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?

LH Response:

a) Currently 55% of London Hydro customers receive paper bills and 45% receive ebills.

b)	On-line payments (payment at the bank or online banking)	65.8%
	PAP (Pre authorized payment)	27.3%
	Credit Cards	1.9%
	Mail, Night Deposit, In person	5.0%

c) New customers that register through MyLondonHydro are defaulted to paperless billing. They are able to opt out of paperless billing through their MyLondonHydro account.

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.

LH Response:

As of October 31, approximately 11% of London Hydro residential customers are on RPP Tiered with the remaining 89% on TOU.

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?

LH Response:

(a)

To accommodate "ring-fence" accounting, all of the costs and revenues from non-regulated activities are included in the financial results of the Company under separate cost centres and accounts for clear identification, and so that they can be easily removed from activities for ratemaking purposes. Expenses incurred that relate non-distribution activities are allocated appropriately when coding invoices to be recorded in the financial records. This is also the case when recording time committed in London Hydro's time entry system. For example, there is currently one position within London Hydro that works with this customer base, so this position has been assigned to this non-distribution cost centre to ensure that labour costs are segregated as well.

(b)

Green Button is a key component in many of the enhancements provided to customers in recent years. Specifically, Green Button data is fundamental in most new features being offered to customers such as Green Button Connect My Data, Green Button Download My Data, the Trickle mobile app, MyIDC, MyEvent, High Usage Alerts, usage visualizations, Energy Consumption and Water Use (EWRB) Reporting, cost predictions, Price Plan Comparisons and new tools offered through MyLondonHydro. Because Green Button has become so prevalent in new service offerings to customers, it is difficult to identify the dollar value impact. Costs associated with Green Button are not specifically tracked in the accounting system. Therefore, numerous studies and analysis would be necessary to estimate the overall cost of this underlying data and stemming tools. That being said, the underlying platform along with many enhancements were developed and

funded through projects like the OEB Regulated Price Plan pilot (EB-2014-0319) and the OEB Critical Peak Pricing (EB-2016-0201), which were initiated to test alternative pricing structures and non-price tools to empower consumers and provide incentives and opportunities for consumers to reduce their electricity bills by shifting their time of electricity use.

(c)

London Hydro's proposed framework has not changed. The Company's outlook with respect to providing Green Button services to non-distribution customers is the same as presented in 2018. The 2018 framework relied on early province-wide adoption of the Green Button platform. However, due to the delay of the Green Button mandate to November 2023, London Hydro has pushed its plans into 2022.

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?

LH Response:

London Hydro used the prior regulated minimum of 16 days before late payment took effect.

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.

LH Response:

See response 1-LPMA-6.

1.0-VECC-6

Reference: Exhibit 1, Appendix A Scorecard

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

LH Response:

See attachment 1-CCC-10 Attachment London Hydro 2020 Scorecard_MDA

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.

LH Response:

Deposit interest is set in the OEB Distribution System Code:

"2.4.21 Interest shall accrue monthly on security deposits made by way of cash or cheque commencing on receipt of the total deposit required by the distributor. The interest rate shall be at the Prime Business Rate as published on the Bank of Canada website less 2 percent, updated quarterly. The interest accrued shall be paid out at least once every 12 months or on return or application of the security deposit or closure of the account, whichever comes first, and may be paid by crediting the account of the customer or otherwise."

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.

LH Response:

a) The large difference between fixed asset additions variance and capital expenditures variance in 2017 is attributable to the variance in Work-In-Progress from 2017 Actuals vs OEB Approved. A reconciliation between Net Fixed Asset Additions and Net Capital Spending is shown below. Although capital spending was $3.07M higher than OEB Approved, Work-in-Progress variance was $2.76M higher. Work-in-Progress is excluded from Gross Fixed Assets. The Gross Fixed Asset (average) variance of $408,509 or $393,375 (not average) is the result of the net additions variance of $316,847 and the disposals variance of $76,528.

RECONCILIATION OF CAPITAL ADDITIONS TO CAPITAL SPENDING
2017 OEB APPROVED VS ACTUAL

	2017 Actual	2017 OEB Approved	Variance
	$	$	$
Net Additions to Fixed Assets	27,316,147	26,999,300	(316,847)
Work-in-progress, beginning of year	(14,165,588)	(14,185,490)	(19,902)
Work-in-progress, end of year	19,302,691	16,567,490	(2,735,201)
	5,137,103	2,382,000	(2,755,103)
Net Capital Spending	**32,453,251**	**29,381,300**	**(3,071,951)**

b) The “Transfer from Reg Deferrals” in 2017 represent the net book value of the renewable connection and smart grid regulatory deferral assets approved to be brought into rate base on January 1, 2017. The original cost of these assets was $423,643 with an accumulated amortization of $178,785. For more information regarding these deferral accounts, please refer EB-2016-0091 Exhibit 9 from London Hydro’s 2017 Cost of Service.

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?

LH Response:

a) The 2016 DSP was developed in 2015 using data that was current up to the end of 2014, with some updates in 2015 and early 2016. As noted in the 2016 DSP Section 1.1.6 Contingent Activities, City-initiated projects such as Road Relocations and Downtown Development were uncertain at the time and beyond the control of London Hydro. A nominal amount was included in the DSP based on historical data and the best information at the time. The City approved their project in 2016 but did not issue the tender for construction until late in 2017.

b) LH began the detailed design in late 2016 (after the DSP was filed) using preliminary drawings from the City, and did not finalize the design until mid-2017 to include LH works in the City's tender.

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?

LH Response:

London Hydro received the refund from Hydro One in the amount of $ 1,738,772.00 on October 14, 2021.

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)

LH Response:

a) No portion of the CIS Refresh spending in 2021 or 2022 goes into service in 2022. The project spending will remain in work-in-progress until it's anticipated go-live date, in 2023.

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%.

LH Response:

Capital contributions received are directly related to Developer Works spending under System Access. As a result, it is necessary to review total capital contributions as a percentage of developer works spending, rather than a percentage of total System Access spending.

A table has been provided in excel attachment "2-VECC-12 Attachment 1 Capital Contributions and Developer Works Spending".

On the table provided, capital contributions related to Innovation Park have been separated out from all other capital contributions received. As noted on page 67 and 70 of Exhibit 2, capital contributions for 2020 and 2021 include amounts related to the City of London's Innovation Park Expansion. London Hydro has previously held these amounts as expansion deposits during the customer connection horizon which will end as of November 30, 2021. Since the projected load has not materialized, it is expected that these amounts will be considered additional capital contributions. As noted on the attached table, the percentage of capital contributions received as a percentage of developer works spending, excluding the Innovation Park contributions, remains relatively consistent from year over year, with a slight increase over the forecast period due to a shift in the type of developer projects forecasted. For additional information regarding how London Hydro estimates capital contributions forecast, please refer to 2-Staff-26 (c).

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)

LH Response:

Please see LH's response to 2.0-VECC-11.

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.

