



PUBLIC INTEREST ADVOCACY CENTRE  
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

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November 5, 2021

VIA E-MAIL

Christine E. Long  
Board Secretary and Registrar (registrar@oeb.ca)  
Ontario Energy Board  
Toronto, ON

Dear Ms. Long:

**Re: EB-2021-0041 – London Hydro Incorporated (London Hydro)  
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner  
Consultants for VECC/PIAC

Email copy:

Email copy:

Mr. Martin Benum, Director of Regulatory Affairs  
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<b>REQUESTOR NAME</b>	<b>VECC</b>
<b>TO:</b>	<b>London Hydro Inc. (London Hydro or LHI)</b>
<b>DATE:</b>	<b>November 5, 2021</b>
<b>CASE NO:</b>	<b>EB-2020-0041</b>
<b>APPLICATION NAME</b>	<b>May 1, 2022 Cost of Service Rates</b>

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## **1.0 ADMINISTRATION (EXHIBIT 1)**

### **1.0-VECC-1**

Reference: Exhibit 1, page 22, 28-29, Section 9.1.4 / Exhibit 4, page 176/  
Section 4.3.6

- a) What percentage of London Hydro residential customers currently receive paper bills and what percentage receive ebills?
- b) In 2020 what was the percentage of payments among the different types of payment methods (e.g., cheque, credit, on-line banking etc.)
- c) What is the default bill delivery form for new customers - paper or ebill?

### **1.0-VECC-2**

Reference: Exhibit 1, page 38, Section 9.1.7

- a) For the residential class of customers what are the current percentages of those selecting Tiered and TOU pricing plans.

### **1.0-VECC-3**

Reference: Exhibit 1, pages 40- / Exhibit 2 Appendix C IT Strategy Update  
2021-2025 page 40

- a) How is Green Button “ring fenced”?
- b) What are its operating costs of this program and how are they determined (i.e., what is the allocation methodology)?
- c) On November 1, 2021 the OEB issued released new guidance for the Green Button Initiative following from Regulation 633/21. Does this announcement impact LHI’s proposal in this proceeding?

### **1.0-VECC-4**

Reference: Exhibit 1, page 85

- a) Prior to the change to 20 days made in 2020 what was the number of days between billing and when late payment took effect for each of the rate classes?

### **1.0-VECC-5**

Reference: Exhibit 1, Table 1-36, page 165

- a) Please update Table 1-36 Financial Performance Measures – to include 2020 actuals and 2021 forecast.

### **1.0-VECC-6**

Reference: Exhibit 1, Appendix A Scorecard

- a) Please update the OEB Scorecard to show 2020 actual results.

### **1.0-VECC-7**

Reference: Exhibit 1, Conditions of Service

- a) London Hydro's Conditions of Service set out that customer security deposits shall pay "[T]he interest rate shall be at the Prime Business Rate as published on the Bank of Canada website less 2 percent, updated quarterly." Is this rate established by the Board? If it is set by London Hydro please provide the reasoning for reducing the payable interest by 200 basis points.

## **2.0 RATE BASE (EXHIBIT 2)**

### **2.0-VECC -8**

Reference: Exhibit 2, page 4

- a) Table 2-2 shows that Gross Fixed Assets (average) were \$408,509 higher than Board approved in 2017. Appendix 2-AB shows that in 2017 actual capital spending was on a gross basis \$5.175M higher than planned (\$3.070M after capital contributions). What accounts for the relatively large difference between fixed assets additions and capital expenditures in 2017?
- b) Please also explain for 2017 Fixed Asset Continuity (Appendix 2-BA) what the "Transfer from Reg Deferrals" in accounts 1611 (\$401,104) and 1850 (\$22,540) is referring to.

