

London Hydro Inc.
Responses to OEB Staff Questions
EB-2024-0040
January 14, 2025

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Staff Question-1

Account 1595 (2021)

Ref 1: [2024 IRM rate model](#), DVA continuity, Tab 3

Ref 2: 2025 IRM rate model, DVA continuity, Tab 3

Preamble:

Per Ref 1, the closing principal balance of Account 1595 Sub account (2021) as of Dec 31, 2022 is \$240,547 and the closing interest amount of Account 1595 Sub account (2021) as of Dec 31, 2022 is \$92,430.

Per Ref 2, the opening principal balance of Account 1595 Sub account (2021) as of Jan 1, 2023 is \$252,652 and the opening interest amount of Account 1595 Sub account (2021) as of Jan 1, 2023 is \$80,325.

OEB staff notes that the above 2022 closing balance does not match the 2023 opening balance.

Question(s):

- a) Please explain/reconcile the noted difference above.

Response

- a) In the 2024 IRM rate model, London Hydro inadvertently included both the principal and interest recoveries in the principal transactions that took place

during Year 2022 for Account 1595 Sub account (2021). The interest recoveries should have been included in the interest transactions.

The 2025 rate model correctly reflects both the principal and interest transactions.

Staff Question-2

Interest adjustment

Ref 1: [2024 IRM rate model](#), DVA continuity, Tab 3

Ref 2: [2025 IRM rate model](#), DVA continuity, Tab 3

Preamble:

Per Ref 1 & Ref 2 above, OEB staff has compiled the following table:

	Interest adjustment during 2022 (Ref 1)	Interest adjustment during 2023 (Ref 2)
1580 RSVA WMS	(\$5,948)	\$5,948
1580 CBR Class B	(\$1,780)	\$1,780
1588 RSVA-Power	\$6,249	(\$6,249)
1589 RSVA-GA	(\$323,867)	\$323,867

OEB staff notes from the above table that the 2022 interest adjustments of the above accounts are reversed in 2023 in this year’s DVA continuity schedule of the IRM rate generator model.

Question(s):

- a) Please explain why the 2022 interest adjustments are reversed in 2023 as noted in the table above.

Response

- a) London Hydro updated the 2025 rate model with no reversal of the 2022 interest adjustments, as they should not reverse. The Continuity Schedule now correctly reflects the year-to-date balances for all accounts.

Staff Question-3

Class A volume

Ref 1: 2025 IRM rate model, Tab 6, Table 3b

Ref 2: 2025 GA Analysis Form, Tab GA 2023, Note 2

Preamble:

Per Ref 1, the total volume of Class A customers in 2023 is 605,836,357 kWh.

Per Ref 2, the volume of Non-RPP Class A is 614,995,314 kWh.

The volume difference of Class A in 2023 between Ref 1 and Ref 2 is 9,158,957 kWh.

Question(s):

- a) Please explain/reconcile the noted difference above and update the evidence as applicable.

Response

- a) The volume difference of 9,158,957 kWh between Ref 1 and Ref 2 is the consumption of transition customers while they were Class A.

London Hydro reported the consumption for customers who were class A for full year in Table 3b of the 2025 IRM rate model on Tab 6, as required. The consumption for customers who transitioned from Class B to Class A on July 1, 2023, was reported in Table 3a of Tab 6, as required.

The sum of consumption for full year Class A customers and the portion of consumption for transition customers while they were Class A, is equivalent with the Class A consumption referenced in the 2025 GA Analysis Form. The total volume also reconciles with the volume reported under RRR 2.1.5, Table 5 Class A consumption.

Class A consumption	kWh	References
Full year Class A customers	605,836,357	Ref 1: 2025 IRM rate model, Tab 6, Table 3b
Transition customers while Class A	9,158,957	2025 IRM rate model, Tab 6, Table 3a
Total Class A consumption	614,995,314	Ref 2: 2025 GA Analysis Form, Tab GA 2023, Note 2

Staff Question-4

Ref 1: IRM Rate Generator Model, Tab 3, Continuity Schedule

Preamble:

On September 13, 2024, the OEB published the 2024 Quarter 4 (Q4) prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

Question(s):

- a) Please confirm if Tab 3 (Continuity Schedule) accounts for the Q4 prescribed interest rate. If not, please reflect the Q4 2024 OEB-prescribed interest rate of 4.40% in Tab 3, as appropriate.