LH Response:

The JDE Upgrade spanned 2017 and 2018, and so it is best to answer this question for both years. Total actuals vs. budget is shown below:

JD Edwards Upgrade - 2017 & 2018 Variance Analysis			
Annual Spending	**Actual**	**Budget**	**Variance**
2017 Spending	539,092	500,000	39,092
2018 Spending	2,052,217	1,500,000	552,217
Total	**2,591,309**	**2,000,000**	**591,309**

The original $2M budget was based on an E&Y study which was an "as is" upgrade (upgrading the system but without additional functionality). During the project implementation, enhancements were made to augment system capabilities. These were items such as the time and labour module, improvements to the inventory modules "as at" reporting, closing capital jobs, and foreign currency transactions. These enhancements contributed to the $591k project variance.

Please see 2-SEC-15 for further details.

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.

LH Response:

a) The above quotation is referring to the cost allocation rates that are utilized by LH, which have changed in an immaterial amount from the 2017 to 2022 Cost of Service Applications, as shown in the tables below.

2017:

Table 2-43 – Allocation Rates**

LONDON HYDRO INC. COST ALLOCATION RATES	
Burden Type	**Rate**
Labour	
Full-Time	63.75%
Part-Time	22.0%
Materials Management	
Items >$1k and cable/wire	
Capital	4.0%
Non-Capital	7.0%
Items <$1k and non cable/wire	
Capital	5.0%
Non-Capital	16.0%

**Fleet rates not included above; allocated using flat rate per vehicle type, not percentage allocation

2022:

Table 2-55 – Allocation Rates**

LONDON HYDRO INC. COST ALLOCATION RATES	
Burden Type	**Rate**
Labour	
Full-Time	68.0%
Part-Time	22.0%
Materials Management	
Items >$1k and cable/wire	
Capital	2.5%
Non-Capital	7.0%
Items <$1k and non cable/wire	
Capital	5.0%
Non-Capital	12.0%

**Fleet rates not included above; allocated using flat rate per vehicle type, not percentage allocation

Appendix 2-D, on the other hand, is showing the percentage of OM&A costs that have been capitalized. A discussion on the increase in this percentage can be found in the response to 2-Staff-17.

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?

LH Response:

a) For 2018-2020, "Appointments Met" was 100%. Therefore, by definition there are zero "Missed Appointments", and the metric for "Rescheduling a Missed Appointment" is Not Applicable in those years.

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.

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?

LH Response:

a) As can be seen from Attachment 2-SEC-11 Attachment 2, London Hydro eliminated an enhancement that had previously been budgeted as it could not be applied to the new S4/HANA system.

London Hydro is limiting the 2021/2022 enhancements to the current SAP solution to address:

- Enhancements to support Customer Engagement Solutions (e.g. Trickl mobile app) that will be portable to the new S/4 HANA
- Changes required for the new Contact Centre system in 2021 (e.g. CIS data to provide look-ups support to support IVR processes (CTI)
- Prerequisites for smoother transition to S4/ HANA (e.g. Data Archival, Transition from PI to PO)
- Satisfy the critical business requirements that can't be deferred

b) Answered in part (a) above.

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?

LH Response:

a) No. Please see explanation in part (b) below.

b) Please refer to DSP Section 1.3.1 Planning Process Performance Metrics, and DSP Implementation Metric (DSP pages 42), where LH discusses the differences between the DSP amount and the annual budgets as approved by our Board of Directors. LH's Board does not approve the DSP forecast amounts - they approve the annual budgets. DSP Section 1.3.3 Performance Summary and Trends, and DSP Implementation Metric (DSP pages 48 and 49) show that LH has been within our target of +/- 10% every year, so no Board Approvals were required.

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.

LH Response:

Please refer to LH's response to 2-CCC-19.

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.

LH Response:

a) The 2020-2026 Capital Expenditure Plan presented within DSP Appendix F is used internally by our E&O department for the Asset Management Plan. It excludes other spending categories and is presented with rounded gross costs for all sections except sections D (City Works) and E (Developer Works), where cost recoveries have been presented separately. In order to reconcile these figures with Appendix 2-AB, the amounts have been revised to reflect net capital expenditures for all sections.

The revised table has been provided as an excel attachment "2-VECC-20 Attachment 1 2-AB Reconciliation". This table has been reconciled to Net Capital Expenditures from Appendix 2-AB by remaining spending categories and Capital Contributions. For a more detailed breakdown, please see LH response to 2-CCC-20 (f).

b) The cost recoveries shown on the table are internal recoveries received for various projects that are netted directly against the costs incurred. The figures presented in Appendix 2-AB and throughout Exhibit 2 are net of cost recoveries. Cost Recoveries are not the same as Capital Contributions, which are presented separately on Appendix 2-AB. Examples of typical cost recoveries include payments received from Bell, Rogers, and Enbridge for joint-trench installation, payments received from the City of London for streetlight relocations and payments received from third parties for the relocation of distribution plant, etc. Capital Contributions, on the other hand, include payments received from developers for system expansions and commercial connections under Section 3 of the Distribution System Code.

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?

LH Response:

a) Correct. In 2018, LH was in negotiation with the City of London to sign a formal lease agreement for 111 Horton Street (LH's head office building). The last draft agreement with the City of London was for 20 years + one 20-year renewal option. To date, the agreement has not been finalized and signed.

b) As indicated there is no formal lease agreement in place. There is correspondence from many years ago that indicates that the payment amount is $100,000 per year. As there have been no documents signed by LH, this continues to be the amount paid by to the City of London to occupy the lands.

As there is no formal agreement, there are no specific details associated with the termination of the lease, including any timeline associated with notice at this point in time.

c) The 2020 and 2021 lease payment to the City of London was $100,000. The

estimate for 2022 is also $100,000.

d) At the present time, there is no firm estimate for when land will be purchased. but, a reasonable approximation would be sometime in the next 5-10 years.

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

LH Response:

Account 1611 software additions in 2021 and 2022 result from planned capital spending within Infrastructure Hardware/Software and Application Development and changes to Application Development work-in-progress, where applicable. A breakdown of software additions for 2021 and 2022 has been grouped by capital spending category, shown below.

For more information regarding the planned projects within the capital spending categories, please refer to the IT Project Sheets located within Appendix J of the Distribution System Plan (Appendix 2-7 of Exhibit 2).

1611 SOFTWARE ADDITIONS BREAKDOWN		
Capital Spending Category	2021 Bridge	2022 Test
	$	$
Miscellaneous 3-Year Software Licences (CYME, MS Office, etc)	123,000	62,000
Regulatory & Sustainment Application Software	1,070,000	950,000
System Enhancement Application Software	2,945,000	3,150,000
New Application Development Systems	238,000	525,000
Total	**4,376,000**	**4,687,000**

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).

LH Response:

NOTE: below results INCLUDE MEDs, and 2021 data is for period of January 1 – October 31, 2021.

