PUBLIC INTEREST ADVOCACY CENTRE
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November 10, 2026 **VIA E-MAIL**

Ritchie Murray
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Mr. Murray:

Re: EB-2026-0056 London Hydro Inc. (LHI)
2027 Cost of Service Application
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the revised interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark C. Garner Digitally signed by Mark C. Garner
Date: 2026.11.10 17:14:46 -05'00'

Mark Garner
Consultants for VECC/PIAC

Mr. Mike Packer, Director of Regulatory Affairs
packerm@londonhydro.com

REQUESTOR NAME	**VECC**
TO:	**London Hydro Inc. (LHI)**
DATE:	**November 10,2026**
CASE NO:	**EB-2026-0056**
APPLICATION NAME	**2027 Cost of Service Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1

Reference: **Exhibit 1, Part 1, pages 87-88**
Exhibit 1, Appendix 1-3
Exhibit 9, page 40 (Table 9-23)

Preamble: The Application states:
"*London Hydro tracked the direct (incremental) costs associated with providing Green Button services to customers outside of London Hydro's service territory. Table 1-16 below shows the Green Button charges, incremental costs, and net margin*." (page 87)

"*Given the potential for change, London Hydro has budgeted to continue to price Green Button and Related Services to other electricity distributors in Ontario based on marginal mark-up to the incremental costs in 2027 and going forward*." (page 88)

a) Please clarify whether Table 1-16 sets out the Green Button charges, incremental costs, and net margin: i) for all Green Button services to customers outside of London Hydro's service territory (including other electricity distributors in Ontario as permitted under section 71(2) of the OEB Act) or ii) just those non-electricity distributor customers in Ontario and customers (electricity or otherwise) outside Ontario for which the exemption under Section 71(4) of the OEB Act was required.

   a. If just for Green Button services to customers for which an exemption under Section 71(4) is required, please reconcile the 2025 and 2026 values in Table 1-16 with those in Table 9-23

   b. If for Green Button services to all customers outside London Hydro's service area, please explain why the 2025 net margin in Table 1-16 ($67,742) is less than that in Table 9-23 ($144,233).

   c. Please provide a schedule that for each of the calendar year 2022-2027 provides the revenue, costs (incremental) and net margin (per Table 1-16) separately for Green Button services provided to:

i. Other electricity distributors in Ontario

ii. Non-electricity distributor customers in Ontario and customers (electricity or otherwise) outside Ontario for which the exemption under Section 71(4) of the OEB Act was required.

b) With respect to Table 1-16, are the actual costs shown for 2022-2025 and the forecast costs for 2026-2027 just the direct incremental costs for each year?

   a. If not, for what years have indirect costs also been included and what were they for each of these years?

c) Please explain how Green Button services were priced in each of 2022 through 2027 and reconcile the reported net margins in Table 1-16 for each of these years with the approach used.

d) Please provide a schedule setting out the revenues and costs underpinning the Green Button Net Revenues set out in Table 9-23 and explain the pricing approach used for establishing the revenues.

e) Was the methodology set out Appendix 1-3 used to determine the costs underpinning the Green Button Net Revenues set out in Table 9-23?

   a. If not, why not?

   b. If not, how were the costs determined and provide the supporting analysis?

   c. If yes, please provide the supporting analysis.

1.0-VECC- 2

Reference: Exhibit 1, page 87, Table 1-16
EB-2021-0041, Staff 1-9 c)

Preamble: The response to Staff 1-9 c) from EB-2021-0041 provided the following forecast of net profits/losses for Green Button:

GREEN BUTTON PLATFORM AND EXTERNAL APPs					
	2022	2023	2024	2025	2026
Revenue	110,000	1,681,000	1,021,000	896,000	909,000
Expenditures	(124,400)	(1,332,000)	(852,000)	(700,000)	(709,000)
Profit (loss)	(14,400)	349,000	169,000	196,000	200,000

a) Please explain the annual variances between the forecast (Staff 1-9 c) and the actual (Table 1-16) revenue and expenditures for 2022 to 2025.

1.0-VECC-3

Reference: Exhibit 1, Appendix 1-3, page 11
OEB Decision, EB-2025-0085, Schedule A

Preamble: The Application states:
"*The costs presented in the following sections of this report represent the total costs of delivering GB Services to utility customers in 2024, excluding those associated with servicing a significant Canadian out-of-province utility customer (COPUC). These costs include all relevant cost categories under both the incremental and fully allocated cost approaches and include all GB Service offerings and process stages provided to utilities, excluding COPUC.*
COPUC has been intentionally excluded from the total cost analysis due to a known and material regulatory change. As of April 30, 2027, LH will no longer be authorized to provide GB Services to this customer as outlined in Section 3.2 (Regulatory History)." (Appendix 1-3)

Schedule A of OEB Decision, EB-2025-0085 states:
"*Notwithstanding the agreement under issue 5.4 in the Settlement Proposal to extend the exemption under s. 71(4) of the OEB Act from May 1, 2022, to April 30, 2025, the Parties agree to a further extension to the exemption under s. 71(4) of the OEB Act from May 1, 2025, to April 30, 2027, in respect of the following 3 customers that currently receive Green Button services from LHI (the "Subject Customers"):*
a) Big Data Energy Services;
b) City of Waterloo; and
c) Nova Scotia Power."

a) Please explain why only one customer (i.e., the COPUC) was excluded from the cost analysis when there were three customers for which London Hydro would no longer be authorized to provide GB services after April 30, 2027.

