

London Hydro Inc.
EB-2025-0023
January 14, 2026

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Staff Question-1

Ref: Rate Generator Model, Tab 3, Continuity Schedule

Preamble:

On December 10, 2025, the OEB published the 2026 Quarter 1 prescribed accounting interest rate 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 update Tab 3 (Continuity Schedule) as necessary to reflect the Q1 2026 OEB-prescribed interest rate of 2.55%.

Response

- a) The Q1 2026 OEB-prescribed interest rate of 2.55% is updated in the Continuity Schedule (Column BR) of the rate model, to calculate the interest for the period of January 1, 2026 to April 30, 2026. The updated total claim is \$9,840,026.

The updated relevant schedules, rate riders and settlement amounts are listed in Appendix A.

Staff Question-2

Ref: Rate Generator Model, Tab 3, Continuity Schedule

Preamble:

London Hydro is seeking to dispose of Account 1595 (2021) principal balance of \$235,371 and interest balance of \$127,209 for a total Account 1595 (2021) disposition of \$362,580.

Question(s):

- a. Please provide rationale for why interest balances account for approximately 35% of the total Account 1595 (2021) balance being sought for disposition.

Response

- a) From the 2021 IRM approved disposition, only principal recoveries have been collected from customers year-to-date. The carrying charges are still to be recovered in Account 1595(2021).

The billed rate riders were recorded to the sub-accounts in the order described in the answer to Question 6 of the Accounting Procedures Handbook Frequently Asked Questions (APH FAQ), issued October 2009. The rate rider recoveries/refunds are to be applied in order of priority: first to the principal balances transferred (A), then to the transferred carrying charges (B), and finally to the accrued carrying charges on net principal balance (C).

Please note, the amount referenced here is the claim that was updated with the Q1 2026 OEB-prescribed interest rate in response to Question 1.

Account 1595 Disposition and Recovery/Refund of Regulatory Balances (2021)	Sub-account Principal Balances Approved for Disposition*	Sub-account Carrying Charges Approved for Disposition*	Sub-account Carrying Charges on Net Principal Account Balances*	Total Balance 1595(2021)
	A	B	C	D=A+B+C
Approved for Disposition 2021 IRM Cont.Sch.	\$ 3,737,546	\$ 75,062		\$ 3,812,608
Rate Rider Recoveries/Refunds billed	\$ (3,502,175)			\$ (3,502,175)
Carrying Charges after transfer-in on Net Principal			\$ 51,869	\$ 51,869
Total Residual Balances Proposed for Disposition	\$ 235,371	\$ 75,062	\$ 51,869	\$ 362,302

* 1595 sub-accounts as described in APH FAQ Q/A4

Staff Question-3

Ref: Rate Generator Model, Tab 4, Billing Det. For Def-Var

Preamble:

When residual balances of Account 1595 sub-accounts are being requested for disposition, the distributor must populate the percentage allocations by customer class. These allocations are to be derived from the allocations used to establish the original rate riders. London *Hydro* has provided Account 1595 (2021) recovery proportions in Tab 4 of the IRM Rate Generator Model.

Question(s):

- a. Please identify the source(s) for the calculations used to derive the Account 1595 (2021) recovery proportions in the current application. In the response, please identify the relevant document, section, tab and/or cell references, as required.

Response

- a) The proposed allocation of the residual balance of Account 1595(2021) is based on the original allocations from the Decision and Rate Order of the 2021 IRM application, EB-2020-0038. The balances approved for disposition are listed on Page 13, Table 6.2 and Page 16, Table 7.1 of the Decision and Rate Order.

The balances for Accounts 1551, 1580, 1584, 1586, 1588 and 1595(2016) are allocated on Tab 5, Columns G-R, of the 2021 IRM Rate Model to each relevant rate class. The Class B GA and CBR balances are allocated to the rate classes on Tabs 6.1 and 6.2 of the 2021 IRM Rate Model, respectively. The Class B GA and CBR balances attributed to Transition customers are allocated on Tabs 6.1a and 6.2a, respectively.

