EB-2026-0056

ONTARIO ENERGY BOARD

London Hydro

2027 Cost of Service

POLLUTION PROBE INTERROGATORIES

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1-PP-1

Reference: London Hydro's initial revenue requirement projections identified significant upward pressure on distribution rates that far exceeded historical levels. This trend was primarily driven by rising labour costs, material costs, increased financing rates, and the capital investments necessary to maintain grid resilience, system reliability, modernization the system, and prepare for growth and electrification. [Exhibit 1, page 15].

Ontario Future-Proofing of Local Electricity Distribution Utilities [per Ontario Future-Proofs Economy by Strengthening Local Utilities | Ontario Newsroom]

a) Please explain how recent Provincial efforts and announcements to future-proof Ontario electricity utilities supports or opposes the issues and related costs that London Hydro noted above.

b) What impact (if any) does London Hydro expect during the rate term from the Provincial future-proofing activities?

1-PP-2

Reference: In the past these types of investments would have been made by Hydro One. When Hydro One made the investment, there would be no impact on London Hydro's distribution rates, but the transmission component of the customer's bill would increase to reflect the increase in the cost of services received from Hydro One. The overall cost to London Hydro's customers is typically less when London Hydro makes the capital investment rather than Hydro One. [Exhibit 1, page 17]

a) Please explain why these costs are now falling directly on London Hydro compared to historically being undertaken by Hydro One.

b) Please provide the information London Hydro has to support that these expenditures are lower when preformed by London Hydro rather than Hydro One.

c) Per above, for each applicable investment planned over the rate term, please provide an estimate of the saving that result from London Hydro undertaking the work rather than Hydro One. Please also indicate how those savings have been applied to this application to reduce capital and/or OM&A for 2027 and over the rate term.

1-PP-3

Reference:

The City of London's Bus Rapid Transit ("BRT") system. The initial cost estimate for London Hydro's portion of the work was $60.2 million, projected to be spend over the years 2020 to 2028. Through rigorous collaboration and design refinement, the project scope and timeline were significantly reduced. The cost was reduced to $21.5 million, and the timeframe was condensed to the years 2021 to 2027. [Exhibit 1, page 18]

Please provide a table including:

- the (actual/estimated) annual costs (by capital and/or OM&A) related to the $21.5 million for the years 2021 to 2027.
- the original annual estimates which sum to the $60.2 million
- the difference by year

1-PP-4

Reference: Total rate base has increased by $115.5M during the rebasing period. [Exhibit 1, page 26]

Please indicate how the rate base increase over the term compares to the OEB approved Capital over the current rate term.

1-PP-5

References: "For this DSP period, higher than historical load growth is expected to continue with new customers and existing customers selecting electricity as their preferred energy choice." [Exhibit 1, page 36] and "London Hydro's loads are expected to increase above what would be forecast using only weather-normalized historical volumes due to electrification." [Exhibit 1, page 29]

a) Please explain the information and specific trends underlying these statements.

b) Do the above statement include fuel switching away from natural gas? Please explain the response.

1-PP-6

Please provide the final report for the Hybrid Heating Pilot.

1-PP-7

Reference: Table 1-42: Asset Management Measures [Exhibit 1, page 206]

Table 1-42: Asset Management Measures

ASSET MANAGEMENT MEASURES						
	OEB Target	2020	2021	2022	2023	2024
Distribution System Plan Implementation Progress	N/A	Below Budget	Below Budget	Above Budget	Above Budget	Above Budget

a) Please confirm that the DSP capital budget used for comparison for this metric is the OEB approved capital budget. If not, please explain what is used and how the scorecard result is calculated.

b) Please explain why underspending or overspending against the DSP capital plan is an objective and which is preferred.

c) Is execution (by percent) to DSP over the term a better metric to measure success? If not, why not.

1-PP-8

Reference: Table 1-39: Customer Satisfaction Measures [Exhibit 1, page 199]

a) Please explain the results noted as “A” under the Customer Satisfaction Survey Results and please provide information on what target/benchmark that result is compared to.

b) Please explain how this metric and the results are used to make changes at London Hydro.

1-PP-9

Ref. Ontario’s Energy for Generations plan (Energy for Generations | ontario.ca).

Please explain what policy issues in the Energy for Generations plan were included in the Application and which are incremental to what London Hydro considered in development of its Application?