### **2.0-VECC -9**

Reference: Exhibit 2 DSP 3.2b

*"Historical spending on System Renewal was 12% (\$9.9M) higher than forecasted in the 2016 DSP. Much of this variance was due to a City-initiated rebuild of "Dundas Place". The Dundas Place project transpired in 2018 and*

*2019, and provided London Hydro with an opportunity to replace sub-surface aging infrastructure in the downtown area.”*

*“Other outcomes of City of London planning include rebuilding Dundas Street as a flex street, and potential electric impacts of rapid transit such as LRT. Plans were also adjusted to coordinate.”* (EB-2016-0091 DSP Appendix J, page 22)

- a) We are trying to understand why this project was not anticipated in the last DSP. In what year was the Dundas Street Flex Street project (Wellington-Ridout) approved by the City?
- b) When did London Hydro begin the engineering and planning studies for this project?

#### **2.0-VECC -10**

Reference: Exhibit 2, page 72

- a) LHI is expecting a refund of \$1,750,000 from Hydro One. Has this amount been received? If not when is this expected to occur?

#### **2.0-VECC -11**

Reference: Exhibit 2, 73

- a) What portion (if any) of the CIS Refresh spending in 2022 goes into service in 2022? Please identify the Continuity accounts this amount is recorded in in 2022 (i.e., in Appendix 2-BA)

#### **2.0-VECC -12**

Reference: Exhibit 2, Appendix 2-AB

- a) Please explain how the 2022 to 2026 estimate of capital contributions was calculated. Specifically address why in 2022 capital contributions are estimated as approximately 25% of system access spending whereas over the actual period 2017 to 2020 the percentage was approximately 40%.

#### **2.0-VECC -13**

Reference: Exhibit 2, 73

- a) What portion of the CIS Refresh spending in 2022 goes into service in 2022? Please identify the Continuity accounts this amount is recorded in in 2022 (i.e., in Appendix 2-BA)

**2.0-VECC -14**

Reference: Exhibit 2, Section 2.7, page 82

- a) Please provide the 2017 detailed budget for the JDE Upgrade with the associated variance analysis.

**2.0-VECC -15**

Reference: Exhibit 2, Section 2.9, page 86

*“Changes in overhead rates since the 2017 Cost of Service Application are immaterial in amount.”*

- a) Appendix 2-D shows that overhead expenses have risen from 22% of OM&A to 26%. Please explain the reasons for this increase in relative amounts of overhead rates.

**2.0-VECC -16**

Reference: Exhibit 2, Section 2.11, Table 2-6-, page 91

- a) Why does LH not report results for ‘Rescheduling a Missed Appointment’ for the years 2018-2020?

**2.0-VECC -17**

Reference: Exhibit 2, DSP Appendix C, Information System Plan, page 47 (PDF 318)

**Table 7 - IT Capital Projects for 2021 (excluding CIS Refresh)**

SAP Enhancements/Support Process Enhancements	Annual enhancements to SAP platforms in order to achieve additional process improvements.
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- a) Why is London Hydro investing in SAP enhancements if it is replacing this system with SAP HANA?
- b) What are the IT investments in the current SAP system in 2021 and 2022?

## 2.0-VECC -18

Reference: Exhibit 2, Appendix 2-7 DSP, page 63

*The Board of Directors may consider an increase to the annual capital spending target to allow for unexpected projects (which may result from customer demand, major equipment failure or damage, regulatory requirements, or a business opportunity, for example), giving due consideration to the overall five-year Capital Plan and corporate objectives.*

- a) Appendix 2-AB shows that in every year of the last DSP LHI had greater net capital expenditures than planned. The overspending ranges from 10.4% (2017) to 36.5% (2021). Did management of London Hydro approach its Board of directors in any of these years to seek direction for this overspending?
- b) If yes, please provide the approving Board resolutions. If not please explain why not?

## 2.0-VECC -19

Reference: Exhibit 2, Appendix 2-7 DSP, Section 3.2 – Historical Variances

- a) London Hydro provided a detailed capital project for the period 2017 through 2021 (**Attached – London Hydro 2016 Distribution System Plan\_20160826 Section 3.1.4/5.4.1d**). Please complete the tables providing the actual amounts expended each year on the projects identified.

