

**London Hydro Inc.**  
**Responses to OEB Staff Follow up Questions**  
**EB-2024-0040**  
**January 31, 2025**

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**Follow up Question-1**

**Account 1595 (2021)**

**Ref 1: Response to Staff Question-2**

**Ref 2: 2025 IRM rate model\_20250114, DVA continuity, Tab 3**

**Ref 3: 2025 GA Workform, Tab PA, Cell V62 & Cell J62**

**Ref 4: 2025 IRM Application, pp15,16**

**Preamble:**

Per Ref 1, London Hydro states the 2025 rate model has been updated with no reversal since the 2022 interest adjustments should not be reversed.

Per Ref 2, the updated continuity shows that Account 1588 RSVA Power balance has a \$764,961 variance when compared to the RRR 2.1.7, which does not reconcile with Cell V62 (Account 1588 current year PA) in Ref 3 and the explanation in Ref 4. It also shows Account 1589 RSVA GA balance has a (\$646,309) variance when compared to the RRR 2.1.7, which does not reconcile with Cell J62 (Account 1589 current year PA) in Ref 3 and the explanation in Ref 4.

**Question(s):**

- a) Please explain/reconcile the noted difference above and updated the model/evidence.

**Response**

- a) Account 1588 RSVA Power balance in the updated Continuity Schedule has a \$764,961 variance when compared to the RRR 2.1.7 Trial Balance amount as of December 31, 2023. The variance consists of the recurring principal adjustments made for changes in unbilled amounts, differences between the estimated year-

end accruals and the actual amounts posted in the following year as explained in detail in the GA Analysis Work Form (Ref 3) on Tab PA.

The other component of the variance is the \$6,249 interest adjustment from the 2024 IRM decision and order, which is included in the Continuity Schedule under Year 2022, but it is not included in the Trial Balance until it is recorded in London Hydro’s general ledger. Therefore, it is a reconciling item for Year 2023. The adjustment is recorded in 2024 in London Hydro’s general ledger, and will be reported in the Trial Balance for Year 2024.

<b>1588 RSVA Power Variance Explained</b>		<b>1588 Power</b>
RRR 2.1.7 Trial Balance Filing (As of Dec 31, 2023)		<b>\$ 1,455,676</b>
Principal adjustments Year 2023 (GAWF, Tab PA, Cell V62)	\$ (771,210)	
Interest adjustments from 2024 IRM (will be in T/B in 2024)	\$ 6,249	
		<b>\$ (764,960)</b>
RSVA Power Adjusted Ending Balances at Dec. 31, 2023 (Cont.Sch.)		<b>\$ 690,716</b>

Account 1589 RSVA GA has a (\$646,309) variance in the updated Continuity Schedule when compared to the RRR 2.1.7 Trial Balance amount as of December 31, 2023. The variance represents the recurring principal adjustments as detailed in the GA Analysis Work Form (Ref 3) on Tab PA, as well as the (\$323,867) interest adjustment from the 2024 IRM decision and order, which is included in the Continuity Schedule under Year 2022, but it is not included in the Trial Balance until it is recorded in London Hydro’s general ledger. Similarly, this is a reconciling item in 2023, as it is recorded in London Hydro’s general ledger in Year 2024. The balance populated by the rate model also includes a small variance related to Class A customers as described in Ref 4, which is excluded from the disposition request.

<b>1589 RSVA GA Variance Explained</b>		<b>1589 GA</b>
RRR 2.1.7 Trial Balance Filing (As of Dec 31, 2023)		<b>\$ (6,816,302)</b>
Principal adjustments Year 2023 (GAWF, Tab PA, Cell J62)	\$ 977,028	
Interest adjustments from 2024 IRM (will be in T/B in 2024)	\$ (323,867)	
Exclude GA variance related to Class A customers	\$ (6,852)	
		<b>\$ 646,309</b>
RSVA GA Class B Adjusted Ending Balances at Dec. 31, 2023 (Cont.Sch.)		<b>\$ (6,169,994)</b>

**Follow up Question-2**

**Account 1595 (2022) - interest**

**Ref 1: 2025 IRM rate model\_20250114, DVA continuity, Tab 3**

Preamble:

Per Ref 1, OEB staff notes the 2023 interest amount (Cell BI35) of Account 1595 Sub Account 2022 is a debit of \$81,380 while the opening balance of the principal and the interest is a debit of \$260,180 and a debit of \$27,228, respectively.