The LRAMVA balance is allocated to the appropriate rate classes in the 2021 LRAMVA Work Form, Tab 1 LRAMVA Summary. The allocation is also reflected on Tab 5, Column W, of the 2021 IRM Rate Model.

The allocation percentage is calculated as the ratio of the rate class-specific total amount to the total disposition amount.

The allocation is summarized in Appendix B, Table B-1. Allocation of Balances 2021 IRM Decision and Rate Order, with references.

Staff Question-4

Ref:

- (i) **EB-2025-0023 Rate Generator Model, Tab 21, Bill Impacts**
- (ii) **EB-2024-0040 Rate Generator Model, Tab 21, Bill Impacts**

Preamble:

London Hydro's Large Use Service Classification has a Current Loss Factor and Proposed Loss Factor of 1.0119 in the EB-2025-0023 Rate Generator Model, whereas a loss factor of 1.0288 was used in the EB-2024-0400 Rate Generator Model.

Question(s):

- a. Please explain why the Large Use Service Classification's Current Loss Factor and Proposed Loss Factor has been reduced to 1.0119 from 1.0288. In the response, please include reference to any relevant OEB approvals.

Response

- a) The OEB-approved total loss factors applicable to London customers are listed in the Tariff of Rates and Charges. (Ref: EB-2024-0040, Decision and Rate Order, Schedule A Tariff of Rates and Charges, Page 15)

Total Loss Factor – Secondary Metered Customers < 5,000 kW	1.0288
Total Loss Factor – Secondary Metered Customers > 5,000 kW	1.0119

The definition of the Large Use Rate Classification can be found on Page 8 of the Tariff of Rates and Charges. Customers in the Large Use Service Classification have 5,000 or greater average monthly maximum demand for billing purposes. Accordingly, the 1.0119 OEB-approved total loss factor applies to this customer class.

Therefore, on Tab 21 Bill Impact, the approved 1.0119 loss factor should be populated for the Large Use Service Classification.

Staff Question-5

Ref: Rate Generator Model, Tab 18 Regulatory Charges, Tab 21 Bill Impacts and Time of Use (TOU) prices set by the OEB for November 1, 2025

Preamble:

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

Question(s):

- a) OEB staff has updated the latest TOU prices and OER in Tab 18 Regulatory Charges and Tab 20 Final Tariff Schedule. Please confirm the updates and ensure that all tabs are updated accordingly.
- b) OEB staff has updated the RRRP and CBR rate riders. Please confirm the RRRP and CBR rates on Tab 18 Regulatory Charges have been updated correctly and that all tabs are updated accordingly.

Response

- a) London Hydro confirms the latest TOU prices and OER are reflected on Tab 18 Regulatory Charges, as well as on Tab 20 Final Tariff Schedule.
- b) London Hydro confirms the RRRP and CBR rates effective January 1, 2026 listed on Tab 18 are equivalent with the OEB's decision and order, EB-2025-0299, issued on December 11, 2025. The updated RRRP and CBR rates populated on Tab 20 Final Tariff Schedule and Tab 21 Bill Impacts.

Appendix A

Staff Question-1: Response - Updated Schedules

Appendix A includes the updated schedules/tables due to using the Q1 2026 OEB-approved interest rate (2.55%) in the interest calculation for the period of January 1, 2026 to April 30, 2026. The table numbers remained the same as in the rate application, for reference.