SAIDI by OEB Primary Cause Code (2017-2021)

	2017	2018	2019	2020	2021*
Adverse Environment	0.00	0.00	0.00	0.01	0.03
Adverse Weather	0.28	0.47	0.08	0.06	0.19
Defective Equipment	0.21	0.30	0.29	0.23	0.11
Foreign Interference	0.25	0.08	0.12	0.22	0.12
Human Element	0.05	0.00	0.01	0.01	0.00
Lightning	0.03	0.05	0.18	0.01	0.02
Loss of Supply	0.11	0.08	0.23	0.09	0.02
Scheduled Outage	0.26	0.29	0.12	0.19	0.14
Tree Contact	0.20	0.15	0.31	0.11	0.15
Unknown	0.03	0.03	0.02	0.01	0.01
*2021 = January 1, 2021 to October 31, 2021					

SAIFI by OEB Primary Cause Code (2017-2021)

	2017	2018	2019	2020	2021*
Adverse Environment	0.00	0.00	0.00	0.02	0.00
Adverse Weather	0.16	0.43	0.19	0.13	0.11
Defective Equipment	0.34	0.61	0.36	0.36	0.17
Foreign Interference	0.30	0.21	0.20	0.26	0.10
Human Element	0.11	0.00	0.02	0.06	0.00
Lightning	0.04	0.14	0.17	0.03	0.03
Loss of Supply	0.24	0.41	0.76	0.43	0.05
Scheduled Outage	0.12	0.14	0.09	0.09	0.07
Tree Contacts	0.13	0.13	0.16	0.05	0.12
Unknown	0.07	0.14	0.15	0.04	0.06
*2021 = January 1, 2021 to October 31, 2021					

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.

LH Response:

The increase in computer hardware additions for 2021 and 2022 is directly related to the planned acquisition of new infrastructure hardware to support end users and our network infrastructure, and is not related to cloud-based solutions. In 2021 and 2022, London Hydro plans to finalize a refresh to our on-premise wired infrastructure, including core and access switches, WAN routers and WiFi infrastructure. Also included in the increase are the planned purchases of rugged laptops required for field staff to support Mobile Workforce, standard laptops and multi-functional devices to replace end-of-life desktops and components for administrative and engineering staff, a Microsoft operating system refresh, and the purchase of new hardware elements to support cyber security initiatives.

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.

LH Response:

London Hydro has Hydro One lines that are near the end of the city. We need to have them available to us if we require to do any maintenance work on our lines in the area. There are a few places on the outer edge of London that have Hydro One Lines going past our customers on the way to their customers. Rather than us also putting lines up as well, we are using the Hydro One lines and metering the consumption being used by our customers. We then bill our customers and Hydro one bills us. So, they are sub-transmission sites.

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.

LH Response

In simple terms London Hydro, using smart meter and interval data, created a billed and unbilled process to align with the OEB accounting directive for RPP settlement with the IESO. This data allows us to capture better data for establishing customer class profiles. 2017 was the directive date. Hence London Hydro determined that for consistency in this application to use the four-year time frame. That coupled with the government curtailment of CDM and hence IESO reporting supports the use of 2017 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.

LH Response

Reference 3-Staff-47a

3.0-VECC -26

Reference: Exhibit 3, pages 10-11

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.

LH Response:

Please reference London Hydro 3-Staff-49a London Population.xlsx

a) Please confirm that the historical values for wholesale purchases include purchases from local generators (e.g., FIT and microFIT).

LH Response:

Confirmed. Please reference London Hydro 3-Staff-47a.xlsx

b) 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.

LH Response:

Please reference London Hydro 3-VECC-26cWhlskWh.xlsx and London Hydro 3-VECC-26c.xlsx for results.

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).

LH Response

Please Reference London Hydro 3-VECC-26d.xlsx

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).

LH Response:

Please reference London Hydro 3-VECC-27.xlsx

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.

LH Response:

London Hydro EB-2021-0041 2022 Load Forecast Model.xlsx has been uploaded to the OEB web drawer.

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)?

LH Response:

London Hydro provides annual customer/connection count values using the average of the 12 monthly values.

b) Please provide the customer/connection counts for each class as of June 30, 2020 and as of June 30, 2021.

LH Response

OEB Report - Active Electric Services	30-Jun-20	30-Jun-21
Billing class		
RES Total	146,944	148,573
G<50 Total	12,886	12,984
G>50 Total	1,538	1,522
CGEN Total	8	9
LRG Total	1	1
STRL Total	1	1
SENL Total	186	181
UM Total	1,529	1,544
Grand Total	163,093	164,815

Connections: (the above values reflect active service counts not connections)

STRL	**37,784**	**38,741**
SENL	**516**	**510**
UM	**1,529**	**1,544**

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.

LH Response

This was a test variable that should have been reversed. This will be corrected.

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 I7.1). 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.

LH Response

There are some Co-Gen customers with totalized billing resulting in one contract with multiple metering points, and some Co-Gen customers with a main and an alternate meter installed as a safety backup. As a result, the total number of meters differs from the total number of Co-Gen customers. Generation meters have been excluded from the total meter count of 17 since generation meters used to calculate gross peak demand are usually provided and installed by a third party.

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.

LH Response

The meter reading count of 108 represents monthly reads equivalent to 9 customers, not meters. As noted in (b) above, one service may have multiple metering points and are totalized to one billable peak demand of total kWh so although one customer may have multiple meters, the result is one billable value.

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.

LH Response:

a) The total kWh consumption and KW sales to the four WMP customer for the period of January to October for Years 2020 and 2021:

WMP	2020	2021
Energy kWh billed for the period of Jan - Oct	12,795,502	12,444,078
Demand kW billed for the period of Jan - Oct	22,868	24,029

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?

LH Response:

Please Reference 3-Staff-53

b) Please provide an alternative forecast where the growth rate used for each class is based on 2017-2019.

LH Response

Please Reference 3-Staff-53

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.

LH Response:

Please Reference London Hydro EB-2021-0041 2022 Load Forecast Model.xlsx filed November 11, 2021.

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?

LH Response:

No, London Hydro has only one Co-generation rate class.
The Co-generation customers (embedded generation, co-generation or load displacement customers) have the option to reserve capacity for import load through mutual agreement or contract. (Co-gen with Standby)
Other Co-generation customers opt not to reserve capacity. (Co-gen non-Standby)

ii. Are the customers in the two classes the same and, if not, what is the difference?

LH Response:

Yes, the customers are the same within the Co-generation rate class.

Co-gen customers who have reserved capacity, will be billed the Standby Charge for the contacted amount, and will be charged the Co-gen volumetric rate for any excess demand (of the contracted amount).

For Co-gen customers who do not have reserved capacity, the Co-gen volumetric rate will be applied to their billed demand.

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."

LH Response

This was intended to make reference to FIT and mFIT distributed generation customers.

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 kWs reserved for Standby Service in each of the years 2017 to 2020?

LH Response

The Co-Gen Standby column represent the monthly reserved capacity for Standby (summed over the 12 months for each year)

d) Do the Co-Gen Non-Standby historic kWs 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?