Question(s):

- a) Please explain the high interest amount of \$80k in 2023.

## Response

- a) In 2021, London Hydro expanded its internal 1595 account reconciliation schedule to accommodate the additional rate riders which resulted from the 2021 IRM decision and rate order. In 2022, London Hydro also had a high number of rate riders, and the same worksheet was used for its 1595 account reconciliation. In the new section of the worksheet due to an incorrect excel formula, some of the RR recoveries/refunds were inadvertently applied as interest recoveries/refunds where they should have been principal recoveries/refunds. This error resulted in the above referenced values in the Continuity Schedule.

When the reconciliation worksheets were reviewed, the formula error was discovered that impacted both 2021 and 2022. London Hydro appreciates OEB Staff pointing this out and apologizes for any inconvenience this may have caused.

The account reconciliation schedules were corrected ensuring all rate rider recoveries/refunds are applied to the 1595 sub-account balances in order of priority described in the Answer to Question 6 of the APH Frequently Asked Questions issued in October 2009. In both accounts, 1595(2021) and 1595(2022), there are remaining principal balances, and therefore, all rate rider recoveries/refunds are applied to the principal balances.

The Continuity Schedule was also updated, accordingly.

<b>1595(2021):</b>		Principal	Interest	Total
Transfer-in per Decision and Order EB-2020-0038		\$ 3,737,546	\$ 75,062	\$ 3,812,608
Yr 2021	RR billed (Recoveries/Refunds)	\$ (2,023,385)		\$ (2,023,385)
Yr 2021	Carrying charges on opening net principal		\$ 11,392	\$ 11,392
		\$ 1,714,161	\$ 86,453	\$ 1,800,614
Yr 2022	RR billed (Recoveries/Refunds)	\$ (1,474,808)		\$ (1,474,808)
Yr 2022	Carrying charges on opening net principal		\$ 7,046	\$ 7,046
		\$ 239,353	\$ 93,499	\$ 332,852
Yr 2023	RR billed (Recoveries/Refunds)	\$ (3,981)		\$ (3,981)
Yr 2023	Carrying charges on opening net principal		\$ 11,933	\$ 11,933
<b>Continuity Schedule</b>		\$ 235,371	\$ 105,432	\$ 340,803
As originally submitted		\$ 252,304	\$ 89,429	\$ 341,733
Total Correction		\$ (16,933)	\$ 16,003	\$ (930)

<b>1595(2022):</b>		Principal	Interest	Total
Transfer-in per Decision and Order EB-2021-0041		\$ 440,653	\$ 43,947	\$ 484,600
Yr 2022	RR billed (Recoveries/Refunds)	\$ (202,928)		\$ (202,928)
Yr 2022	Carrying charges on opening net principal		\$ 5,545	\$ 5,545
		\$ 237,725	\$ 49,492	\$ 287,217
Yr 2023	RR billed (Recoveries/Refunds)	\$ (84,990)		\$ (84,990)
Yr 2023	Carrying charges on opening net principal		\$ 8,633	\$ 8,633
Continuity Schedule		\$ 152,736	\$ 58,125	\$ 210,861
As originally submitted		\$ 100,769	\$ 108,608	\$ 209,378
Total Correction		\$ 51,966	\$ (50,483)	\$ 1,483

### Follow up Question-3

#### Account 1588 - interest

#### Ref 1: 2025 IRM rate model\_20250114, DVA continuity, Tab 3

Preamble:

Per Ref 1, OEB staff notes the 2023 interest amount (Cell BI28) of Account 1595 Sub Account 1588 RSVA Power is a debit \$46,641 while the opening balance of the principal and the interest is a credit of (\$507,102) and a debit of \$21,787, respectively.

Question(s):

- a) Please explain why the credit opening principal balance (\$507,102) will generate over a debit of \$45k interest in 2023.

### Response

- a) Account 1588 RSVA Power had a \$1.8 Mil debit principal balance, as of December 31, 2022, plus interest, as reported under RRR 2.1.7 Trial Balance. The carrying charges are calculated on the opening net principal balances. During 2023, the interest calculation on the debit opening balances generated the \$46K debit interest.

The recurring principal adjustments reflected in the Continuity Schedule represent the adjustments made for changes in unbilled amounts, differences between the estimated year-end accruals and the actual amounts posted in the following year. Such principal adjustments to the 2022 balances reduced the principal to (\$507,102), which is the opening balance as of January 1, 2023 in the Continuity Schedule.