Updated Table 5: Projected Group 1 Account Balances and Threshold Test

Deferral and Variance Accounts	Account	Principal Balance Dec 31, 2024	Principal Transactions/ Adjustments 2024	Interest to Dec 31, 2024	Total Balance Dec 31, 2024	Principal Disposition May 1, 2025	Interest Disposition May 1, 2025	Disposition Apr 30, 2025	Adjusted Principal Balance for Disposition Apr 30, 2025	2025 Interest Jan 1 to Dec 31 3.64%, 3.16%, 2.91%, 2.91%	2026 Interest Jan 1 to Apr 30 2.55%	Forecast Balance for Disposition April 30, 2026
Group 1 Accounts												
Smart Metering Entity Charge	1551	\$ (458,713)		\$ (26,804)	\$ (485,517)	\$ (321,624)	\$ (27,382)	\$ (349,006)	\$ (137,089)	\$ (8,044)	\$ (1,149)	\$ (145,704)
Variance Account												
RSVA - Wholesale Market Service Charge	1580	\$ (4,015,038)		\$ (228,076)	\$ (4,243,114)	\$ (3,311,393)	\$ (267,259)	\$ (3,578,652)	\$ (703,644)	\$ (60,503)	\$ (5,899)	\$ (730,863)
Variance WMS – Sub-account CBR Class B		\$ 1,712,036		\$ 31,589	\$ 1,743,625	\$ 458,535	\$ 27,329	\$ 485,863	\$ 1,253,502	\$ 44,821	\$ 10,509	\$ 1,313,092
RSVA - Retail Transmission Network Charge	1584	\$ 4,760,575		\$ 200,309	\$ 4,960,884	\$ 2,025,709	\$ 185,738	\$ 2,211,447	\$ 2,734,866	\$ 109,655	\$ 22,928	\$ 2,882,020
RSVA - Retail Transmission Connection Charge	1586	\$ 1,456,665		\$ 108,365	\$ 1,565,031	\$ 1,181,656	\$ 114,170	\$ 1,295,826	\$ 275,010	\$ 22,344	\$ 2,306	\$ 293,854
RSVA - Power	1588	\$ 1,838,118	\$ (27,913)	\$ 323,152	\$ 2,133,358	\$ 1,129,389	\$ 143,836	\$ 1,273,224	\$ 680,817	\$ 34,532	\$ 5,708	\$ 900,373
RSVA - Global Adjustment Class B Disposition and Recovery/Refund of Regulatory Balances (2021)	1589 1595_(2021)	\$ 7,130,760	\$ (992,877)	\$ 181,146	\$ 6,319,029	\$ 1,344,255	\$ 216,676	\$ 1,560,930	\$ 4,793,628	\$ 166,667	\$ 40,188	\$ 4,964,953
		\$ 235,371		\$ 117,538	\$ 352,909				\$ 235,371	\$ 7,420	\$ 1,973	\$ 362,302
		\$ 12,659,775	\$ (1,020,789)	\$ 707,218	\$ 12,346,204	\$ 2,506,525	\$ 393,107	\$ 2,899,633	\$ 9,132,461	\$ 316,892	\$ 76,563	\$ 9,840,026

Total Claim (including Account 1568 and 1509)	\$ 9,840,026
Total Claim for Threshold Test	\$ 9,840,026
Total metered kWh from most recent filing	3,255,027,530
Threshold Test (Total claim per kWh)	\$ 0.0031

Updated Table 6: Proposed 2026 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	1,181,379,273	\$ 1,069,620	\$ 0.0009
GENERAL SERVICE LESS THAN 50 KW	kWh	406,547,805	\$ 417,062	\$ 0.0010
GENERAL SERVICE 50 TO 4,999 KW	kW	3,660,081	\$ 1,776,823	\$ 0.4855
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION)	kW	69,036	\$ 15,345	\$ 0.2223
STANDBY POWER	kW	196,800	\$ 36,826	\$ 0.1871
LARGE USE SERVICE	kW	311,836	\$ 152,856	\$ 0.4902
STREET LIGHTING	kW	48,655	\$ 10,642	\$ 0.2187
SENTINEL LIGHTING	kW	1,397	\$ 531	\$ 0.3805
UNMETERED SCATTERED LOAD	kWh	5,424,455	\$ 5,576	\$ 0.0010
Total			\$ 3,485,283	

Updated Table 7: Proposed 2026 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	3,635,233	\$ 74,961	\$ 0.0206
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION)	kW	52,114	\$ 382	\$ 0.0073
STANDBY POWER	kW	184,800	\$ 1,355	\$ 0.0073
Total			\$ 76,698	