LH Response

The Co-Gen Non-Standby historic kWs set out in Table 3-21 represents the excess monthly metered values for kW delivered to the Co-Gen class. That is the portion of Demand greater than reserve capacity.

e) In those months where 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?

LH Response

i. Co-gen customers who have reserved capacity, will be billed the Standby Charge for the contacted amount in each month and will be charged the Co-gen volumetric rate for any excess demand.

ii. For those Co-gen customers who have reserved capacity, the Standby Charge for the total contacted amount will be applied in each month, regardless their actual demand.

f) It is noted that the 2022 forecast kWs 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 kWhs 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.

LH Response

The basis for the forecasts 2022 kWhs for the Co-Gen class (per Table 3-18) was using geometric mean, as across the board for all classes. For demand we used historic average for the year 2017-2020.

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?

LH Response:

a) Revenues received from the provision of Standby Service are included as part of Distribution Revenues.

b) N/A

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?

LH Response:

The rates used for the 2022 revenue forecast from retailers include an inflationary adjustment of 2%.

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?

LH Response:

For commercial customers, London Hydro was unable to use the existing smart meter system to meet the requirements for these interval metered customers. Thus, London Hydro provided options to customers by supporting a variety of communications methods. These methods include POTS (telephone), London Hydro provided cellular network, or modems that leverage a customer provided internet connection.

a. The rationale for charging the fee is about giving the customers the choice to choose which communications option they prefer. Historically, the customer was required to pay for their own telephone service. Thus, if the customer chooses a London

Hydro provided solution, there was a principle of fairness that other customers who choose phone or internet solutions did not cross subsidise the cellular customers.

b. Previously, London Hydro only had an OEB approved rate for $30 meter reading fee that was applied.

c. The $15 fee is simply based on the costs of the cellular modem, the public carrier cellular fees and costs specifically associated with the operation and systems to maintain the system for these customers.

d. For customers that do not opt for cellular meter reading, they may provide internet access or a dedicated telephone line. All interval metered customers, including cellular, pay an additional OEB Meter interrogation charge of $5.50 per month.

e. London Hydro has introduced cellular as an option to customers rather than through any type of upgrade project that would force customers to upgrade their technology. Thus, over time, as meter upgrades are made in due course of equipment renewal, new options can be made available and include customer choice. London Hydro also offered an internet connection option. However, the internet connection required a higher level of IT networking support on the customers' side to manage IP addresses and troubleshoot firewall issues. The legacy phone lines are also costly. In summary, many customers' appreciate the cellular offering because the communications are both a lower cost as well as easier as it is a fully managed service taken care of by London Hydro. London Hydro also sees operational benefits as it requires less coordination with the customer to resolve issues that arise from time to time.

f. The $15 fee is a direct cost recovery of the underlying costs of the service. London Hydro, through open tendering procurement processes, has secured favorable competitive public carrier cellular rates that is reflected in the ability to pass on these savings to the end customer.

g. London Hydro believes that the best way for customers to choose a cellular option is to provide a good and affordable cost managed service. There are often few places where we are able to provide customer choice. With the appropriate cost recovery fee in-place London Hydro can ensure pay-for-use for cellular customers and

that customers who provide their own communication method are not unfairly subsidizing the cellular served customers.

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

LH Response:

The large increase in amortization of Contributions in Aid of Construction in 2022 over 2021 is directly related to the increase in capital contribution additions from 2021. As capital contributions increase year over year, the amortization of these contributions in subsequent years will also increase. Capital contributions are amortized over 40 years. The large increase in additions in 2021 is related to the expected capital contribution to be received from the City of London for Innovation Park. As identified in on page 70 of Exhibit 2, capital contribution additions in 2021 include a final capital contribution payment of $1,830,000 related to the final annual review of the City of London's Innovation Park Expansion (Phases 3 and 4). A final capital contribution payment of $1,756,904, related to Phase 2 of the project was capitalized in 2020. A schedule of amortization of Contributions in Aid of Construction and capital contribution additions from 2017 to 2022 is shown below for your reference.

CONTRIBUTIONS IN AID OF CONSTRUCTION & CAPITAL CONTRIBUTION ADDITIONS - 2017 TO 2022						
	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
Amortization of Contributions in Aid of Construction	279,829	411,680	524,629	678,150	836,000	975,000
Capital Contribution Additions	(5,205,870)	(4,795,268)	(4,358,519)	(6,838,793)	(6,534,000)	(4,558,000)

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.

LH Response:

(a)

Vehicle depreciation is a component of the fleet hourly rate that is allocated from the Fleet Services Program to capital projects, billable services and OM&A activities based on usage during the construction of assets and operating activities. Accordingly, vehicle depreciation is captured in the Fleet Services Program and then allocated to capital, billable and OM&A activities through the Cost Allocations line item.

(b)

The difference between Appendix 2-JC and Appendix 2-JA ($1,753,200) is because of the segregation of cloud services which have been discussed separately under section 4.4.

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?

LH Response:

(a)

A revised OEB Appendix 2-K has been provided below:

OEB Appendix 2-K Employee Costs
Gross Labour Costs and Full-Time Equivalents (FTEs)
Before allocations to Capital, Billable, Other

	2017 OEB Approved	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2021 Projection	2022 Test
Number of employees (FTEs including PT)								
Management (including executive)	53.0	59.7	57.2	58.5	61.1	63.7	64.5	64.0
Non-management (union and non union)	258.7	240.5	240.2	235.9	233.7	252.3	232.5	255.7
	311.7	300.2	297.4	294.4	294.8	316.0	297.0	319.7
Total salary and wages (incl. OT and incentive pay)								
Management (including executive)	6,608,186	7,504,588	7,531,891	7,888,527	8,463,545	8,980,600	8,978,730	9,226,000
Non-management (union and non union)	21,932,714	20,209,106	21,161,675	21,255,121	21,678,322	24,175,000	21,587,425	25,111,700
	28,540,900	27,713,694	28,693,566	29,143,648	30,141,867	33,155,600	30,566,155	34,337,700
Total benefits (current and accrued)								
Management (including executive)	1,686,929	1,985,263	1,956,005	2,029,491	2,410,380	2,183,748	2,466,804	2,261,176
Non-management (union and non union)	6,570,171	6,114,246	6,206,786	6,196,699	6,930,016	6,728,052	6,976,040	6,983,524
	8,257,100	8,099,509	8,162,791	8,226,190	9,340,396	8,911,800	9,442,844	9,244,700
Total compensation (salary, wages and benefits)								
Management (including executive)	8,295,115	9,489,851	9,487,896	9,918,018	10,873,925	11,164,348	11,445,534	11,487,176
Non-management (union and non union)	28,502,885	26,323,352	27,368,461	27,451,820	28,608,338	30,903,052	28,563,465	32,095,224
	36,798,000	35,813,203	36,856,357	37,369,838	39,482,263	42,067,400	40,008,999	43,582,400
Net labour costs included in Capital / Billable	11,367,100	9,957,527	10,286,503	10,437,197	11,800,434	13,847,000	11,602,610	14,181,800
Net labour costs included in OM&A	25,430,900	25,855,676	26,569,855	26,932,641	27,681,829	28,220,400	28,406,389	29,400,600
	36,798,000	35,813,203	36,856,357	37,369,838	39,482,263	42,067,400	40,008,999	43,582,400

(b)

London Hydro's average churn rate for 2017 to 2020 is provided below:

	2017	2018	2019	2020
Churn Rate	6.3%	7.0%	4.0%	7.1%

(c)

When Managers develop their budgets, the assumption is that all positions will be filled. Where positions are vacant for a period of time in Programs that work heavily in capital and billable activities (Operations and Maintenance, Asset Management, Information Technology), London Hydro hires external contractors for the capital work rather than using internal resources. The outcome of these situations results in a reduction in gross salaries with an offsetting reduction in allocations to capital/billable which has little bearing on net OM&A expenditures.