2-PP-10

Reference:

The DSP spans a ten-year planning horizon, covering both a historical period (2022–2026), with 2026 as the bridge year, and a forecast period (2027–2031), with 2027 as the Test Year. [DSP, Section 5.2]

The DSP [per LHI_Application_Appendix2-5_DSP_Part1of5_20260828] indicates a term of 2027-2031.

a) If five years of the ten year DSP are already complete, what percent complete will the ten year DSP be at the end of those five years (i.e. 2022-2026)?

b) If the ten year DSP is less than 50% complete heading into 2027, please explain why and what activities have been carried forward to the new rate term (2027-2031 DSP), compared to initial forecast.

2-PP-11

Reference: London Hydro is actively advancing several major strategic initiatives that are currently in various stages of planning and business case development. These initiatives include the construction of its first Municipal Transformer Station (MTS-1), a second Operations Centre, replacement of the existing Outage Management System (OMS) with a modern ADMS incorporating DERMS capabilities, and the staged renewal of its first-generation smart meter infrastructure. The magnitude and timing of these investments presented in this DSP represent the best available planning estimates as of April 2026 and will continue to be refined as engineering, procurement, regulatory approvals, and implementation planning progress. [DSP, page 14]

a) Please provide a summary of which initiatives (and related costs) noted above are included in this 2027 Application (and related budgets) and which are excluded pending a future potential ICM application.

b) What percent (or portion) of the DSP activities relate to the initiatives that are not included in this 2027 Application (i.e. may require future OEB review and approvals).

2-PP-12

References: London Hydro has incorporated NWS consideration into its distribution system planning process. As part of this process, potential NWS options – such as energy efficiency, demand response, distributed energy resources (DERs), and energy storage – are considered, where applicable, as part of the evaluation of system needs and potential solutions. The level of assessment is proportionate to the nature, scale, timing, and complexity of the identified need. [DSP, page 195]

Although no distribution rate-funded NWS projects are proposed within the 2027–2031 DSP, London Hydro views NWS as an increasingly important component of future distribution system planning and continues to actively explore opportunities to expand their application where appropriate. [DSP. Page 196]

a) Please provide a copy of the NWS review undertaken.

b) Did London Hydro review best practices and opportunities from utilities in Ontario that are currently undertaking NWSs? If no, why not. If yes, please provide a copy.

c) Please explain what specific activities are being undertaken to identify NWSs for potential implementation into London Hydro's system.

2-PP-13

Reference: Figure 72 illustrates that gross capital spending is projected to increase from $46.4 million in 2022 to $110.4 million in 2031, representing an overall increase of approximately 138%. This growth is not indicative of a permanent structural shift in underlying capital needs; rather, a significant portion of the increase is attributable to major strategic investments that occur periodically based on long-term system growth, adequacy requirements, grid modernization needs, and reliability objectives. [DSP, page 252]

a) Please explain how this statement should be interpreted compared to the (lower) spending during the current five year term and what is currently expected following the 2027-2031 DSP term (e.g. will the DSP spending requirements subside to previous lower levels following the 2027-2031 term).

b) Please provide any information London Hydro has that supports the assumption that this is not indicative of a permanent structural shift in underlying capital needs.

2-PP-14

Reference: Exhibit 2– Distribution System Plan and DER definition from National Standard Practice Manual - NSPM (nationalenergyscreeningproject.org)

Distributed Energy Resources (DERs) are resources located on the distribution system that are generally sited close to or at customers' facilities. DERs include EE, DR, DG, DS, EVs, and increased electrification of buildings. DERs can either be on the host customer side of the utility interconnection point (i.e., behind the meter) or on the utility side (i.e., in front of the meter). DERs are mostly associated with the electricity system and can provide all or some of host and/or support the utility system by reducing demand and/or providing supply to meet energy, capacity, or ancillary services (time and locational) needs of the electric grid.

a) Please provide the definition of DER that London Hydro is using and explain how it differs (if at all) from the best practice NSMP definition noted above.

b) Please explain what DER resources from the list above are included in the London Hydro demand modeling and what the gross and net impact for each technology type are.

c) What local DER forecast does London Hydro rely on for DERs that are not identified and controlled by the IESO? Please provide a copy of the forecast.

d) Please provide the full list (by type) of local DERs not controlled by IESO, included in London Hydro's demand model.

e) Please explain how (current and forecasted) non-wire solutions and DERs in London Hydro's service territory are identified and used for the Regional Planning that London Hydro is relying on for its forecast.

3-PP-15

Reference: Load Forecast [Exhibit 1, page 28]

Does the load/demand forecasts match that submitted for and used for the most recent Regional Planning? If not, please explain why and what the differences are.