1.0-VECC-4

Reference: Exhibit 1, Appendix 1-3, page 19

Preamble: The Application states:
"*As shown in the image below prepared by EY, the study categorized the IS Director's responsibilities into two primary areas: IT Department and Leadership Activities. Within the IT Department category, time was further broken down into three components: GB Services, Other Technology Projects, and IT*

Operations. The IS Director's time allocated to GB Services was further split between COPUC and other utility customers in 2024.
Based on this analysis, assigned management labour relating to GB Services was calculated as the portion of the IS Director's time spent supporting GB Services (excluding time supporting COPUC) multiplied by the approved pay band for the relevant London Hydro management level."

a) Within the IT Department, where would the time spent overseeing the Green Button services provided to London Hydro's own customers be assigned – e.g., under Other Technology Projects or IT Operations?

1.0-VECC-5

Reference: Exhibit 1, Appendix 1-3, page 22

Preamble: The Application states:
"*Building and facilities costs represent the expenses associated with the physical location where LH delivers GB Services. These include rent, utilities, maintenance, and other costs specifically related to the spaces used for GB Services*."

a) Are any of the buildings and facilities where London Hydro delivers GB services owned by London Hydro?
   i. If yes how does the cost analysis account for the depreciation and return on capital associated with London Hydro's investments in these facilities?

1.0-VECC-6

Reference: Exhibit 1, Appendix 1-3, page 24

Preamble: The Application states:
"*A percentage of 0.7% of the workforce associated with GB Services was used to allocate HR, IT, and Finance costs, as detailed below. This percentage was calculated by dividing the full-time equivalent employee (FTE) for GB Services by the total number of LH employees in 2024. The GB Services FTE was derived from the total employee hours charged directly to BU33 in 2024, along with the estimated hours the IS Director spent supporting GB Services, as determined through a top-down time study. Time spent servicing COPUC was excluded from both the employee and IS Director hour calculations*."

a) Were the GB Services' FTEs used to determine the 0.7% equal to 2.25 (i.e., the GB Services FTEs referenced on page 23)? If not, why not?

1.0-VECC-7

Reference: Exhibit 1, Appendix 1-3, pages 24-25

Preamble: The Application states:
"*Human Resources costs at LH are recorded in the Employee Services (BU30) and Corporate Health and Safety (BU31) business units. To allocate a portion of the HR costs to GB Services, the total costs recorded in BU30 and BU31 were multiplied by the ratio of GB Services equivalent FTE (including IS Director time and excluding COPUC time) by the total average LH FTE in 2024*."
"*IT costs at LH are recorded in the IT Infrastructure (BU32) and IT Applications (BU34) business units. Labour costs associated with the VP, Corporate Services & CIO, who provides indirect oversight of the delivery of GB Services, are recorded in BU34 and are therefore included in the IT costs being allocated. To allocate a portion of the IT costs to GB Services, the total adjusted costs recorded in BU32 and BU34 were multiplied by the ratio of GB Services equivalent FTE (including IS Director time and excluding COPUC time) by the total average LH FTE in 2024*."
"*Finance costs at LH are recorded in the Finance (BU37) business unit. Labour costs associated with the CFO, who provides indirect oversight of the delivery of GB Services, are recorded in BU37 and are therefore included in the Finance costs being allocated. To allocate a portion of the finance costs to GB Services, the total costs recorded in BU37 and BU34 were multiplied by the ratio of GB Services equivalent FTE (including IS Director time and excluding COPUC time) by the total average LH FTE in 2024*."

a) With reference to the Human Resources, IT and Finance costs that were allocated, what was included in the associated costs? For example, did it include the direct labour costs, the company benefits and building/facility costs associated with each?

1.0-VECC-8

Reference: Exhibit 1, Appendix 1-3, page 26

Preamble: The Application states:
"Return on capital represents the equity return associated with the attributable amortized technology development costs (capitalized labour) that are included in rate base. This amount is netted against the amortized technology development costs to derive total technology development costs.
To determine the appropriate return on capital amount, mid-year

2024 rate base of attributable technology development costs was multiplied by an equity thickness of 40% and by LH's most recently approved ROE of 8.66%."

a) Why is there no provision for the interest costs associated with the 60% of the technology development costs that would be debt financed based on London Hydro's approved capital structure?