1588 RSVA Power	Principal	Interest	1588 Power
RRR 2.1.7 Trial Balance Filing (As of Dec 31, 2022)	\$ 1,854,222	\$ 15,538	\$ 1,869,759
Principal adjustments related to prior year(s), posted in G/L in 2023	\$ (2,361,324)		\$ (2,361,324)
Interest adjustments related to prior year(S) per 2024 IRM decision (recorded in G/L in 2024)		\$ 6,249	\$ 6,249
Continuity Schedule Opening Balance Jan 1, 2023	\$ (507,102)	\$ 21,787	\$ (485,315)

**Follow up Question - 4**

**Ref 1: 2025 IRM rate model\_20250114, DVA continuity, Tab 3**

**Ref 2: Staff Question-4, Updated Table 4**

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

Question(s):

- a) The following highlighted amount in Ref 2 does not match with the Ref 1, please explain the variances and update the evidence as necessary.

Deferral and Variance Accounts	Account	Principal Balance Dec 31, 2023	Interest to Dec 31, 2023	Total Balance Dec 31, 2023	Principal Transactions/ Adjustments in 2023
<b>Group 1 Accounts</b>					
Smart Metering Entity Charge Variance Account	1551	\$ (789,641)	\$ (35,692)	\$ (825,333)	
RSVA - Wholesale Market Service Charge	1580	\$ 6,488,467	\$ 599,771	\$ 7,088,238	
Variance WMS – Sub-account CBR Class B		\$ (130,060)	\$ (42,979)	\$ (173,038)	
RSVA - Retail Transmission Network Charge	1584	\$ 6,322,230	\$ 341,547	\$ 6,663,776	
RSVA - Retail Transmission Connection Charge	1586	\$ 3,532,816	\$ 193,654	\$ 3,726,470	
RSVA - Power	1588	\$ 1,393,496	\$ 62,180	\$ 1,455,676	\$ (771,210)
RSVA - Global Adjustment Class B	1589	\$ (6,528,387)	\$ (294,768)	\$ (6,823,155)	\$ 977,028
			\$ -	\$ -	
		\$ 10,288,922	\$ 823,712	\$ 11,112,634	\$ 205,818

- b) Per Ref 2 & Ref 3 above, OEB staff has compiled the following table. Based on the column name, the 2022 interest adjustments will be recorded in 2024. Please explain why the same interest adjustments in Ref 3 will be recorded again in 2024 per Ref 2.

	Interest adjustment during 2022 (Ref 3)	2022 Interest Adjustments recorded in 2024 (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)

2022 Interest Adjustments recorded in 2024	
\$	(5,948)
\$	(1,780)
\$	6,249
\$	(323,867)
<b>\$</b>	<b>(325,346)</b>

## Response

- a) The highlighted differences for the interest amounts are the interest adjustments in the Continuity Schedule included in the 2024 IRM disposition (EB-2023-0037). Account 1580 reconciled as follows:

Deferral and Variance Accounts	Account	Principal Balance		Interest to		Cont. Sch. RRR 2.1.7 T/B Total Balance	Cont.Sch. 2022 Interest Adjustments per 2024 IRM Decision		Cont. Sch. Closing Principal Balance as of Dec 31, 2023		Cont. Sch. Closing Interest Amounts as of Dec 31, 2023	
		Dec 31, 2023	Dec 31, 2023	Dec 31, 2023	Dec 31, 2023	Dec 31, 2023	Decision	Balance as of Dec 31, 2023	Balance as of Dec 31, 2023	Amounts as of Dec 31, 2023		
<b>Continuity Schedule Reference</b>						Column BV	Column BG		Column BL			
RSVA - Wholesale Market Service Charge	1580	\$ 6,488,467	\$ 599,771	\$ 7,088,238	\$ (5,948)	\$ 6,488,467	\$ 593,822					
Variance WMS – Sub-account CBR Class B		\$ (130,060)	\$ (42,979)	\$ (173,038)	\$ (1,780)	\$ (130,060)	\$ (44,758)					
Variance WMS – Sub-account CBR Class A related (excluded from Disposition request)		\$ (2,267)	\$ (54)	\$ (2,321)		\$ (2,267)	\$ (54)					
		\$ 6,356,141	\$ 556,738	\$ 6,912,879	\$ (7,728)	\$ 6,356,141	\$ 549,010					

The commodity accounts also had interest adjustments in the Continuity Schedule from the 2024 IRM disposition, as well as principal adjustments detailed in the 2025 GA Work Form.