## 2.0-VECC -20

Reference: Exhibit 2, Appendix 2-7 DSP Appendix G, 2021 Asset Management Plan (PDF 436)

- a) Please reconcile the table '2020-2026 Capital Expenditure Plan' at PDF page 436 with Appendix 2-AB.
- b) Specifically, please explain why the cost recoveries in this table (D&E) are different from that shown in Appendix 2-AB.

## 2.0-VECC -21

Reference: Exhibit 2, Appendix 2-7 DSP, Appendix Q,

*London Hydro Inc. (LHI) maintains its operations at 111 Horton Street, centrally located in the City of London (City). The Thames River frames the west and south property lines; the land is within the flood plain. LHI leases the land from the City, without a formal land lease agreement in place.*

- a) Is it correct that there is no lease agreement as between London Hydro and the City of London?

- b) If correct what documents govern the use of the property including lease payments and termination of the lease and required notice for termination.
- c) What was the 2020 and 2021 lease cost? What is the estimate 2022 lease cost?
- d) When does estimate it will purchase land for new operation site or sites?

## **2.0-VECC -22**

Reference: Exhibit 2, Appendix 2-BA 2022

- a) Please provide a breakdown showing the software additions (account 1611) in 2022 of \$4,687,000
- b) Please provide the same for the software additions in 2021 of \$4,376,000

## **2.0-VECC -23**

Reference: Exhibit 2, Appendix 2-7 DSP Appendix O 2020 Quality of Supply Report

- a) Please provide tables showing SAIDI and SAIFI results by cause code for each year 2017 through 2021 to date (or if such tables already exist in evidence please provide the reference).

## **2.0-VECC -24**

Reference: Exhibit 2, Appendix 2-7 DSP, page 20

*“Over the past few years, we have migrated more than 50% of IT systems to the cloud to enhance business processes, and 100% of customer engagement apps are in the cloud for scalability, security and performance on demand.”*

- a) In various places in the evidence London Hydro explains it is moving to cloud-based solutions. In light of this strategy to non-hardware solutions please explain why capital additions to account 1920 (computer hardware) are considerably higher in 2021 and 2022 than in any of the previous four years.

# **3.0 OPERATING REVENUE (EXHIBIT 3)**

## **3.0-VECC -25**

Reference: Exhibit 3, pages 9-10  
Exhibit 8, page 22

- a) At page 9 the Application makes reference to purchases from HONI. However, in Exhibit 8 LHI states that “London Hydro is not an embedded distributor with Hydro One Networks Inc. (HONI)”. Please reconcile.
- b) Please explain how “the curtailment of our previous aggressive

Conservation and Demand Management (CDM) programs and loss of IESO CDM persistence reporting” resulted on LHI choosing a shorter period (2017-2020) for purposes of its regression analysis. In particular, please explain why 2017 (as opposed to an earlier year) was used as the starting year.

- c) Please provide a revised version of Chart 3-1 that extends back to before 2008 such that it will show the impact of the “global recession” on LHI’s loads.

### **3.0-VECC -26**

Reference: Exhibit 3, pages 10-11

- a) The application states that “Macrotrends.net project that the City of London Ontario population rate is forecasted 11 to increase by 0.59 percent in 2021 and 0.78 percent in 2022.” Please provide a copy of the Macrotrends.net population projection for the City of London. Please also explain further what “Macrotrends.net” is and why it’s an appropriate basis for the City of London’s population forecast.
- b) Please confirm that the historical values for wholesale purchases include purchases from local generators (e.g., FIT and microFIT).
- c) Please provide an alternative purchased power model (i.e., coefficients and statistical results) along with the resulting 2021 and 2022 load forecast where:
  - i. The monthly purchased power values as currently used to estimate the regression equation are increased by the persisting monthly CDM (per the IESO Reports filed with the Application and LHI’s response to Staff-52 a)) and the regression equation is estimated using the explanatory variables per the current model.
  - ii. The 2021 and 2022 monthly purchases are first forecast using this regression model and the forecast values for the explanatory variables per step (i).
  - iii. The resulting 2021 and 2022 forecast monthly purchases (per part (ii)) are reduced by the persisting CDM forecast for each month assuming there are no new CDM programs in 2021 or 2022 in order to derive the final forecast for 2021 and 2022.
- b) Please provide a second alternative forecast using the same approach as outlined in part (b) but eliminating any explanatory variable where the coefficient has a counter-intuitive sign (e.g., a negative coefficient for population when one would expect an increase in population to result in an increase in load).