1.0-VECC-9

Reference: Exhibit 1, Appendix 1-3, pages 19, 28 and 36
Exhibit 1, Part 1, page 87

Preamble: The Application states: "*The total calculated incremental costs of delivering GB Services in 2024 were calculated as $841,750 or $1.82 on average per customer." (page 19)*
"The total incremental costs to deliver GB Services to customers in the project phase in 2024 was $337,891, while the total incremental cost to deliver GB Services to customers in the ongoing phase in 2024 was $720,862." (page 28)

a) Please explain the difference between the "customers" included in the determination of the $841,750 per page 19 and the "customers" included in the $1,058,753 (i.e., $337,891+$720,862 per page 28).

b) Please provide a breakdown of the $841,750 as between Project Phase Costs and Ongoing Phase Costs similar to that on page 28.

c) Please explain the difference between the 2024 incremental costs associated with providing Green Button services to customers outside of London Hydro's service territory in Table 1-16 ($1,072,324) and the 2024 incremental costs for both the Project and Ongoing Phases ($1,058,753 = $337,891+$720,862) per pages 28 and 36 of Appendix 1-3.

1.0-VECC-10

Reference: Exhibit 1, page 55-56,150 / Exhibit 4, page 233 / Section 4.6.4

"To ensure that no eligible LEAP EFA applicant is denied assistance due to funding constraints, London Hydro has increased its annual contribution from $200,000 in the 2022 Test Year to $800,000 in the 2027 Test Year. "

"A cornerstone of this strategy is our strong collaboration with community agencies that are deeply connected to vulnerable populations. By working closely with organizations such as the London Food Bank, London Middlesex Community Housing (LMCH), Salvation Army, and the City of London, including programs such as Ontario Works (OW), Ontario Disability Support Program (ODSP), and water services, we are able to extend our reach through trusted intermediaries. These partnerships ensure that information

about critical supports, including the Low-income Energy Assistance Program (LEAP) and Ontario Electricity Support Program (OESP), is delivered directly to those who need it most, in environments where they already feel supported."

a) Who are LHI's LEAP partners?

b) In the event the entire $800,000 is not utilized by LHI's LEAP partner(s) in a given calendar what happens?

1.0-VECC-11

Reference: Exhibit 1, section 1.7.2

a) Please update Tables 1-46: Public Safety Measures Performance to include 2025 results.

1.0-VECC-12

Reference: Exhibit 1, page 217

a) Please update Table 1-46 to Table 1-56 and Table 1-59 to show the most recent actual historical period: 2021 to 2025.

1.0-VECC-13

Reference: Exhibit 1, page

"*London Hydro capitalizes meters as major spare parts immediately upon purchase under its Capitalization Policy. Due to severe vendor lead times and supply chain backlogs in then preceding years, a large volume of delayed meter orders was finally delivered during 2024."*

a) Please provide the annual capitalized cost of spare meters for year 2022 – 2027 (forecast).

1.0-VECC-14

Reference: Exhibit 1, page

Table 1-58: Cohort Summary

COHORT SUMMARY				
Year	Inflationary Increase	Stretch Factor	IRM Increase	Cohort Assignment
2023	3.70%	0.30%	3.40%	III
2024	4.80%	0.30%	4.50%	III
2025	3.60%	0.30%	3.30%	III
2026	3.70%	0.30%	3.40%	III

a) What is the forecast cohort assignment for 2027 should LHI's proposed application be accepted in its entirety?

1.0-VECC-15

Reference: Exhibit 1, page 250

"*At the end of 2025, London Hydro initiated a strategic partnership with AiDASH to pilot an advanced Vegetation Management Solution that leverages high-resolution satellite imagery and analytics. This 12-month pilot program, currently underway and covering a defined portion of the service territory, is intended to evaluate this emerging technology to enhance the monitoring of vegetation in proximity to electrical infrastructure and strengthen proactive maintenance planning."*

a) Please provide an update on the status of the referenced pilot.

b) What was the cost of the pilot program?

c) What is the forecast incremental cost (if any) if LHI proceeds with full implementation of the referenced Vegetation Management Solution?

1.0-VECC-16

Reference: Exhibit 1, Appendix 1-13

a) Please update the Scorecard to show the 2025 results.