Response

- a) London Hydro confirms it used the Q4 2024 OEB-prescribed interest rate of 4.40% in the Continuity Schedule, Tab 3 Column BQ, to calculate the projected interest for the fourth quarter of 2024.

On December 11, 2024, the OEB published the 2025 Q1 prescribed accounting interest rates that is applicable to the carrying charges of deferral and variance accounts. London Hydro updated the calculation of the projected interest for January 1, 2025 to April 30, 2025 in the Continuity Schedule, Tab 3 Column BR, with the OEB-prescribed interest rate of 3.64%.

As the result of this update and the update made in response to Q2 for the interest adjustments, the total claim is \$2,899,633. London Hydro provided the updated balances proposed for disposition in Table 4 below.

Updated Table 4: Projected Group 1 Account Balances and Threshold Test

Deferral and Variance Accounts	Account	Principal Balance			Principal Transactions/ Adjustments in 2023	2022 Interest Adjustments recorded in 2024	Interest Disposition			Adjusted Principal Balance for Disposition Apr 30, 2024	2024 Interest Jan 1 to Dec 31 5.49%, 5.49%, 5.20%, 4.40%	2025 Interest Jan 1 to Apr 30 4.40%	Forecast Balance for Disposition April 30, 2025
		Dec 31, 2023	Interest to Dec 31, 2023	Total Balance Dec 31, 2023			May 1, 2024	May 1, 2024	Apr 30, 2024				
Group 1 Accounts													
Smart Metering Entity Charge Variance Account	1551	\$ (789,641)	\$ (35,692)	\$ (825,333)			\$ (468,017)	\$ (37,195)	\$ (505,212)	\$ (321,624)	\$ (25,036)	\$ (3,849)	\$ (349,006)
RSVA - Wholesale Market Service Charge	1580	\$ 6,488,467	\$ 599,771	\$ 7,088,238	\$ (5,948)	\$ 9,799,860	\$ 829,012	\$ 10,628,873	\$ (3,311,393)	\$ 7,559	\$ (39,628)	\$ (3,578,652)	
Variance WMS - Sub-account CBR Class B		\$ (130,060)	\$ (42,979)	\$ (173,039)	\$ (1,780)	\$ (588,594)	\$ (53,700)	\$ (642,294)	\$ 458,535	\$ 12,900	\$ 5,487	\$ 485,863	
RSVA - Retail Transmission Network Charge	1584	\$ 6,322,230	\$ 341,547	\$ 6,663,776		\$ 4,296,521	\$ 362,217	\$ 4,658,738	\$ 2,025,709	\$ 182,166	\$ 24,242	\$ 2,211,447	
RSVA - Retail Transmission Connection Charge	1586	\$ 3,532,816	\$ 193,654	\$ 3,726,470		\$ 2,351,160	\$ 197,072	\$ 2,548,233	\$ 1,181,656	\$ 103,447	\$ 14,141	\$ 1,295,826	
RSVA - Power	1588	\$ 1,393,496	\$ 62,180	\$ 1,455,676	\$ (771,210)	\$ 6,249	\$ (507,102)	\$ (13,010)	\$ (520,112)	\$ 1,129,389	\$ 48,882	\$ 13,516	\$ 1,273,225
RSVA - Global Adjustment Class B	1589	\$ (6,528,387)	\$ (294,768)	\$ (6,823,155)	\$ 977,028	\$ (323,867)	\$ (6,895,613)	\$ (675,242)	\$ (7,770,855)	\$ 1,344,255	\$ (56,019)	\$ 16,087	\$ 1,560,930
			\$ -	\$ -									
		\$ 10,288,922	\$ 823,712	\$ 11,112,634	\$ 205,818	\$ (325,346)	\$ 7,988,215	\$ 409,155	\$ 8,397,370	\$ 2,506,526	\$ 273,900	\$ 29,996	\$ 2,899,633
											Total Claim (including Account 1568 and 1509)	\$ 2,899,633	
											Total Claim for Threshold Test	\$ 2,899,633	
											Total metered kWh from most recent filing	3,164,352,312	
											Threshold Test (Total claim per kWh)	\$ 0.0009	

The proposed rate riders and direct settlement amounts have changed and the related tables are also updated and listed below with their original numbering.