### **3.0-VECC-27**

Reference: Exhibit 3, pages 12-13

- a) Please provide the monthly purchases to date for 2021 using the same definition as used in the regression analysis.
- b) Please provide the monthly actual HDD and CDD values for 2021 using the same definition as used in the regression analysis.
- c) Based on the coefficients for HDD and CDD (per LHI's regression results) and the difference between the actual HDD & CDD values and the weather normal values for each 2021 month to-date, please calculate the weather normal purchases to date for each month to date in 2021.
- d) Please compare the results per part (c) with the actual monthly purchases per part (a).

### **3.0-VECC-28**

Reference: Exhibit 3, pages 14 and 17-22

- a) At page 14, reference is made to "the "WMP" tab of the load forecast model". However, there is no such tab in the model filed. Similarly, LHI does not appear to have provided the models/supporting calculations showing how the 2022 forecast billing determinants for each class were derived from the 2022 forecast of wholesale purchases. Please provide the supporting models/working papers.

### **3.0-VECC-29**

Reference: Exhibit 3, page 15

- a) What is the basis for the annual customer/connection count values (e.g., is it the average of the 12 monthly values, the December value or calculated on some other basis)?
- b) Please provide the customer/connection counts for each class as of June 30, 2020 and as of June 30, 2021.

### **3.0-VECC-30**

Reference: Exhibit 3, pages 15-16  
Cost Allocation Model, Tabs I6.2, I7.1 and I7.2

- a) At page 15 the Application states: "All rate classes are based on the number of customers, except for the Unmetered Scattered Load, Sentinel Lighting and Street Lighting rate classes, which are based on number of connections". However, Exhibit 3 (Table 3-8) shows a 2022 customer connection forecast for Street Lighting of 38,898 whereas the Cost Allocation Model (Tab I6.2) shows a value for connections of 19,449. Please reconcile.

- b) Exhibit 3 shows a forecast 2022 customer count for the Co-Gen class of 9 while the Cost Allocation model shows a count of 17 for meter capital (Tab 17.1). It is assumed the higher meter count is due to LHI also having metering on the customers' generating facilities. Please confirm that this is the case and, if so, why the meter capital count isn't 18 as opposed to 17.
- c) In the Cost Allocation model the meter count for the Co-Gen class is 17. However, the meter reading count is only 108 (which reflects monthly reads equivalent to 9 meters). Please reconcile.

### 3.0-VECC-31

Reference: Exhibit 3, page 18

- a) Please provide the total year to date (2021) kWh and kW sales to the four WMP and provide the 2020 kW and kWh sales for the same period.

### 3.0-VECC-32

Reference: Exhibit 3, page 19

Preamble: The Application states:

*"For all rate classes, London Hydro utilizes the annual growth rate from the past four years (2017 to 2020) to calculate the geometric growth rate. London Hydro believes four years best represents the current economic situation of its service territory and takes into consideration the stabilization after the global recession."*

- a) Given that the COVID-19 pandemic impacted most of 2020, why is it appropriate to include 2020 in the per customer use growth rate calculation?
- b) Please provide an alternative forecast where the growth rate used for each class is based on 2017-2019.

### 3.0-VECC-33

Reference: Exhibit 3, pages 21-23  
Exhibit 7, page 5

Preamble: The Application states (Ex. 7, page 5):

*"London Hydro proposes to retain the existing rate class definitions. With the exception of Co-Generation and Backup/Standby, each load customer and distributed generation customer is assigned to a single class. Distributed generation entities are not treated as a class because there is no allocation of capital or O&M cost to these entities."*

- a) With respect to the Co-Gen customer class, please provide the detailed calculations that set out the derivation of the 2022 forecast billing demand in Exhibit 3.