2.0 RATE BASE AND CAPITAL (EXHIBIT 2)

2.0-VECC -17

Reference: **Exhibit 2, Appendix 2-5 (Part 1), pages 73-74;148 and 230-231 of 279 (pdf 89-90; 164 and 246-247)**

Preamble: The Application states:

"In accordance with the OEB's Load Forecast Guideline for *Ontario, London Hydro developed three load growth scenarios – Low, Reference, and High – to account for uncertainty in how future demand may materialize (Figure 51). The resulting forecast yields compound annual growth rates (CAGR) of 1.2%, 2.2%, and 3.2% for the Low, Reference, and High scenarios, respectively*." (page 148 of 279)

"*The outlook for customer-driven development activity remains strong over the next five years, with steady growth forecasted in both residential and commercial sectors. Within the residential sector, the shift in development toward multi-unit housing over single family dwellings (as discussed in section 5.3.2c) is expected to continue. Developer Works volumes are expected to remain robust as the City continues to intensify urban development and expand build-ready lands*." (page 231 of 279)

a) Please outline the methodology used to develop the reference load growth scenario (per page 148). In particular please indicate the adjustments to the forecast for 2025-2035 based on: i) Municipal Development Plans; ii) Large Customer Intelligence; ii1) Electrification Trends; iv) EV Adoption and v) Building Electrification (per pages 89-90) and how, in each case, they were established.

b) Please provide the forecast for new residential and commercial connections for 2026 and 2027 underpinning London Hydro's System Access capital spending forecast. For the residential forecast, please distinguish between connections for single family dwellings vs. multi-unit housing.

c) With respect to Figure 51 please provide: i) the actual historical value for 2024; ii) the actual historical value for 2025 and iii) the annual forecast values for 2025 to 2035.

2.0-VECC -18

Reference: Exhibit 2,

a) Please explain the methodology for forecasting the 2027 capital contributions and the 2028 – 2031 contribution forecasts

2.0-VECC -19

Reference: Exhibit 2, Section 2.7 /Appendix 2-AA/Appendix 2-AB

"*London Hydro notified the OEB via correspondence dated October 3, 2024, that the utility would 1 be unable to comply until the CIS Refresh project was completed. In that letter, London Hydro 2 informed the OEB that the CIS Refresh was not expected to be implemented until Q2 2025***."**

a) Please explain the purpose of the amounts spent under line 54 "CIS Refresh" shown in Appendix 2-AA in years 2022 ($3,541,339) to 2025 (-$2,191,300).

b) Appendix 2-AB shows that the 2023 Plant General Plant budget was $20,667,000. How much (if any) of this amount was forecast for the CIS refresh?

2.0-VECC -20

Reference: Exhibit 2, Section 2.1.3 /Appendix 2-AB

a) In each year 2024 through 2026 LHI significantly exceeded its planned General Plant Budget. In 2026 it is 164% more than the planned budget. Please explain the reason for the significant overspending in the General Plant Category in each year 2024 through and including 2026.

2.0-VECC -21

Reference: Exhibit 2, Appendix 2-AA

a) Please provide an updated Appendix 2-AA which shows:

i. The actual amounts expended for 2026 up until October 31.

ii. The remaining amount expected to be expended to year end 2026.

iii. Any adjustments to the capital expenditure forecast for 2027 resulting from revised 2026 capital expenditures.

2.0-VECC -22

Reference: Exhibit 2, Appendix A1 Material Projects / Appendix 2-AA

a) There does not appear to be a clear mapping as between Appendix A1 (Material Investment Projects) and Appendix 2-AA (Capital Projects Table). Please provide (or direct to) a mapping which would allow one to understand under which "Reporting Basis" in Appendix 2-AA the Material Projects are found. By way example, Material Project "*System Access E2 Residential Secondary Service Upgrades*" (PDF page 308) is captured under what System Access category as shown in Appendix 2-AA?

2.0-VECC -23

Reference: Exhibit 2, DSP, pages 2, 184

"*Over the 2027–2031 forecast period, London Hydro plans to invest approximately $490.0 Million in its distribution system, representing an average annual capital expenditure before capital contributions of $98 Million. Nearly one-third of the investment can be attributed to the following major strategic projects for which plans and estimates are still under development. London Hydro may submit an ICM once plans and estimates are finalized*."

….

● *$34.5 M for a second Operations Centre to protect against environment flood risk and support growth*

And, page 184

This has informed the planning process resulting in London Hydro planning for estimated costs of $79,791,000. This includes land acquisition, site preparation, phased building construction and contingencies. London Hydro has not yet finalized timing for this investment, pending further discussion with the City and consideration of post-pandemic workplace trends

a) Please provide a table showing the amounts spend or forecast to be spent on the new Operations Centre in each year 2025 through 2031.

b) Please provide an explanation of what each year's spending relates to.

c) Please provide the address of the new site purchased for the Operations Centre.

d) Please provide the study which shows the need for a second operations centre and the options (build/buy, preliminary cost estimates etc.) for the second operations centre.

e) Please provide the Board of Directors presentation to for new operations centre and the approval provided.

f) Please reconcile the two statements on Centre costs ($34.5 million and $79.8 million) above of the cost of the operations centre and the amounts should in Appendix 2-AA row 50 which shows a total cost under the ambit of "London Hydro Operations Centre" between 2026 and 2031 of approximately $48.8 million.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0-VECC -24

