



London Hydro
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February 18, 2020

Ms. Kirstin Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Re: London Hydro - IRM Application - OEB Staff Interrogatories EB-2019-0052

London Hydro received the subject interrogatories from OEB staff on February 4, 2020. The requested reply date was February 12, 2020. London Hydro have given the interrogatories great consideration. London Hydro notes that many of the questions are based on Group One variance accounts, more specifically accounts 1588 and 1589.

London Hydro's staff members responsible for completing the interrogatories are currently engaged otherwise in completing our 2019 financial accounting year end. In addition London Hydro's external auditors are in attendance, requiring staffs immediate attention when needed. These time sensitive requirements conflict with our ability to perform the fulsome extensive fact checking, analysis and explanation required by the interrogatories.

London Hydro engaged with OEB Board staff via telephone conference call on the afternoon of February 13, 2020 to discuss the above proposal. As a result of the conversation London Hydro herein acknowledges that we have identified deficiencies involving the London Hydro settlement and related accounting processes. As part of the discussion Board Staff accepted our proposal of deferring responding to the interrogatories Staff Question -1 through Staff Question -15. In the alternative London Hydro confirmed with Board staff that it is our intention to address these deficiencies over the next several months and to provide supporting information addressing in the manager's summary to London Hydro's next IRM application for 2021 rates.

To summarize our agreement London Hydro submits the following;

- a) The OEB's new accounting guidance regarding the timing of IESO RPP settlement true-ups needs to be adhered to and London Hydro's plans to address this matter during 2020.
- b) London Hydro will provide details regarding the adjustments it made to balances, as well as the process changes made, and that London Hydro will reflect any adjustments to prior period balances that have not yet been disposed on a final basis as "Principal Adjustments" in the DVA continuity schedule. London Hydro will need to reverse these adjustments as additional principal adjustments in the DVA continuity schedule in the year following the initial adjustment.
- c) London Hydro will provide details to substantiate whether or not there are any systemic issues with its RPP settlement or related accounting processes, quantifying and explaining any additional adjustments required to address such matters, if applicable.



- d) London Hydro will provide support for the reconciling items listed on the GA Analysis Workforms, as well as addressing:
 - a. Whether there are also any associated impacts on Account 1588
 - b. Any principal adjustments that are required to the DVA Continuity Schedule for any of these items, relating to both Account 1588 and Account 1589
- e) London Hydro will explain any other deficiencies identified as a result of its work addressing the items discussed above, as well as other potential deficiencies noted in OEB staff's questions.
- f) London Hydro acknowledges that it will discuss in the coming weeks, with OEB staff, its concern regarding London Hydro's response to OEB Staff question #10 to determine whether or not London Hydro's transfer of the December 31, 2015 balance of Account 1589 to Account 1595 (2017) is appropriate.

Therefore Staff Question -16 and Staff Question -17 (as attached) are the interrogatories we believe are relevant to the 2020 IRM application as submitted.

Respectfully submitted,

A handwritten signature in black ink that reads "M Benum".

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London Hydro Inc.
EB-2019-0052

Staff Question-16

Ref: (1) IRM Rate Generator, Sheet 4. Billing Det. For Def-Var, Column O

Although London Hydro is not requesting disposition for its Group 1 accounts, please provide a comparison between the allocations of Account 1595 approved for in 2016 and the values in column O at the above reference.

London Hydro Response

- a) London Hydro reflected the original allocation of G1 balances between rate classes as approved for disposition in its 2016 IRM decision and rate order (EB-2015-0087). The resulting percentages are reflected in Column O as the proportion of the 2016 balance between the rate classes.

Summary of approved G1 balances for disposition – 2016 IRM:

Rate Classes		A - 2016 DVA RR #1	B - 2016 DVA RR #2	C - 2016 DVA GA RR #3	D - DVA Transitional Class A	Year 2016 Total	Year 2016 %
RESIDENTIAL SERVICE CLASSIFICATION	kWh	\$ 1,297,594	\$ (2,757,258)	\$ 482,779		\$ (976,885)	-18.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	\$ 458,370	\$ (1,019,538)	\$ 398,894		\$ (162,274)	-3.0%
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	kW	\$ 1,661,566	\$ (3,724,109)	\$ 8,285,072	\$ 363,794	\$ 6,586,323	122.0%
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION) SERVICE CLASSIFICATION	kW	\$ 12,798	\$ (29,365)	\$ 2,356		\$ (14,211)	0.0%
STANDBY POWER SERVICE CLASSIFICATION	kW	\$ 28,056	\$ (62,414)	\$ -	\$ 128,568	\$ 94,209	2.0%
LARGE USE SERVICE CLASSIFICATION	kW	\$ 196,465	\$ (439,747)	\$ -		\$ (243,282)	-5.0%
STREET LIGHTING SERVICE CLASSIFICATION	kW	\$ 27,295	\$ (61,615)	\$ 159,512		\$ 125,192	2.0%
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	\$ 835	\$ (1,858)	\$ 4,779		\$ 3,757	0.0%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	\$ 6,296	\$ (14,005)	\$ 675		\$ (7,035)	0.0%
		\$ 3,689,274	\$ (8,109,911)	\$ 9,334,068	\$ 492,362	\$ 5,405,794	100.0%

The amounts allocated to each rate class was calculated on Tab "6. Rate Rider Calculation" of the 2016 IRM model – titled: London_Hydro_2016_EDDVAR_Continuity_Schedule_CoS_v2_6_Updated - V3_20160317.xlsm.