- b) For the Co-Gen customer class why is a distinction made between Co-Gen Standby and Co-Gen Non-Standby?
  - i. Are these two separate customer classifications?
  - ii. Are the customers in the two classes the same and, if not, what is the difference?
  - iii. Please explain what is meant by the statement – “Distributed generation entities are not treated as a class because there is no allocation of capital or O&M cost to these entities.”
- c) With respect to Table 3-21 does the Co-Gen Standby column represent the monthly reserved capacity for Standby (summed over the 12 months for each year)? If not, what does it represent and what were the monthly kW's reserved for Standby Service in each of the years 2017 to 2020?
- d) Do the Co-Gen Non-Standby historic kW's set out in Table 3-21 represent the monthly metered values for kW delivered to the Co-Gen class? If not what do they represent?
- e) In those months were a Co-Gen customer takes Standby Service: i) how is the billing demand for distribution charges (i.e., the Co-Gen demand charge billing determinant) calculated and ii) is the Standby Charge still applied to the total reserved capacity?
- f) It is noted that the 2022 forecast kW's for the Co-Gen Non-Standby class (per Table 3-23) are equal to the historic average for the year 2017-2020 (per Table 3-21). What is the basis for the forecasts 2022 kW's for the Co-Gen class (per Table 3-18)? If it is not also based on the average for the years 2017-2020, please explain why two different approaches were used.

### **3.0-VECC-34**

Reference: Exhibit 3, page 35

- a) Are the revenues received from the provision of Standby Service included as part of Other Revenues or as part of the Distribution Revenues (i.e., revenue from distribution rates)?
- b) If included as part of Other Revenues, under what USOA are they included?

### **3.0-VECC-35**

Reference: Exhibit 3, pages 39-40

- a) Do the forecast 2022 revenues from retailers (USOA 4082 and 4084 include any assumed increase in the 2022 rates based on the OEB's inflationary adjustment? If yes, what adjustment percentage was assumed?

### **3.0-VECC-36**

Reference: Exhibit 3, pages 36 and 42-43  
Exhibit 8, page 19

- a) In Exhibit 3 the rationale for reducing the cellular meter read fee is based on encouraging more customers to convert. However, in Exhibit 8 the rationale is that the incremental costs are now lower. Please clarify the basis/rationale for the proposed \$15 fee.
- b) Please provide the cost analysis for the original \$30 fee cellular meter read fee?
- c) Please provide an analysis of the current costs to provide cellular meter reads.
- d) For customers that do not opt for cellular meter reading what is the alternative and what charges, if any, are there?
- e) What are the advantages to the customer and to LHI if a customer opts for cellular meter reading?
- f) Please demonstrate that it's cost effective for LHI to reduce the fee to \$15 as opposed to maintaining the fee at \$30.
- g) Has LHI considered any other approaches for increasing customer conversion to the cellular option? If yes, what were they and why were they rejected?

### **3.0-VECC-37**

Reference: Exhibit 3, pages 39 and 43

- a) Please explain the large increase in the amortization of Contributions in Aid of Construction in 2022 over 2021

## **4.0 OPERATING COSTS (EXHIBIT 4)**

### **4.0 -VECC -38**

Reference: Exhibit 4, Appendix 2-JC/Appendix 2-JA

- a) Please explain why 'depreciation' is an OM&A expense (as shown under 'fleet services').
- b) Please explain why the total OM&A costs in Appendix 2-JC are different from the total OM&A costs in Appendix 2-JA.

#### **4.0 -VECC -39**

Reference: Exhibit 4, Appendix 2-K / Section 4.5

- a) Please revise Appendix 2-K to show the expected FTE for 2021 and to add a row showing the total amount of compensation capitalized in each year.
- b) What is LHI's average annual churn rate (2017-2020 period).
- c) Is an estimate of the churn rate imputed in Appendix 2-K?