Reference: **Exhibit 3, page 9**
Exhibit 7, page 11
Cost Allocation Model, Tabs I6.1 & I6.2
London Hydro's 2027 Tariff Schedule and Bill Impact Model, Tab 5 - Final Tariff Schedule

Preamble: For the General Service 1,000 to 4,999 KW (Co-Generation) Service Classification the Proposed Tariffs of Rates and Charges states:
"*Embedded generation, co-generation or load displacement customers have the option to reserve demand capacity on the London Hydro distribution system for import load through mutual agreement/contract. For the embedded generation customers with a gross peak demand annual average of less than 1,000 kW and equal to or greater than 50 kW per month, the General Service 50 to 4,999 kW distribution rates will be applied, as long as there is no requirement for reserve capacity from the customer. For the embedded generation customers with a gross peak demand annual average of less than 50 kW per month, the General Service Less Than 50 kW distribution rates will be applied, as long as there is no requirement for reserve capacity from the customer. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in London Hydro's Conditions of Service*."

For the Standby Power Service Classification the Proposed Tariffs of Rates and Charges states:
"*This classification refers to an account that has Load Displacement Generation and requires London Hydro to provide backup service. The distribution Standby Power rate will be applied to all monthly kW's reserved. Further servicing details are available in London Hydro's Conditions of Service*."

a) Does London Hydro have any embedded generation customers with a gross peak demand annual average of less than 50 kW per month?

   i. If yes, how many and do any of them require reserve capacity?

   ii. If yes, for those that do require reserve capacity:
   - Is the Standby Rate used to bill for their reserve capacity and is their reserve capacity included in the Standby historic and forecast kW?
   - How is the billing demand determinant for the GS<50 service rate determined for those with reserve capacity?

   iii. If yes, for those that don't require reserve capacity:
   - Are they billed on a gross or net load basis?
   - Are the historic customer billing demands used for purposes of the load forecast reported on the same basis?

b) Does London Hydro have any embedded generation customers with a gross peak demand annual average of less than 1,000 kW and equal to or greater than 50 kW per month?

   i. If yes, how many and do any of them require reserve capacity?

   ii. If yes, for those that do require reserve capacity:
   - Is the Standby Rate used to bill for their reserve capacity and is their reserve capacity included in the Standby historic and forecast kWs?
   - How is the billing demand determinant for the GS<50 service rate determined for those with reserve capacity?

   iii. If yes, for those that don't require reserve capacity:
   - Are they billed on a gross or net load basis?
   - Are the historic customer billing demands used for purposes of the load forecast reported on the same basis?

c) Does London Hydro have any embedded generation customers with a gross peak demand annual average equal to or greater than 1,000 kW per month and, if so, how many?

   i. If yes, do these customers have a choice as to whether or not to contract for reserve capacity?

   ii. If they must contract for reserve capacity, are these the customers included in the customer count for General Service 1,000 to 4,999 KW (Co-Generation)?

   iii. If they must contract for reserve capacity:
   - Is the Standby Rate used to bill for their reserve capacity and is their reserve capacity included in the Standby historic and forecast kW?
   - Please confirm that, per the 2027 Tariff Schedule, the General Service 1,000 to 4,999 KW (Co-Generation) Distribution Volumetric Rate is applied to billed demand in excess of

contracted amount determined for these customers. Further, please explain how the customer is billed for General Service 1,000 to 4,999 KW (Co-Generation) service in months where the customer's total net demand is less than the contracted reserve capacity.

iv. If they are not required by London Hydro to contract reserve capacity, for those that don't require reserve capacity:
- How many are there?
- Are they billed using the standard GS 50-4999 rate?
- Are they billed on a gross or net load basis and are the historic customer billing demands used for purposes of the load forecast reported on the same basis?

d) Please explain why there is no forecast customer count for the Standby class (Cost Allocation Model, Tab I6.2).

3.0-VECC -25

Reference: Exhibit 3, page 7

a) Please provide a schedule (excel format) that sets out the customer/connection count for each month in 2026 where actual values are available.

3.0-VECC -26

Reference: Exhibit 3, Appendix 3.1, page
Exhibit 2, Appendix 2-5 (Part 1), page 137 of 279
(pdf page 153)

Preamble: The Application states:
"*The Residential customer count is forecast using the Geometric mean of the annual growth from 2021 to 2025 applied to 2025 counts*". (Exhibit 3)
"*Importantly, development activity remains strong, with the City of London issuing building permits for 5,462 new housing units in 2025, a 48% increase over 2024 and the highest annual total of all time. This level of permitting signals a robust pipeline of development and supports the expectation that population and electricity demand growth will remain elevated over the planning horizon*." (Exhibit 2)

a) Please reconcile the use of the Geometric mean of the annual growth from 2021 to 2025 to forecast the Residential customer count with the outlook for new housing units presented in Exhibit 2.