To consider the churn rate in connection with positions that work primarily in OM&A activities, London Hydro has reduced the burden rate applied to OM&A labour for employee and employer benefit costs.

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; ii) for each classification with 3 employees or the total compensation for that classification.

LH Response:

(a)

A table comparing 2017 OEB Approved to the proposed 2022 Test Year is provided as requested below:

OEB Appendix 2-K Employee Costs Gross Labour Costs and Full-Time Equivalents (FTEs) Before allocations to Capital, Billable, Other			
	2017 OEB Approved	2022 Test Year	Change
Number of employees (FTEs including PT)			
Management	37.0	47.0	10.0
Executive	16.0	17.0	1.0
Non-management (non union)	66.3	74.4	8.1
Non-management (union)	192.4	181.3	(11.1)
	311.7	**319.7**	**8.0**
Total compensation (salary, OT and benefits)			
Management	4,982,469	7,459,627	2,477,158
Executive	3,380,232	4,027,550	647,318
Non-management (non union)	6,667,090	9,379,050	2,711,960
Non-management (union)	21,768,208	22,716,173	947,965
	36,798,000	**43,582,400**	**6,784,400**

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.

LH Response:

(a)

London Hydro has been utilizing cloud services for many years which makes it difficult to provide an overall analysis of reduced capital costs and the impact on OM&A expenditures. The amount of savings associated with choosing a cloud solution over an on-premise solution is not something that is tracked in an accounting system. To determine savings achieved, numerous surveys, "what if" analysis and studies would be necessary to develop actual and forecasted overall costs for both solutions.
However, to help illustrate the difference in "Total Cost of Ownership" between these two solutions over the 5-year life span, a schedule has been prepared in connection with recent implementations and is provided below,

	Cloud						
Project	Implementation Costs	Depreciation	Service Fees	In-house Support	SW / HW Maintenance	Total Cost of Ownership	Annual OM&A
Ultipro Payroll	349,077	69,815	72,500	52,500	-	974,077	125,000
Genesys Contact Centre	760,744	152,149	120,000	52,500	-	1,623,244	172,500
Bill Imaging	791,393	158,279	166,400	126,000	-	2,253,393	292,400
Disaster Backup and Recovery	883,117	176,623	168,300	52,500	-	1,987,117	220,800
Content Management System	176,527	35,305	86,700	87,500	-	1,047,527	174,200
	2,960,858	592,172	613,900	371,000	-	7,885,358	984,900

	On Premise						
Project	Implementation Costs	Depreciation	Service Fees	In-house Support	SW / HW Maintenance	Total Cost of Ownership	Annual OM&A
Ultipro Payroll	630,000	126,000	-	75,000	24,000	1,125,000	99,000
Genesys Contact Centre	1,000,000	200,000	-	75,000	50,000	1,625,000	125,000
Bill Imaging	1,200,000	240,000	-	180,000	60,000	2,400,000	240,000
Disaster Backup and Recovery	2,180,000	436,000	-	75,000	40,000	2,755,000	115,000
Content Management System	300,000	60,000	-	125,000	30,000	1,075,000	155,000
	5,310,000	1,062,000	-	530,000	204,000	8,980,000	734,000
Cloud versus On Premise	(2,349,143)	(469,829)	613,900	(159,000)	(204,000)	(1,094,643)	250,900

In these scenarios, London Hydro is estimating a reduced capital investment of $2.3M and avoided overall costs of over $1M ($1,094,643).
Although it is clear from a cash perspective, that costs are lower utilizing cloud services for these projects, the method of accounting for cloud services in ratemaking has the unfortunate outcome of reporting increases in OM&A expenditures ($250,900). Consequently, this provides the misleading representation that cloud services increase costs for customers, where the opposite is true. The $1M of cost savings for customers as noted above would be even higher if it took into account the capital returns associated with assets included in rate base.

In fact, the savings associated with using cloud services goes beyond the 5-year period included in the schedule above. This is because in year 6, an on-premise solution needs to be refreshed resulting in additional implementation costs. On the other hand, cloud solutions do not need to be upgraded or refreshed since it is the vendor that takes on this responsibility as part of their service fee.

Further, maintaining on-premise solutions is becoming more expensive due to increasing complexities in technology, the increased costs of in-house labour as well as licensing and maintenance costs for software and hardware. Additional benefits of utilizing cloud services includes (for example) enhanced cyber security, remote access, mobility, scalability and big data performance.
Please note that a comparison for the Intelex Health and Safety system is not provided above since there is no on-premise system available with similar functionality offered by the cloud-based systems.

(b)

The 2017 OEB budget was restated in Table 4-4 to segregate cloud services for better comparative information for the remainder of the OM&A spending. To clarify, the total 2017 budget including cloud services is $37,592,000 (including OPEBs and after segregation of property taxes). The incremental expenditures for cloud services between the 2017 OEB Approved Budget ($626,100) and the proposed 2022 Test Year Budget ($1,753,200) is $1,127.100. Please see the appendix item for 4-SEC-42 which helps to illustration this segregation as well as the trend in cloud service fees between 2017 and 2022. Savings realized as a result of cloud services include decreased labour for in-house support as well as software and hardware maintenance as illustrated in the schedule in (a) above.

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?

LH Response:

(a)

The expansion of corporate communication activities shown in Table 4-14 excludes the impact of inflation, wage escalations and customer growth to help distinguish other cost drivers from these elements. Once these items are excluded, this line item represents cost drivers identified in the Corporate Communications Program of $365,750. Conversely, Table 4-22 includes the impact of inflation, wage escalations and customer growth resulting in the higher amount of $525,720.

(b)

The increase in Net OM&A labour in the Corporate Communications Program between 2017 actuals and the proposed 2017 Test Year budget is $274,916 as listed in Table 4-22. This increase is a result of 2.5 new FTEs being added in this area ($235k) and wage escalations ($39k) between 2017 and the proposed 2022 Test Year.

