs (estimate)</b>	\$284,750
<b>Total</b>	\$622,000
<b>Less contingency already in budget</b>	-\$178,000
<b>Total budget increase requested</b>	<b>\$444,000</b>

When the OEB approved London Hydro's pilot project and the associated estimated maximum budget of \$2,371,000 by letter dated April 13, 2017, OEB indicated that it expects London Hydro to deploy and run its RPP pilot on schedule and within budget, and that the need for any changes will need to be rigorously justified by London Hydro.

OEB approval of proposed budget or cost changes is a condition of the OEB's approval of London Hydro's RPP pilot.

The OEB acknowledges London Hydro's request for a revision to its project budget, and notes that it is being made to accommodate both past overruns as well as higher future costs. The OEB has determined that it will not approve an increase in the project budget at this time. However, the OEB is prepared to consider the prudence of spending in excess of the approved budget upon approval of the Final Results Report if and to the extent that London Hydro has been unable to find cost savings to offset such incremental spending. If London Hydro anticipates further material cost overruns during the course of the RPP pilot beyond those noted in its June 11, 2018 letter, London Hydro is required to inform the OEB of these cost overruns.

Any questions can be directed to [RPP.Pilots@oeb.ca](mailto:RPP.Pilots@oeb.ca) and should cite "London Hydro" in the subject line.

Sincerely,

*Original signed by*

Mary Anne Aldred  
Chief Operating Officer and General Counsel  
Ontario Energy Board