3.0-VECC -27

Reference: Load Forecast Model, CDM Tab

a) Please provide the sources for the data used to populate the CDM Tab – Rows 4 to 52 / Columns C to G. (actual copies or links to references).

   i. Please indicate where in each reference the data used to populate the CDM Tab is be found and/or how it was derived from the references.

3.0-VECC -28

Reference: Load Forecast Model, Economic Tab

a) With respect to columns Z to AF, are there more recent economic forecasts available from the BMO, Scotia, RBC or TD. If so please update the economics for 2025 to 2027.

3.0-VECC -29

Reference: Exhibit 3, Appendix 3.1, page 18

Preamble: With respect to the 1,000 to 4,999 kW Co -Generation class, the Application states:
"*For the GS 1,000 to 4,999 kW Co -Generation class, the regression equation was estimated using 108 observations from January 2017 to December 2025. Consumption of this rate class varies significantly from month to month and year to year*."

a) Does London Hydro have any insights as to why consumption in this class varies significantly from month to month and year to year?

3.0-VECC -30

Reference: Load Forecast Model, CDM-eDSM Framework Tab

a) Please confirm that the 2021-2025 CDM/eDSM savings attributed to London Hydro in the CDM-eDSM Framework Tab (Cells P46-T50) are not actual reported saving for London Hydro but rather estimates based on total Provincial recorded saving.

b) Please confirm that the Load Forecast assumes there were no Local Initiatives undertaken by the IESO or London Hydro in 2023 and 2024 as part of the IESO's 2021-2024 CDM Framework - Local Initiatives program.

c) Please confirm that the Load Forecast assumes there are no Local Initiatives undertaken by London Hydro or IESO in 2025 and undertaken/planned for 2026 or 2027 as part of the IESO's eDSM Framework - Local Initiatives program.

3.0-VECC -31

Reference: Exhibit 3, Appendix 3.1, pages 50-53
Load Forecast Model, EV Forecast Tab

Preamble: The Application states:
"*The share of total Ontario battery EVs sold in London is first based on the three -year average share of 2.85 % from 202 3 to 202 5 persisting to 2027." (page 51)*
"The revised target percentage of total vehicles that are ZEV is 75% by 2035." (page 50)
"*Table 53 provides a summary of EV consumption and demand by rate class. Incremental billed demands are forecast using an estimated 15% load factor*." (page 53)

a) Please reconcile the referenced 2.85% as the share of Ontario battery EV's in London with the percentages of battery EV's in London as set out in Table 46.

b) What is the basis for the revised 75% target by 2035?

c) What is the basis for the assumed 15% load factor per page 53?

4.0 OM&A (EXHIBIT 4)

4.0 -VECC -32

Reference: Exhibit 4, page 31

"*London Hydro's cost per customer metric is increasingly influenced by the nature of population growth occurring within the City of London, including growth through high-rise and multi-residential development. Historically, from 2017 to 2021, London Hydro's customer base grew by approximately 1.1% annually*."

a) It is not clear in what direction LHI is insinuating the cost per customer metric is influenced by growing high-rise and multi-residential developments. Does an increase in the proportion of bulk and suite metered customers directional increase or decrease the cost per customer metric (all other things being equal)? In a similar way how does the increase in large volume customers impact the cost per customer metric?