In light of new initiatives to increase energy literacy and keep customers informed and engaged, this department was previously understaffed. Many industry changes have occurred since 2017 including the Fair Hydro Act that came into effect in 2017, a change in provincial government in 2018, followed by Bill 97, Fixing the Hydro Mess Act and on-going changes to customer service rules. In addition, there has been growing project support requests and increasing developments in connection with self-service features brought about by the Green Button platform. These new resources allow the Corporate Communications department to keep customers informed of changes to rules and regulations and made aware of tools and resources available to help them monitor and reduce their electricity usage.

(c)

FTEs assigned to the Corporate Communications Program are as follows:

Corporate Communications Program FTEs						
Position	2017 OEB Approved	2018 Budget	2019 Budget	2020 Budget	2021 Bridge Year	2022 Test Year
Director Public Relations and Corporate Communications	1.0	1.0	1.0	1.0	1.0	1.0
Corporate Communications Assistant	1.0	1.0	2.0	2.0	3.0	3.0
Program Manager Marketing and Corporate Communications		1.0	1.0	1.0	1.0	1.0
Non-permanent temporary assistance	0.5	-	-	-	-	-
	2.5	3.0	4.0	4.0	5.0	5.0

(d)

Green Button activities are an underpinning factor in the trend in costs in the Corporate Communications Program. However, it is difficult to identify the dollar value impact because Green Button has become so prevalent in communications through the department. Specifically, Green Button data is fundamental in most new features being offered and communicated to customers such as Green Button Connect My Data, Green Button Download My Data, the Trickle mobile app, MyIDC, MyEvent, High Usage Alerts, Price Plan Comparisons and new features offered through MyLondonHydro.

(e)

London Hydro's customer engagement outreach has not addressed the correlation between increased communication activities and increased costs in the Corporate Communications Program specifically. However, in its 2020 UtilityPulse survey 74% of customers placed educating customers about energy conservation as a 'very high + high priority' when planning for the next 5 years.

Increased costs in the Corporate Communications Program allows London Hydro to keep customers informed on changes to rules and regulations that affect them directly. The investment in these additional resources also helps to educate customers about energy management. Media types such as billing inserts, radio advertisements and bus shelter signage are used to communicate information to customers regarding information and services offered by London Hydro that affect them directly. For example, increased communications help to increase recognition and use of choices available to them as well as new tools and features provided by the Company to monitor their consumption and conserve energy.

Further, based on the customer feedback associated with the rate application submission for revised rates, it is evident there continues to be a significant lack of understanding associated with exactly what services London Hydro delivers combined with what costs London Hydro is responsible for. One of the expectations of the corporate communications group will be to return to places such as libraries, community centers, and other public events, when the COVID-19 pandemic has ended, to provide customers with more information and engagement opportunities.

(f)

No employees formerly working in the CDM Program were transferred to the Corporate Communications Program.

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.

LH Response:

(a)

Green Button is a key component in many of the enhancements provided to customers in recent years. Specifically, Green Button data is fundamental in most new features being offered to customers such as Green Button Connect My Data, Green Button Download My Data, the Trickle mobile app, MyIDC, MyEvent, High Usage Alerts, Price Plan Comparisons and new tools offered through MyLondonHydro. This makes it difficult to identify the dollar value impact. Costs associated with Green Button are not specifically tracked in the accounting system. Therefore, numerous studies and analysis would be necessary to estimate the overall cost of this underlying data and stemming tools. That being said, the underlying platform along with many enhancements were developed and funded through projects like the OEB Regulated Price Plan pilot (EB-2014-0319) and the OEB Critical Peak Pricing (EB-2016-0201), which were initiated to test alternative pricing structures and non-price tools to empower consumers and provide incentives and opportunities for consumers to reduce their electricity bills by shifting their time of electricity use.

London Hydro has 3 charging stations located in London. These units are owned and installed by London Hydro in partnership with the City of London and FLO Inc. These units along with their associated OM&A expenses have been excluded from financial results for the purposes of ratemaking. London Hydro's investment (NBV $36k in 2022) is relatively small since the objective was to encourage customers to start looking at electric vehicles and give more support for those who have already made the switch from gasoline.

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?

LH Response:

(a)

Bad debts during nine-month period ended September 30, 2021 are $775k.

4.0 -VECC -45
Reference: Exhibit 4, Appendix 2-JC/Appendix 2-JA

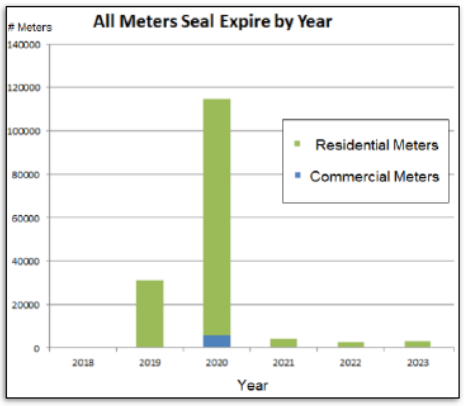
a) Please provide a breakdown of the consulting services for Corporate Communications in 2022.

LH Response:

(a)

London Hydro is unable to provide a breakdown for this budget line item. This budget was developed based on historical trends while considering future campaigns. Consulting services help the Corporate Communications Program by providing expertise in areas such as creating videos, developing logos and branding for marketing campaigns.
London Hydro wants to create customer awareness surrounding its new unified platform than brings all Green Button features under one solution, as well as the new enhanced version of the mobile Trickl app released in 2021. Vendors included in this budget have the creative skills necessary to develop compelling branding that will entice customers. This budget has been increased from prior years to help ensure that customers are aware of the products and services available to them to monitor and reduce their energy usage and decrease their monthly electricity bill. Consulting services also help to solicit customer perspectives which is imperative during this era of rapid technological developments so that customers have a say in new products and services that may become available. London Hydro evaluates customer input carefully to plan for the most appropriate path forward and provide long-term value for customers.

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.

LH Response:

(a)

Contracted services were not used and are not planned to be used by London Hydro for re-verification work. The work was performed by London Hydro metering staff and equipment.

(b)

Please see (a) above.

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?

LH Response:

(a)

Cyber security has become an integral part of activities at London Hydro. The Company's cyber security program is constantly evolving as threats and complexities increase due to: the greater number of web and mobile applications, employees accessing data from the field, cloud adoption, increases in IoT devices and decentralized energy resources. This impacts many areas including labour and benefits, software licensing, training costs and third-party consulting for testing of infrastructures and protocols. Enhanced cyber security protocols are crucial to ensure that systems, customer data and business data are protected. As deployment of interconnected smart devices increases throughout the distribution system, the energy grid must be secured in new ways to prevent cybersecurity incidents from disrupting the flow of power or impacting reliability.

Because cyber security has become so prevalent, it is difficult to identify the dollar value impact. Costs associated with cyber security are not specifically tracked in the accounting system. Therefore, numerous studies and analysis would be necessary to estimate the overall cost of this underlying necessity in day-to-day activities.

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.

LH Response:

(a)

There are 11 full-time employees that remain employed with London Hydro. All part-time employees departed.