Account 1588 RSVA Power had \$6,249 interest adjustment from the 2024 IRM Decision, EB-2023-0037.

Deferral and Variance / Account	Principal Balance Dec 31, 2023	Interest to Dec 31, 2023	Cont. Sch. RRR 2.1.7 T/B Total Balance Dec 31, 2023	Cont.Sch. Principal Adjustments for 2023*	Cont.Sch. 2022 Interest Adjustments per 2024 IRM Decision	Cont. Sch. Closing Principal Balance as of Dec 31, 2023	Cont. Sch. Closing Interest Amounts as of Dec 31, 2023	
								Column BV
RSVA - Power	1588	\$ 1,393,496	\$ 62,180	\$ 1,455,676	\$ (771,210)	\$ 6,249	\$ 622,286	\$ 68,429

The balance disposed of in the 2024 IRM proceeding included (\$2,361,324) recurring principal adjustments that relate to prior year(s). These transactions took place in 2023, and therefore, they are posted to the general ledger in 2023, and included in the 2023 Trial Balance. When these principal adjustments are included in the Continuity Schedule for the year they relate to, they update the balance proposed for disposition. The adjustments are reversed in the Continuity Schedule in the year when they are posted to the general ledger and reported in the Trial Balance, which is Year 2023. The (\$771,210) principal adjustments relate to Year 2023, but posted to the general ledger in 2024.

1588 RSVA Power	Principal	Interest	Acc 1588
RRR 2.1.7 Trial Balance Filing (As of Dec 31, 2022)	\$ 1,854,222	\$ 15,538	\$ 1,869,759
Principal adjustments related to prior year(s), posted in G/L in 2023	\$ (2,361,324)		\$ (2,361,324)
Interest adjustments related to prior year(S) per 2024 IRM decision (recorded in G/L in 2024)		\$ 6,249	\$ 6,249
Continuity Schedule Opening Balance Jan 1, 2023 (Ref. BC28, BH28)	\$ (507,102)	\$ 21,787	\$ (485,315)
Transactions during Year 2023 (Principal and Interest)	\$ (460,725)	\$ 46,641	\$ (414,084)
Reversal of Principal adjustments related to prior year(s), posted in 2023 G/L (2025 GAWF, Tab PA, Cell V52)	\$ 2,361,324		\$ 2,361,324
Principal adjustments related to 2023, posted in G/L in 2024 (2025 GAWF, Tab PA, Cell V62)	\$ (771,210)		\$ (771,210)
Continuity Schedule Closing Balance Dec 31, 2023 (Ref. BG28, BL28)	\$ 622,286	\$ 68,428	\$ 690,715

The Continuity Schedule update for a given year has to include the reversals from prior year(s) since the opening balances included principal adjustments related to prior year(s). The GA Work Form details the principal adjustments.

Principal Adjustments	1588 RSVA Power
Reversal of Principal adjustments related to prior year(s), posted in 2023 G/L (2025 GAWF, Tab PA, Cell V52)	\$ 2,361,324
Principal adjustments related to 2023, posted in G/L in 2024 (2025 GAWF, Tab PA, Cell V62)	\$ (771,210)
Principal Adjustments during 2023 - Cont.Sch. Cell BF28	\$ 1,590,114



Account 1589 RSVA GA had (\$323,867) interest adjustment from the 2024 IRM Decision, EB-2023-0037. The balance proposed for disposition excluded the Class A related minor differences, as described in the application on Page 16.

Deferral and Variance Accounts	Account	Principal Balance Dec 31, 2023	Interest to Dec 31, 2023	Cont. Sch. RRR 2.1.7 T/B Total Balance Dec 31, 2023	Exclude Class A related GA difference	Cont.Sch. Principal Adjustments for 2023*	Cont.Sch. 2022 Interest Adjustments per 2024 IRM Decision	Cont. Sch. Closing Principal Balance as of Dec 31, 2023	Cont. Sch. Closing Interest Amounts as of Dec 31, 2023
Continuity Schedule Reference									
RSVA - Global Adjustment Class B	1589	\$ (6,528,387)	\$ (294,768)	\$ (6,823,155)		\$ 977,028	\$ (323,867)	\$ (5,551,359)	\$ (618,635)
RSVA - GA Class A related difference (excluded from Disposition request)		\$ 3,697	\$ 3,155	\$ 6,852	\$ (6,852)		\$ -	\$ -	\$ -
		\$ (6,524,689)	\$ (291,613)	\$ (6,816,302)	\$ (6,852)	\$ 977,028	\$ (323,867)	\$ (5,551,359)	\$ (618,635)