Updated Table 8: Proposed 2026 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	15,112,857	\$ 81,942	\$ 0.0054
GENERAL SERVICE LESS THAN 50 KW	kWh	60,475,620	\$ 327,900	\$ 0.0054
GENERAL SERVICE 50 TO 4,999 KW	kWh	779,609,727	\$ 4,227,054	\$ 0.0054
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION)	kWh	6,377,228	\$ 34,577	\$ 0.0054
STANDBY POWER	kWh	18,119,680	\$ 98,245	\$ 0.0054
LARGE USE SERVICE	kWh	-	\$ -	\$ -
STREET LIGHTING	kWh	17,401,184	\$ 94,349	\$ 0.0054
SENTINEL LIGHTING	kWh	4,447	\$ 24	\$ 0.0054
UNMETERED SCATTERED LOAD	kWh	-	\$ -	\$ -
Total			\$ 4,864,092	

Updated Table 9: 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	\$ 13,514	\$ 1,126
Customer 2	\$ 7,971	\$ 664
Customer 3	\$ 5,482	\$ 457
Customer 4	\$ 10,147	\$ 846
Customer 5	\$ 40,293	\$ 3,358
Customer 6	\$ 11,014	\$ 918
Customer 7	\$ 12,440	\$ 1,037
Total	\$ 100,861	

Updated Table 11: 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	\$ 1,256	\$ 105
Customer 2	\$ 741	\$ 62
Customer 3	\$ 510	\$ 42
Customer 4	\$ 943	\$ 79
Customer 5	\$ 3,746	\$ 312
Customer 6	\$ 1,024	\$ 85
Customer 7	\$ 1,156	\$ 96
Total	\$ 9,376	

Updated Table 12: Proposed 2026 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	1,181,379,273	\$ 595,479	\$ 0.0005
GENERAL SERVICE LESS THAN 50 KW	kWh	406,547,805	\$ 204,922	\$ 0.0005
GENERAL SERVICE 50 TO 4,999 KW	kW	2,501,018	\$ 479,200	\$ 0.1916
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION)	kW	38,688	\$ 3,214	\$ 0.0831
STANDBY POWER	kW	72,000	\$ 9,133	\$ 0.1268
LARGE USE SERVICE	kW		\$ -	\$ -
STREET LIGHTING	kW	48,655	\$ 8,771	\$ 0.1803
SENTINEL LIGHTING	kW	1,397	\$ 261	\$ 0.1869
UNMETERED SCATTERED LOAD	kWh	5,424,455	\$ 2,734	\$ 0.0005
Total			\$ 1,303,714	

Updated Table 13: Summary of Bill Impacts

BILL IMPACTS SUMMARY	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$ 1.04	3.4%	\$ 1.87	5.5%	\$ 1.71	3.4%	\$ 1.53	1.1%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	\$ 2.19	3.3%	\$ 4.19	5.7%	\$ 3.98	3.5%	\$ 3.57	1.1%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 312.83	3.4%	\$ 5,554.58	47.8%	\$ 5,414.33	16.2%	\$ 6,118.19	2.5%
GENERAL SERVICE 1,000 TO 4,999 kW (CO-GENERATION) SERVICE CLASSIFICATION - Non-RPP	kW	\$ 239.75	3.4%	\$ 4,878.75	53.6%	\$ 4,714.75	14.1%	\$ 5,327.67	2.2%
STANDBY POWER SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 466.20	3.4%	\$ 5,162.75	32.2%	\$ 5,162.75	32.2%	\$ 5,833.91	2.6%
LARGE USE SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 1,860.98	3.4%	\$ 5,041.02	8.9%	\$ 4,423.63	2.9%	\$ 4,998.70	0.4%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 0.27	3.5%	\$ 1.31	13.9%	\$ 1.29	10.5%	\$ 1.46	2.4%
SENTINEL LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$ 0.20	3.5%	\$ 0.87	12.7%	\$ 0.87	12.6%	\$ 0.98	2.4%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	\$ 2.09	3.5%	\$ 3.89	5.6%	\$ 3.68	3.4%	\$ 3.30	1.0%

Appendix B

Staff Question-3: Response – Percentage allocation of 1595(2021) balance to rate classes

Summary of balances from the 2021 IRM Decision and Rate Order and calculation of percentage allocations to rate classes established in the 2021 IRM proceeding:

Table B-1. Allocation of Balances 2021 IRM Decision and Rate Order

Allocation of Balances - 2021 IRM Decision and Order Rate Model Tabs 5, 6.1, 6.1a, 6.2, 6.2a							1589 ClassB	1589 Transition	1580CBR ClsB.nWMP	1580CBR Transition	G1 Sub-TOTAL	1568 LRAMVA RR	TOTAL Disposition	Percentage Allocation
Rate Rider	DVA RR	DVA RRs	DVA RR	DVA RR	DVA RRs	DVA RR	GA RR	GA SETTL	CBR RR	CBR SETTL				%
RESIDENTIAL SERVICE CLASSIFICATION	\$ (176,413)	\$ (1,542,952)	\$ 789,167	\$ (17,695)	\$ 331,154	\$ 15,997	\$ 116,929		\$ (181,752)		\$ (665,566)	\$ 557,702	\$ (107,864)	-3%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	\$ (15,444)	\$ (554,769)	\$ 283,745	\$ (6,362)	\$ 119,067	\$ 2,666	\$ 260,010		\$ (65,349)		\$ 23,563	\$ 79,159	\$ 102,722	3%
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION		\$ (2,022,589)	\$ 1,044,945	\$ (23,431)	\$ 434,095	\$ (108,423)	\$ 3,772,346	\$ 454,492	\$ (162,779)	\$ (24,488)	\$ 3,364,169	\$ 486,087	\$ 3,850,255	101%
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION) SERVICE CLASSIFICATION		\$ (11,991)	\$ 6,133	\$ (138)	\$ 2,574	\$ -	\$ 33,233	\$ 40,501	\$ (1,233)	\$ (1,608)	\$ 67,472	\$ 6,751	\$ 74,223	2%
STANDBY POWER SERVICE CLASSIFICATION		\$ (37,139)	\$ 18,995	\$ (426)	\$ 7,971	\$ (1,777)	\$ 70,102	\$ 44,469	\$ (2,601)	\$ (1,237)	\$ 98,357	\$ 20,909	\$ 119,266	3%
LARGE USE SERVICE CLASSIFICATION		\$ (155,443)	\$ 79,504	\$ (1,783)	\$ 33,362	\$ 4,444	\$ -		\$ -		\$ (39,917)	\$ (107,067)	\$ (146,984)	-4%
STREET LIGHTING SERVICE CLASSIFICATION		\$ (23,322)	\$ 11,928	\$ (267)	\$ 5,005	\$ (1,777)	\$ 74,055		\$ (2,747)		\$ 62,875	\$ (138,496)	\$ (75,621)	-2%
SENTINEL LIGHTING SERVICE CLASSIFICATION		\$ (760)	\$ 389	\$ (9)	\$ 163	\$ -	\$ 29		\$ (90)		\$ (278)	\$ -	\$ (278)	0%
CLASSIFICATION		\$ (7,719)	\$ 3,948	\$ (89)	\$ 1,657	\$ -	\$ -		\$ (909)		\$ (3,112)	\$ -	\$ (3,112)	0%
	\$ (191,858)	\$ (4,356,683)	\$ 2,238,755	\$ (50,200)	\$ 935,047	\$ (88,871)	\$ 4,326,704	\$ 539,462	\$ (417,460)	\$ (27,333)	\$ 2,907,563	\$ 905,045	\$ 3,812,607	100%
2021 IRM Rate Model Reference	Tab 5 Col.H	Tab 5 Col.I	Tab 5 Col.L	Tab 5 Col.M	Tab 5 Col.N	Tab 5 Col.R	Tab 6.1 Col.L	Tab 6.1a	Tab 6.2 Col.L	Tab 6.2a	Tab 5 Col.W			
EB-2020-0038 Decision and Rate Order Reference											Pg 13, Table 6.2	Pg 16, Table 7.1		

References:

Decision and Rate Order, EB-2020-0038, Page 13 Table 6.2 and Page 16, Table 7.1
2021 IRM Rate Model, Tabs 5, 6.1, 6.1a, 6.2, 6.2a