(b)

Of the 11 full-time employees, 3 moved into the incremental positions created within the Customer Services department as discussed on page 174 in Exhibit 4 as referenced. The remaining 8 moved into positions that were otherwise vacant.

Position Title	Program
Customer Services Representative	Customer service and collections
Customer Services Representative	Customer service and collections
Customer Services Representative	Customer service and collections
Business Systems Analyst	Customer service and collections
Executive Assistant	Asset management
Accounting Clerk	Corporate service
Mgr Developer & Ops Support	Operations and mainenance
Operations Service Representative	Operations and maintenance
System Operating Centre Supervisor	Asset management
Account Services Technologist	Metering and data management
Electric Meter Technician	Metering and data management

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?

LH Response:

(a)

Current Board direction would provide for $95,197 based on the proposed 2022 Test Year as calculated below,

	2017 OEB Approved	2022 Test Year
	($)	($)
Distribution revenue requirement	66,555,388	79,330,946
LEAP commitment @ .12%	79,866	95,197

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.

LH Response:

EDA fees from 2017 through to the proposed 2022 Test Year are provided below:

EDA Fees					
2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Test Year
$ 100,000	$ 102,000	$ 104,000	$ 106,100	$ 107,200	$ 109,300

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?

LH Response:

(a)

From a gross perspective, labour costs in the Fleet Services Program are attributed to the addition of 3 new positions ($248k) and wage escalations ($67k) between 2017 and the proposed 2022 Test Year. The 3 new positions represent: A Shift Auto Truck Coach Technician (mechanic apprentice), an Administrator and a General Labourer.
In October 2014, one of the Fleet department's Mechanics applied for, and was awarded the position of Facilitator for the School Safety Program offered by London Hydro, which removed this employee from the garage three days a week for eight months of the year. In response to losing this partial resource, the Fleet department increased the use of third-party contractors for smaller repairs. The new mechanic apprentice replaces the resource loss to the School Safety Program and also assists with succession planning for the upcoming retirement of the Fleet Lead Hand Mechanic. Appropriate succession is required in this department since, (for example) to work on di-electric components in bucket trucks and RBD's, Canadian Utility Fleet Council training and certification is required which can take up to three years.
London Hydro continues to maintain the vehicle and equipment fleet with a combination of internal staff and external contractors. London Hydro has found that operating in this fashion assists with controlling costs while providing appropriate fleet maintenance and accommodating emergency and specialized repairs. While a certain amount of contracting out can be beneficial, London Hydro must retain a minimum complement of in-house expertise to repair and maintain bucket trucks, radial boom derricks (RBDs) and crane trucks in order to meet the Ministry of Labour and Ministry of Transportation Standards.
London Hydro faces challenges in the procurement of large vehicle replacements, such as bucket trucks, crane trucks or radial boom derricks ("RBD's"). This challenge stems

from suppliers leaving the Canadian market and/or amalgamating, resulting in fewer available manufacturers. Exasperating the issue is the increased demand for these units. Delivery times have risen from 10 to 12 months to 18 to 24 months or more. Consequently, the average age of vehicles in London Hydro's fleet has increased since 2017 which means that more maintenance and repairs and required to keep the vehicles operating appropriately so that the crews have the equipment needed to do their job.

The Fleet Administrator was hired to assist with the new Fleetio cloud-based software solution, work order administration, MTO regulatory filings and document retention. Fleetio has moved the Fleet Department from a paper-based workflow to automation and provides for a single source of information. This new position helps to maintain the Fleetio database and allows for an interface between Fleetio generated work orders and the mechanics, thereby enabling them to focus on vehicle maintenance and repairs. The Fleet Administrator also works closely with reporting tools to monitor electronic logging information, vehicle repair history and preventative maintenance tasks to ensure that appropriate actions are taken in response to reminders and notifications. In addition, this new resource assists with the tracking of maintenance and fuel costs by vehicle for costs trends, onboarding of new vehicles (i.e.: licencing, time entry, tags, logo, make ready) and helps to ensure that appropriate stock is available to optimize mechanic resources and reduce vehicle downtime.

The General Labourer position works in the Fleet Service area 30% of the time, with the remaining 70% being allocated to the Materials Management and Metering and Data Management Programs. The allocation of this position, along with increased allocations to the School Safety Program in the Corporate Communications department can be seen in the Labour allocations line in Table 4-28 and has an impact of decreasing net OM&A labour in Fleet Services by $86k.

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)?

LH Response:

(a)

As can be seen in Exhibit 4, Table 4-21 on page 173, large drivers of the budget increases in the Customer Services and Collections Program relate to the repositioning of 3 former CDM employees into the Customer Services Department and the socialization of collection charges by the OEB. These cost drivers do not have an impact on water billing services provided to the City of London.

As discussed in Exhibit 4, the Ontario government has cancelled electricity conservation programs delivered through local distribution companies. To continue with London Hydro's promotion of energy conservation for customers and maintain the valuable expertise developed while working in the CDM department, the Company repositioned 3 of the former CDM employees into the Customer Services department. This helps to maintain consumer confidence as more customers are finding the need for expert advice on energy related matters; especially as they move towards new industry technologies such as distributed generation, solar panels, storage devices and electric vehicles.

Collection and reconnection charges recovered directly from London Hydro's customers (i.e. OEB 5330, Collection Charges) are netted against collection costs under the Customer Service and Collections Program for the Rate Application presentation as required to be consistent with the OEB Uniform System of Accounts ("USoA").

Collection and reconnection charges recovered have decreased as a result of OEB EB-2017-0183 and EB-2017-0318. Pursuant to EB-2017-0183 issued March 2019, London Hydro no longer applies specific service charges for the collection of account charges or

the installation/removal of load control devices. These charges have now been eliminated as the OEB considers these charges to be normal business activities. Conversely, savings realized as a result of efficiencies do have an impact and flow through to water billing services. Efficiencies have been created in contact centre staffing and by leveraging a lower cost call overflow third-party service. The increased move towards paperless billing also results in savings for postage, printing and mailing.

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?

LH Response:

If the unfunded debt amount of $14,739,807 had been funded at the 1.97% rate (rather than the average debt rate as required), it would have reduced the total interest by $70,892 for a total of $4,868,124 down from the proposed amount of $4,939,106.

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?

LH Response:

The splits between primary and secondary as set out in Table 7-2 are the same as those used in the 2017 COS

   ii. If yes, were the “splits” reviewed as part of the preparation of the current Application?

LH Response

See response above.

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.

LH Response:

London Hydro has seen significant change in the area of meter reading, specifically with respect to incorporating and using automation, with the roll out of smart and interval meters where this activity has allowed us to make significant changes to providing customer information. However, the nature of the process of producing billing and handling collection has remained reasonably static. It is not so much how we do the normal activity of billing and collecting it is in how we collect the data. London Hydro would suggest that these two statements were in fact mutually exclusive.

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.

LH Response

With respect to Table 7-3, the Services and Billing & Collecting weights were the weights used in the 2017 COS.

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.