4.0 -VECC -33

Reference: Exhibit 4, pages 35-50

Chart 4-2: FTEs per $1 million CAPEX

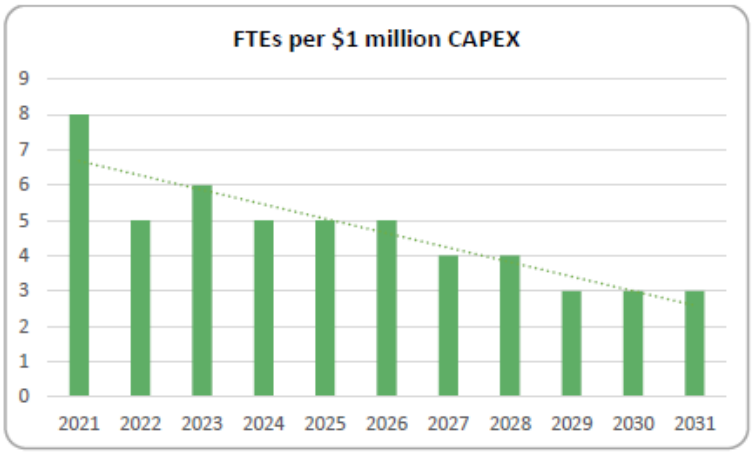
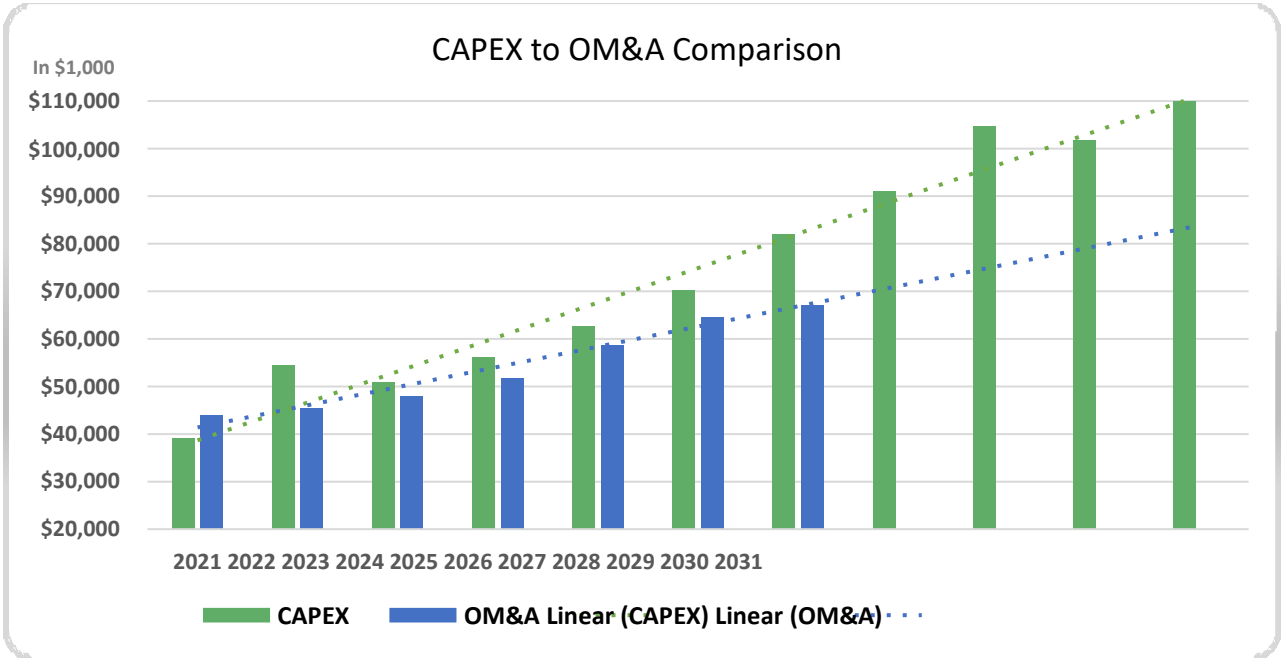


Chart 4-3: CAPEX to OM&A Comparison



a) LHI's capital program (DSP) for the 2027-2031 period is significantly larger than the prior DSP program. At the referenced section LHI discusses the impacts of its capital program on FTE requirements. Please provide the 2026 through 2031 incremental FTE growth attributable to the larger capital program arising from the submitted DSP.

b) Please identify the position categories most impacted from the capital programs in 2026 through 2031.

4.0 -VECC -34

Reference: Exhibit 4, Table 4-13, Exhibit 1, Table 1-8

Table 1-8: OM&A Cost Drivers

Summary of Cost Drivers	Amount
2022 OEB Approved Budget	42,793,800
Inflation, wage escalations and customer growth	**10,607,810**
	53,401,610
Cost Drivers (above inflation, wage escalations and customer growth)	
Labour	6,621,657
Contractor and professional services	2,301,378
Cloud services	1,645,777
Bad debts	1,005,328
Low-Income Energy Assistance Program	492,847
Employee expenses and development	491,979
OEB fees and COS applications costs	480,575
Computer software and hardware	466,848
Insurance	320,729
Other	1,547,144
Change in overhead burdens	(1,705,971)
	13,668,290
	67,069,900

Table 4-13: Summary of Price Increases and Cost Drivers

Summary of Price Increases and Cost Drivers	Amount
2022 Actuals	43,182,436
Price Increases	
Inflation, wage escalations and customer growth	10,083,188
	53,265,624
Cost Drivers (above inflation, wage escalations and customer growth)	
Labour and benefits	6,270,937
Contractor and professional services	1,914,111
Employee development and expenses	696,831
Computer software and hardware	643,267
Low-Income Energy Assistance Program	492,847
OEB fees and rate-filing costs	479,607
Bad debts	301,207
Insurance	257,006
Reduction in cost recoveries	213,350
Corporate membership dues	84,083
Property taxes	77,143
Other	163,058
Change in overhead burdens	(1,705,971)
	9,887,476
	63,153,100

a) Leaving aside the starting point in these two tables (2022 Actuals vs. 2022 Board approved) please explain the cost driver variation between the tables.

b) Why is LHI seeking $67 million and not the $63 million in OM&A costs as shown in Table 4-13?