Updated Table 5: Proposed 2025 Deferral/Variance Account Rate Riders

Rate Class	Units	Metered kW / kWh	Allocation of Group 1 Account Balances to All Classes	Rate Rider for Deferral/ Variance Accounts
RESIDENTIAL SERVICE	kWh	1,133,940,024	\$ 105,727	\$ 0.0001
GENERAL SERVICE LESS THAN 50 KW	kWh	400,460,501	\$ 122,776	\$ 0.0003
GENERAL SERVICE 50 TO 4,999 KW	kW	3,555,678	\$ 1,553,775	\$ 0.4370
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION)	kW	81,017	\$ 15,026	\$ 0.1855
STANDBY POWER	kW	196,800	\$ 42,358	\$ 0.2152
LARGE USE SERVICE	kW	298,642	\$ 57,646	\$ 0.1930
STREET LIGHTING	kW	48,192	\$ 6,468	\$ 0.1342
SENTINEL LIGHTING	kW	1,418	\$ 197	\$ 0.1388
UNMETERED SCATTERED LOAD	kWh	5,454,633	\$ 2,053	\$ 0.0004
Total			\$ 1,906,026	

Updated Table 6: Proposed 2025 Deferral/Variance Account Rate Riders to non-WMP

Rate Class	Units	Metered kW	Allocated Group 1 Balance - Non-WMP	Rate Rider for Deferral/ Variance Accounts
GENERAL SERVICE 50 TO 4,999 KW	kW	3,530,526	-\$ 1,016,411	\$ (0.2879)
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION)	kW	61,964	-\$ 9,234	\$ (0.1490)
STANDBY POWER	kW	184,800	-\$ 27,540	\$ (0.1490)
Total			-\$ 1,053,185	

Updated Table 7: Proposed 2025 RSVA Global Adjustment Rate Riders

Rate Class	Units	Metered kWh	Total GA Variance \$ allocated to Current Class B Customers	Rate Rider for RSVA - Global Adjustment
RESIDENTIAL SERVICE	kWh	15,050,848	\$ 26,263	\$ 0.0017
GENERAL SERVICE LESS THAN 50 KW	kWh	59,385,031	\$ 103,624	\$ 0.0017
GENERAL SERVICE 50 TO 4,999 KW	kWh	756,682,877	\$ 1,320,373	\$ 0.0017
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION)	kWh	12,023,565	\$ 20,981	\$ 0.0017
STANDBY POWER	kWh	26,545,786	\$ 46,321	\$ 0.0017
LARGE USE SERVICE	kWh	0	\$ -	\$ -
STREET LIGHTING	kWh	17,184,524	\$ 29,986	\$ 0.0017
SENTINEL LIGHTING	kWh	4,446	\$ 8	\$ 0.0018
UNMETERED SCATTERED LOAD	kWh	-	\$ -	-
Total			\$ 1,547,556	

Updated Table 8: Proposed Direct Settlement for RSVA GA to Transition Customers

Customer	Customer Specific GA Allocation During the Period They Were a Class B customer	Monthly Equal Payments
Customer 1	\$ 3,020	\$ 252
Customer 2	\$ 3,830	\$ 319
Customer 3	\$ 4,642	\$ 387
Customer 4	\$ 1,068	\$ 89
Customer 5	\$ 814	\$ 68
Total	\$ 13,375	

Updated Table 10: Proposed Direct Settlement for Capacity Based Recovery to Transition Customers