LH Response

London Hydro used 2020 as it was the most complete with actual reads. Please reference 7-Staff-75.

b) Please confirm that the load profiles are based on the actual 2020 loads for each class (i.e., there is no weather normalization).

LH Response

London Hydro confirms 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.

LH Response

Please reference 7-Staff-75.

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).

LH Response

Please reference 7-Staff-75.

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?

LH Response

This was not tested.

e) Please provide an alternative cost allocation model that uses the same load profiles as were used in the 2017 COS.

LH Response

The final load profile used in 2017 was the 2004 Honi load profile

Please reference London Hydro 7-VECC-56ei for load profile

Please reference London Hydro 7-VECC-56eii for alternative cost allocation

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?

LH Response

	CoGen	Standby	Combined
Total Revenue at Status Quo Rates	$559,623.51	$538,965.62	$ 1,098,589.14
Revenue Requirement (includes NI)	$286,872.57	$568,559.94	$ 855,432.51
REVENUE TO EXPENSES STATUS QUO%	195.08%	94.79%	128.42%

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.

LH Response

London Hydro determined that the General Service less than and greater than 50 kW classes will absorb the allocation adjustments but did not include that in the presentation.

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,

LH Response

Please reference 3-VECC-30.

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.

LH Response:

London Hydro's treatment is consistent with the methodology used in the 2017 COS application being connections.

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.

LH Response

See response above.

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

LH Response

i	The Customer Unit Cost per month – Minimum System PLCC value				
			2022		2017
	Residential	$	19.14	$	9.57
	GS <50	$	25.19	$	11.24
	GS > 50 to 4,999	$	48.00	$	16.26
	CoGen	$	458.08	$	283.05
	Standby	$	-	$	-
	Large Use >5MW	$	966.32	-$	132.03
	Street Light	$	4.22	$	1.91
	Sentinel	$	13.18	$	5.26
	Unmetered Scattered Load	$	12.05	$	4.13

   ii. The number of customers/connections

LH Response

ii	The number of customers/connections		
		2022	2017
	Residential	150,243	141,991
	GS <50	13,071	12,703
	GS > 50 to 4,999	1,511	1,556
	CoGen	9	4
	Standby		
	Large Use >5MW	1	1
	Street Light	38,898	36,048
	Sentinel	476	606
	Unmetered Scattered Load	1,539	1,526

   iii. The total costs allocated to the class (per Tab O1)

LH Response

iii	The total costs allocated to the class (per Tab O1)				
			2022		2017
	Residential	$	49,621,483	$	23,761,284
	GS <50	$	7,963,805	$	4,223,339
	GS > 50 to 4,999	$	12,389,963	$	7,315,087
	CoGen	$	242,669	$	144,696
	Standby	$	471,364	$	280,029
	Large Use >5MW	$	643,282	$	430,096
	Street Light	$	960,157	$	513,604
	Sentinel	$	61,913	$	38,341
	Unmetered Scattered Load	$	183,040	$	88,875

iv. The total miscellaneous revenues allocated to the class (per Tab O1)

LH Response

iv	The total miscellaneous revenues allocated to the class (per Tab O1)				
			2022		2017
	Residential	$	4,116,530	$	3,480,160
	GS <50	$	675,509	$	596,341
	GS > 50 to 4,999	$	1,014,391	$	770,931
	CoGen	$	11,894	$	7,654
	Standby	$	23,652	$	14,474
	Large Use >5MW	$	34,717	$	32,600
	Street Light	$	104,422	$	89,584
	Sentinel	$	4,456	$	4,731
	Unmetered Scattered Load	$	13,518	$	10,851

v. Total allocated costs less miscellaneous revenues (Item (iii)-Item (iv))

LH Response

v	Total allocated costs less miscellaneous revenues (Item (iii)-Item (iv))				
			2022		2017
	Residential	$	45,504,953	$	20,281,124
	GS <50	$	7,288,296	$	3,626,998
	GS > 50 to 4,999	$	11,375,572	$	6,544,156
	CoGen	$	230,775	$	137,042
	Standby	$	447,712	$	265,554
	Large Use >5MW	$	608,565	$	397,497
	Street Light	$	855,735	$	424,020
	Sentinel	$	57,458	$	33,610
	Unmetered Scattered Load	$	169,523	$	78,024

vi. The product of Items (i) and (ii)

LH Response

vi	The product of Items (i) and (ii)				
			2022		2017
	Residential	$	2,875,555	$	1,358,838
	GS <50	$	329,302	$	142,720
	GS > 50 to 4,999	$	72,532	$	25,298
	CoGen	$	4,123	$	1,132
	Standby	$	-	$	-
	Large Use >5MW	$	966	-$	132
	Street Light	$	164,279	$	68,844
	Sentinel	$	6,275	$	3,185
	Unmetered Scattered Load	$	18,548	$	6,302

vii. The percentage Item (vi) represents of Item (v).

LH Response

vii	The percentage Item (vi) represents of Item (v)		
		2022	2017
	Residential	6.3%	6.7%
	GS <50	4.5%	3.9%
	GS > 50 to 4,999	0.6%	0.4%
	CoGen	1.8%	0.8%
	Standby	0.0%	0.0%
	Large Use >5MW	0.2%	0.0%
	Street Light	19.2%	16.2%
	Sentinel	10.9%	9.5%
	Unmetered Scattered Load	10.9%	8.1%

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.

LH Response

London Hydro will in the final settlement maintain fixed charges that are proposed to be increased at their current levels.

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?

LH Response:

RTSR by its nature is charged on electricity that is transmitted to the utility's electrical grid border. Each transmission station bases its bill on peak demand and applies the appropriate UTR. London Hydro then bills its customers for RTSR based on customer class and the RTSR billing determinants established annually. Differentials are applied to variance account.

Net metering by its nature is the use of the generators own electricity that is stored in kind in a virtual battery to be used at other times. This generation is not imported from the provincial power grid hence should not attract RTSR charges. This is recognized for relief in the case of Residential and small commercial. But given that large commercial is kW based it is not given the same consideration in the O Reg 541/05 generation calculation.

London Hydro would reason that this is unfair treatment as the large commercial customer engaged in net metering would be in truth be cross subsidizing all other customers by not getting that relief.

ii. If yes, please explain how.

LH Response

N/A

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?

LH Response

London Hydro believes that its proposal represents an appropriate methodology for determining the proper determination of RTSR's for the GS>50 and larger customer classes; the fact that the methodology is not prescribed by regulation does not, in London Hydro's view, restrict the OEB's jurisdiction to set rates in the most appropriate manner.

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?

LH Response

The RTSR model was provided by the OEB and uses 2019 RRR data.

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)?

LH Response:

London Hydro cannot explain the increase in the SFLF in 2020 relative to earlier years as this requires some significant investigation not afforded in the time frame for answering interrogatories.

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?

LH Response:

Please reference 8-Staff-81

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?

LH Response:

Please refer to Response in 9-CCC-52 – Sub-account Bad Debt.