#### **4.0 -VECC -40**

Reference: Exhibit 4, Appendix 2-K / Section 4.5

- a) Please provide a table showing for 2017 as compared to 2022 forecast: i) each job classification (including new ones added since 2017); ii) the number of FTEs in each classification; iii) for each classification with 3 employees or the total compensation for that classification.

#### **4.0 -VECC -41**

Reference: Exhibit 4, Section 4.1, 4.2.2.

- a) LHI proposes to spent an incremental \$1,127,100 on 'Cloud services. We are unable to locate the business case for this project which shows the incremental investments and the avoided costs. Please provide this if available or if already in evidence please provide the reference.
- b) We are unclear what LHI is suggesting by 'normalizing' the 2017 Board approved in Table 4-4. Are the incremental costs of cloud services from 2017 as compared to 2022 \$626,100? Are there offsetting OM&A reductions to these costs? If so please provide the details of those offsets.

#### **4.0 -VECC -42**

Reference: Exhibit 4, pages 35 / Section 4.3.6

- a) Please clarify whether the expansion of corporate communication activities accounts for an annual incremental amount of \$365,750 in 2022 as compared to 2017 and as shown in Table 4-14 or \$525,720 as shown in Table 4-22.
- b) Please provide the total of whatever is the correct amount in (a) which is attributable to incremental FTEs (i.e., labour costs).
- c) For the 2017 to 2022 period please provide the number of FTEs assigned or allocated to corporate communications activities.
- d) The evidence at the above reference (pg. 43) refers to "Green Button" activities as being a driver of the incremental costs. Is this correct? If so what portion of the incremental costs are attributable to Green Button activities.

- e) In its customer engagement outreach did London Hydro provide the cost of the communications activities in determining the value they might provide customers? If so provide that material or reference if already filed as part of this application.
- f) How many employees formerly working on CDM activities are now assigned responsibilities in corporate communications?

#### 4.0 -VECC -43

Reference: Exhibit 4, Section 4.1.1

- a) Please provide a table showing the capital and OM&A costs for the Green Button and Electrical Vehicle charging activities for each year since their inception.

#### 4.0 -VECC -44

Reference: Exhibit 4, Section 4.2.7, Appendix 2-JC

- a) What is London Hydro's bad debt so far in 2021?

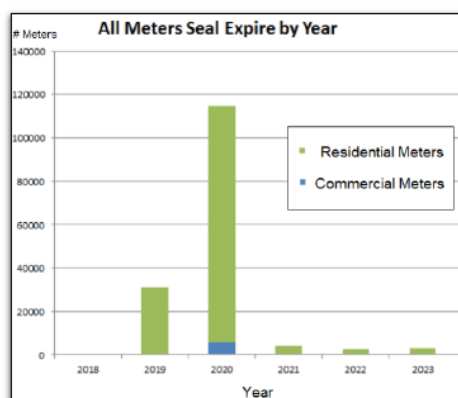
#### 4.0 -VECC -45

Reference: Exhibit 4, Appendix 2-JC/Appendix 2-JA

- a) Please provide a breakdown of the consulting services for Corporate Communications in 2022.

#### 4.0 -VECC -46

Reference: Exhibit 4, Section 4.3.3,



Meter Compliance Sample Workload Volume

- a) LHI notes that “[T]he ‘all-at-once’ installation of the meters has caused a similar ‘all-at-once’ re-verification period.” Has London Hydro needed to acquire temporary contracting services to deal with the large number of expiring meters in 2020 and 2021? If yes please provide the costs of those services in each year.
- b) Will temporary or contracted services for meter verification be required in 2022? If yes please identify the cost of those contracted services in 2022.

#### **4.0 -VECC -47**

Reference: Exhibit 4, Section 4.3.4

- a) What is the incremental cost in 2022 as compared to 2017 for implementing the OEB’s requirements with respect to Cyber Security?