Customer	Customer Specific CBR Class B Allocation During the Period They Were a Class B Customer	Monthly Equal Payments
Customer 1	\$ 332	\$ 28
Customer 2	\$ 421	\$ 35
Customer 3	\$ 510	\$ 42
Customer 4	\$ 117	\$ 10
Customer 5	\$ 89	\$ 7
Total	\$ 1,469	

Updated Table 11: Proposed 2025 Rate Riders for Capacity Based Recovery Class B Customers

Rate Class	Units	kW / kWh / # of Customers	Allocated Sub-account 1580 CBR Class B Balance	Rate Rider for Sub-account 1580 CBR Class B
RESIDENTIAL SERVICE	kWh	1,133,940,024	\$ 217,375	\$ 0.0002
GENERAL SERVICE LESS THAN 50 KW	kWh	400,460,501	\$ 76,768	\$ 0.0002
GENERAL SERVICE 50 TO 4,999 KW	kW	2,461,804	\$ 178,417	\$ 0.0725
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION)	kW	55,940	\$ 2,305	\$ 0.0412
STANDBY POWER	kW	72,000	\$ 5,089	\$ 0.0707
LARGE USE SERVICE	kW		\$ -	\$ -
STREET LIGHTING	kW	48,192	\$ 3,294	\$ 0.0684
SENTINEL LIGHTING	kW	1,418	\$ 100	\$ 0.0707
UNMETERED SCATTERED LOAD	kWh	5,454,633	\$ 1,046	\$ 0.0002
Total			\$ 484,394	

Staff Question-5

Ref 1: IRM Rate Generator Model, Tab 11 RTSR – UTRs & Sub Tx and EB-2024-0244, Letter for 2025 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, November 1, 2024, p. 2, Appendix B

Ref 2: IRM Rate Generator Model, Tab 18 Regulatory Charges, Tab 21 Bill Impacts and Time of Use (TOU) prices set by the OEB for [November 1, 2024](#)

Ref 3: IRM Rate Generator Model, Tab 20 Final Tariff Schedule and Letter regarding Review of Fixed Monthly Charge for microFIT Generator Service Classification, November 19, 2024

Ref 4: IRM Rate Generator Model, Tab 18 Regulatory Charges, Tab 21 Bill Impacts and Decision and Order Regulatory charges effective January 1, 2025, for the Wholesale Market Services rate and the Rural or Remote Electricity Rate Protection charge, EB-2024-0282, December 10, 2024

Preamble:

Distributors must enter the applicable rates in the Rate Generator Model for the preliminary Uniform Transmission Rates (UTRs), Hydro One Sub-Transmission Rates, microFIT charge, TOU prices, Ontario Electricity Rebate (OER), Wholesale Market Services (WMS) and the Rural or Remote Electricity Rate Protection Charge (RRRP). These rates must align with the most recent rates and charges issued by the OEB.

Question(s):

- a) OEB staff has updated Tab 11 RTSR – UTRs & Sub Tx UTRs. Please confirm the updates and ensure that all tabs are updated accordingly.
- b) OEB staff has updated the latest TOU prices and OER in Tab 19 Regulatory Charges and Tab 21 Final Tariff Schedule. Please confirm the updates and ensure that all tabs are updated accordingly.
- c) OEB staff has updated the microFIT charge. Please confirm the microFIT charge on Tab 20 Final Tariff Schedule of the Rate Generator Model has been updated correctly.
- d) OEB staff has updated the RRRP rate rider. Please confirm the RRRP rate on Tab 19 Regulatory Charges has been updated correctly.

Response

London Hydro confirms that the Rate Generator Model reflects:

- a) the updated preliminary UTRs, as described in the OEB's Letter issued on November 1, 2024 (EB-2024-0244), and the related tabs are also updated accordingly;
- b) the latest TOU prices and OER effective November 1, 2024, and the related tabs are also updated accordingly;
- c) the correct microFIT charge of \$5.00 in the Final Tariff Schedule, according to the OEB's Letter issued on November 19, 2024;
- d) the updated RRRP rate of \$0.0015/kWh on Tab 19 Regulatory Charges, per the OEB's Decision and Rate Order (EB-2024-0282), issued December 10, 2024.