The balance disposed of in the 2024 IRM proceeding included \$285,222 recurring principal adjustments that relate to prior year(s). These transactions took place in 2023, and therefore, they are posted to the general ledger in 2023, and included in the 2023 Trial Balance. When these principal adjustments are included in the Continuity Schedule for the year they relate to they update the balance proposed for disposition. The adjustments are reversed in the Continuity Schedule in the year when they are posted to the general ledger and reported in the Trial Balance, which is Year 2023. The \$977,028 principal adjustments relate to Year 2023, but posted to the general ledger in 2024.

1589 RSVA GA	Principal	Interest	Acc 1589
RRR 2.1.7 Trial Balance Filing (As of Dec 31, 2022)	\$ (7,177,790)	\$ (76,840)	\$ (7,254,630)
Exclude Class A related difference	\$ (3,045)	\$ (1,365)	\$ (4,410)
Principal adjustments related to prior year(s), posted in G/L in 2023	\$ 285,222		\$ 285,222
Interest adjustments related to prior year(s) per 2024 IRM decision (recorded in G/L in 2024)		\$ (323,867)	\$ (323,867)
Continuity Schedule Opening Balance Jan 1, 2023 (Ref. BC29, BH29)	\$ (6,895,613)	\$ (402,072)	\$ (7,297,686)
Transactions during Year 2023 (Principal and Interest)	\$ 652,449	\$ (216,563)	\$ 435,886
Reversal of Principal adjustments related to prior year(s), posted in 2023 G/L (2025 GAWF, Tab PA, Cell J52)	\$ (285,222)		\$ (285,222)
Principal adjustments related to 2023, posted in G/L in 2024 (2025 GAWF, Tab PA, Cell J62)	\$ 977,028		\$ 977,028
Continuity Schedule Closing Balance Dec 31, 2023 (Ref. BG29, BL29)	\$ (5,551,359)	\$ (618,635)	\$ (6,169,994)

The Continuity Schedule update for a given year has to include the reversals from prior year(s) since the opening balances included principal adjustments related to prior year(s). The GA Work Form details the principal adjustments.

Principal Adjustments	1589 RSVA GA
Reversal of Principal adjustments related to prior year(s), posted in 2023 G/L (2025 GAWF, Tab PA, Cell J52)	\$ (285,222)
Principal adjustments related to 2023, posted in G/L in 2024 (2025 GAWF, Tab PA, Cell J62)	\$ 977,028
Principal Adjustments during 2023 - Cont.Sch. Cell BF29	\$ 691,806



- b) The interest adjustments are recorded in the Continuity Schedule for 2022 per the 2024 IRM decision. They will not be recorded again in the Continuity Schedule. Transactions recorded in the general ledger are reflected in the Trial Balance. Since the decision took place in 2024, the interest adjustment amounts resulted from the Decision and Order are recorded in 2024 in London Hydro's general ledger, and will be reflected in the Trial Balance in 2024 for each impacted account. At the end of 2024, both the Continuity Schedule and the Trial Balance includes the interest adjustments and they will no longer be reconciling items when comparing the two schedules.

### **Follow up Question - 5**

**Ref 1: 2025 IRM rate model\_20250114, Tab 11 RTSR – UTRs & Sub-Tx, EB-2024-0244 2025 UNIFORM TRANSMISSION RATES January 21, 2025 and EB-2024-0032 Hydro One Networks Inc. Rate Order, December 19, 2024**

Preamble:

Distributors must enter the applicable rates in the Rate Generator Model for the preliminary Uniform Transmission Rates (UTRs) and Hydro One Sub-Transmission Rates. 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.

### **Response**

- a) The attached model reflected the 2025 preliminary Network Service Rate of \$6.25. London Hydro updated the model with the final rate of \$6.37, according to Decision and Rate Order for 2025 Uniform Transmission Rates, EB-2024-0244, issued on January 21, 2025.

London Hydro confirms that all tabs are updated accordingly.