#### **4.0 -VECC -48**

Reference: Exhibit 4, page 174

*“London Hydro’s CDM department had been operating formally for over 15 years and consisted of 13 full-time and 8 part-time employees.”*

- a) Of the 13 full time and 8 part-time employees formerly employed in CDM activities how many remain employed with the Utility.
- b) For each employee who was retained please indicate what new position that person occupies.

#### **4.0 -VECC -49**

Reference: Exhibit 4, page 198

- a) London Hydro proposed to allocate \$200,000 to LEAP in 2022. What would be the 2022 allocation using the current Board directions for LEAP funding?

#### **4.0 -VECC -50**

Reference: Exhibit 4, page 234

- a) Please provide the EDA fees paid in each of 2017 through 2020 and the forecast amount for 2021 and 2022.

#### **4.0 -VECC -51**

Reference: Exhibit 4, Table 4-28 Fleet, page 253

- a) What accounts for the increase in gross labour from \$558k in 2017 to \$873k?

#### **4.0 -VECC -52**

Reference: Exhibit 4, Table 4-38 Corporate Cost Allocations

- a) Why is it that London Hydro's Customer Services and Collections costs are increasing by 9% as compared to 2017 Board approved (Table 4-16) whereas the price of water meter services and water billing services have increased only marginally (\$600 and \$17,400)?

### **5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)**

#### **5.0-VECC-53**

Reference: Exhibit 5, page 6

- a) London Hydro calculates in notional debt (i.e., the difference between \$200M and \$214,739,807) on the basis of the average debt as shown in Appendix 2-OB. Please recalculate the average debt rate using the lowest cost of debt (i.e.,.0197) for the unfunded debt component of \$14,739,807. What difference would this form of the calculation make to the current estimate cost of long-term debt of \$4,939,016?

### **6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)**

N/A

### **7.0 COST ALLOCATION (EXHIBIT 7)**

#### **7.0-VECC-54**

Reference: Exhibit 7, page 7

- a) Are the splits between primary and secondary as set out in Table 7-2 the same as those used in the 2017 COS?
  - i. If not, what is the basis for the change?
  - ii. If yes, were the "splits" reviewed as part of the preparation of the current Application?



## 7.0-VECC-55

Reference: Exhibit 7, pages 5 & 7-8

Preamble: At page 5 the Application states:

*“The changed proportions can also be traced to the changing structure of London Hydro’s costs, particularly increased automation of meter-reading and billing.”*

At page 7 the Application states:

*“In addition, there has not been any significant change in billing and collecting activity.”*

- a) The quote from page 7 states there have been no significant changes in billing activity, whereas the quote from page 5 indicates there has. Please reconcile.
- b) With respect to Table 7-3, please provide the Services and Billing & Collecting weights used in the 2017 COS.
  - i. If the weights are different please explain why and provide the calculations supporting the new weights.

## 7.0-VECC-56

Reference: Exhibit 7, pages 10-11  
Cost Allocation Model, Tabs I6.2 and I8

- a) Please explain why data from LHI’s interval meters, including Smart Meters, for years prior to 2020 was not also used in the derivation of the load profiles.
- b) Please confirm that the load profiles are based on the actual 2020 loads for each class (i.e., there is no weather normalization).
- c) Please provide the following information:
  - i. The actual HDD and CDD values for each month in 2020 and, in the same schedule, provide the weather normal values for each month as used in LHI’s load forecast.
  - ii. The maximum daily HDD and CDD values for each month in 2020 and, in the same schedule, provide the average maximum daily HDD and CDD values for each month based on the 10 years used to determine the weather normal values per Exhibit 3 (pages 10-11).
- d) For each customer class, does the timing of 2020 peak demands for those months included in the NCP4 determination match the day of the month with the highest actual HDD/CDD value?
- e) Please provide an alternative cost allocation model that uses the same load profiles as were used in the 2017 COS.