List of rate rider calculation tables on Tab "6. Rate Rider Calculation":

Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.)

1550, 1551, 1584, 1586, 1595

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/ Variance Accounts	
RESIDENTIAL SERVICE CLASSIFICATION	kWh	1,096,195,854	\$ 1,297,594	0.0012	\$/kWh
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	405,335,151	\$ 458,370	0.0011	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	kW	3,746,991	\$ 1,661,566	0.4434	\$/kW
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION) SERVICE CLASSIFICATION	kW	72,831	\$ 12,798	0.1757	\$/kW
STANDBY POWER SERVICE CLASSIFICATION	kW	154,800	\$ 28,056	0.1812	\$/kW
LARGE USE SERVICE CLASSIFICATION	kW	377,243	\$ 196,465	0.5208	\$/kW
STREET LIGHTING SERVICE CLASSIFICATION	kW	68,713	\$ 27,295	0.3972	\$/kW
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	2,005	\$ 835	0.4166	\$/kW
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	5,568,049	\$ 6,296	0.0011	\$/kWh
Total			\$ 3,689,274		

Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.) - NON-WM

1580 and 1588

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/ Variance Accounts	
RESIDENTIAL SERVICE CLASSIFICATION	kWh	1,096,195,854	-\$ 2,757,258	0.0025	\$/kWh
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	405,335,151	-\$ 1,019,538	0.0025	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	kW	3,716,702	-\$ 3,724,109	1.0020	\$/kW
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION) SERVICE CLASSIFICATION	kW	72,831	-\$ 29,365	0.4032	\$/kW
STANDBY POWER SERVICE CLASSIFICATION	kW	154,800	-\$ 62,414	0.4032	\$/kW
LARGE USE SERVICE CLASSIFICATION	kW	377,243	-\$ 439,747	1.1657	\$/kW
STREET LIGHTING SERVICE CLASSIFICATION	kW	68,713	-\$ 61,615	0.8967	\$/kW
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	2,005	-\$ 1,858	0.9268	\$/kW
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	5,568,049	-\$ 14,005	0.0025	\$/kWh
Total			-\$ 8,109,911		

Rate Rider Calculation for RSVA - Power - Global Adjustment

Balance of Account 1589 Allocated to Non-WMPs

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/ Variance Accounts	
RESIDENTIAL SERVICE CLASSIFICATION	kWh	74,140,222	\$ 482,779	0.0065	\$/kWh
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	kWh	61,258,016	\$ 398,894	0.0065	\$/kWh
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION	kW	3,211,568	\$ 8,285,072	2.5798	\$/kW
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION) SERVICE CLASSIFICATION	kW	12,925	\$ 2,356	0.1823	\$/kW
STANDBY POWER SERVICE CLASSIFICATION	kW	-	\$ 0	-	\$/kW
LARGE USE SERVICE CLASSIFICATION	kW	-	\$ -	-	\$/kW
STREET LIGHTING SERVICE CLASSIFICATION	kW	68,713	\$ 159,512	2.3214	\$/kW
SENTINEL LIGHTING SERVICE CLASSIFICATION	kW	1,992	\$ 4,779	2.3994	\$/kW
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	103,596	\$ 675	0.0065	\$/kWh
Total			\$ 9,334,068		

Disposition to Transitional Class A customers:

New Class A customers	RSVA GA Principal Amount	RSVA GA Interest	RSVA GA Total Amount
Customer 4	\$ 142,968.68	\$ 3,918.86	\$ 146,887.54
Customer 5	\$ 98,414.38	\$ 2,715.61	\$ 101,129.99
Customer 6	\$ 104,282.67	\$ 3,242.96	\$ 107,525.63
Customer 7	\$ 501.85	\$ (21.27)	\$ 480.58
Customer 8	\$ 20,153.36	\$ 408.10	\$ 20,561.46
Customer 9	\$ 112,690.34	\$ 3,086.31	\$ 115,776.65
Total	\$ 479,011.28	\$ 13,350.56	\$ 492,361.84

Staff Question-17

Ref: (1) IRM Rate Generator

Staff has made the following changes to your model.

- a) Sheet 11. RTSR – UTRs & Sub-Tx, column L was updated for the OEB approved 2020 Hydro One Sub-Transmission Rates.
- b) Sheet 16. Rev2Cost_GDPIPI, Price escalator was updated to 2%
- c) Sheet 17. Regulatory Charges, TOU pricing was updated for November 1, 2019 rates
- d) Sheet 20. Bill impacts, updated to include the 31.8% Ontario Electricity Rebate.

Please confirm the changes and that London Hydro is in agreement with the changes

London Hydro Response

- a) Although London Hydro did not receive an updated 2020 IRM Rate Model, it confirms it would be in agreement with the above mentioned changes if the rate model was updated.