### **7.0-VECC-57**

Reference: Exhibit 7, pages 14-15

- a) If the Co-Gen class customers and the Standby Customer are the same, what is the overall Status Quo ratio based on the combined revenues and the combined allocated cost for the two classes?
- b) In Table 7-10 there do not appear to be any offsetting changes to the 2023 and 2024 R/C ratios for the other customer classes to make up the revenue lost by further reducing the R/C ratio for the Co-Gen class. Please explain why.

### **7.0-VECC-58**

Reference: Cost Allocation Model, Tabs I6.1, I6.2 and O1  
Exhibit 8, Current and Proposed Tariff Schedules –  
Street Light Rates

- a) In the Cost Allocation model the revenues at current rates (per Tab I6.1) for Street Lights are calculated using the number of devices (38,898). However, according to Exhibit 8 the billing determinant for the Street Light monthly charge is connections for which the Cost Allocation model shows a 2022 value of 19,449. Please reconcile,

## **8.0 RATE DESIGN (EXHIBIT 8)**

### **8.0-VECC-59**

Reference: Exhibit 8, pages 8-9  
RRWF, Tab 13 – Rate Design

- a) Is the current fixed-variable split for Street Lights calculated using the forecast number of connections or devices for 2022?
  - i. If devices were used please reconcile with the fact connections is the billing determinant for this class.
  - ii. If devices were used please revise Tables 8-3, 8-4 and 8-5 as required.
- b) In the RRWF the proposed service charge for Street Lights is calculated using 38,898 which according the Cost Allocation model is the number of devices and not the number of connections, where the latter is the billing determinant for the class per the Tariff Schedule. Please revise the 2022 service charge calculation using the forecast value for the appropriate billing determinant.

## 8.0-VECC-60

Reference: Exhibit 8, page 9  
Cost Allocation Model, Tabs O2 and E3

Preamble: The Application states: *“There are no rate classes for which the proposed fixed monthly service charge is lower than the floor fixed charge”*.

- a) Please provide a schedule that for each rate class (except Residential) set outs the following based on EB-2015-0072 and based on the current Application:
- i. The Customer Unit Cost per month – Minimum System PLCC value
  - ii. The number of customers/connections
  - iii. The total costs allocated to the class (per Tab O1)
  - iv. The total miscellaneous revenues allocated to the class (per Tab O1)
  - v. Total allocated costs less miscellaneous revenues (Item (iii)-Item (iv))
  - vi. The product of Items (i) and (ii)
  - vii. The percentage Item (vi) represents of Item (v).
- b) Are there rate classes for which the current fixed monthly charge is above the ceiling charge and LHI proposes to increase the charge for 2022? If yes, please explain why this is appropriate.

## 8.0-VECC-61

Reference: Exhibit 8, pages 12-14

- a) Does LHI’s request to allow GS>50 kW, Co-Gen and Large Use Retail Transmission Service Rates to be based on kWh for net metering and community net metering customers impact the rates or bills for other customer classes?
- i. If not, why not?
  - ii. If yes, please explain how.
- b) Given that LHI has been working with the Ministry of Energy and the OEB to construct a community net metering framework for a net zero community project in London and that the anticipated new/revised net metering regulation still will not include any change in the generation credit calculation, why is it appropriate for the OEB to approve the LHI proposal which effectively circumvents the intent of the new/revised regulation?
- c) Are both the retail sales data and the wholesale data used in Tabs 3 and 5 respectively both based on actual results for 2020?

### **8.0-VECC-62**

Reference: Exhibit 8, pages 24-26  
Chapter 2 Appendices, Appendix 2-R

- a) Can LHI explain the increase in the SFLF in 2020 relative to earlier years (the value has virtually doubled)?
- b) With respect to Table 8-15, do the values reported in lines A(1) and A(2) include purchases from local generators (e.g., FIT and microFIT)? If not, why not?

## **9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)**

### **9.0 –VECC –63**

Reference: Exhibit 9 1509 COVID, page 30

- a) How was the incremental bad debt amount of \$422,553 calculated?

**End of document**