4.0 -VECC -35

Reference: Exhibit 4, pages 221-223

Table 4-36: Bad Debt Expenses

Bad Debt Expenses											
Nature of Expenditure	2022 Actual	2022 Applied	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test	2022 Actuals to 2022 Applied	Var	2022 Actuals to 2027 Test	CAGR
	$		$	$	$	$	$	$	%	$	%
Bad debts	1,604,121	900,000	1,842,227	2,448,235	2,999,137	2,500,000	2,200,000	(704,121)	-78%	595,879	7%

a) Please describe the methodology used to calculate the 2027 test year cost of bad debt of $2.2 million.

b) Please explain what programs have been instituted since 2022 with the objective of managing (reducing) bad debt costs.

4.0 -VECC -36

Reference: Exhibit 4, page 53, 279 / Appendix 2-JC

Table 4-14: OEB fees and COS Application Costs

OEB FEES AND COS APPLICATIONS COSTS (deflated)								
	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test	2022 Actuals to 2027 Test	CAGR
	$	$	$	$	$		$	%
Ontario Energy Board fees	746,508	791,157	895,255	949,666	1,088,210	1,125,876	379,367	9%
COS application costs	34,260	32,882	32,015	31,278	30,470	134,499	100,239	31%
	780,768	824,039	927,270	980,944	1,118,680	1,260,375	479,607	10%

a) Please explain the variance between the amounts shown for Ontario Energy Board fees in Table 4-14 and the corresponding year amounts shown on line 99 in Appendix 2-JC_OMA Programs (Excel 20260828).

b) Are the 2026 Bridge amounts of Board fees and actual amount based on a Board invoice? If not please explain how the amount for 2026 and 2027 was forecast.

4.0 -VECC -37

Reference: Exhibit 4, page 28

"The proposed 2027 Test Year budget reflects higher corporate membership fees due to new affiliations with the Ontario Energy Association, Energy Storage Canada, and GridSmartCity, along with expanded participation in the Centre for Energy Advancement through Technological Innovation. London Hydro also maintains memberships in key organizations such as the Electricity Distributors Association, Electrical Safety Authority, Green Button Alliance, Canadian Electricity Association, Canadian Urban Transit Research, and the London Home Builders' Association."

a) For each of the referenced affiliations please provide the actual membership and other fees paid in 2022 and that forecast for 2027.

b) Please provide the EDA fees paid in each year 2022 through 2027 (forecast)

4.0 -VECC -38

Reference: Exhibit 4, page 28

Table 4-15: Change in Overheads Impact on OM&A Expenses

OVERHEAD LABOUR AND MATERIALS MANAGEMENT BURDENS IMPACT ON OM&A EXPENDITURES							
Description	2022 OEB Approved	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Bridge	2027 Test Year
	$	$	$	$	$	$	$
Overhead labour	-	-	-	(1,400,000)	(1,441,557)	(1,535,100)	(1,588,800)
Materials Management	-	-	-	(457,792)	(472,650)	(487,475)	(503,876)
	-	-	-	(1,857,792)	(1,914,207)	(2,022,575)	(2,092,676)

"*As part of this assessment, London Hydro examined the overhead burden 14 allocation practices of several LDC's and found that all the other LDC's examined capitalized cost associated with their Stores Department, and that most capitalized overhead labour costs associated with engineering and supervision through a burden applied to capital projects*."

a) Please provide the list referred to in the reference of LDCs that capitalized overhead labor costs associated with engineering and supervision and those who did not.

b) Is the result of the noted change to reduce the 2027 OM&A costs by $2,092,676 as compared to what it would have been if the change in overhead burden policy not been made? If yes, where are these costs now shown/recorded in the 2027 application?

4.0 -VECC -39

Reference: Exhibit 4, Appendix 2-K

a) The 2022 the Board cost approved 320 FTEs. For every year before 2026 LHI managed with less that the approved 320. Please explain how this was done and what positions were left unfilled during the last rate period.

4.0 -VECC -40

Reference: Exhibit 4, Table 4-17, page 86

Table 4-17: Net FTE Additions by Workforce Segment

	Designated & Technical Professional	Customer Experience, Operational & Administrative Support	Front Line Leadership	Senior Management
Operations, Asset Management, Facilities				
1. OT Cybersecurity Supervisor (2026)			1	
2. Engineering Technologist (2023)	1			
3. Engineering Technologist (2026)	1			
4. Engineer in Training (2025)	1			
5. Engineer in Training (2027)	1			
6. Environmental Technician (2023)	1			
7. Facilities System Supervisor (2024)			1	
8. VP - Engineering & Construction (2023)				1
9. Supervisor - Key Accounts (2025)			1	
10. Manager - Customer Electrification (2025)			1	
People & Culture, Health & Safety				
1. VP - Customer & Employee Experience (2023)				1
2. Manager - People & Culture (2023)			1	

Corporate Administration				
1. VP - Legal & General Counsel (2025)				1
2. Director - ERM (2025)				1
3. Manager - ERM (2027)			1	
4. Legal & Risk Analyst (2026)	1			
5. Legal & Risk Analyst (2027)	1			
6. Manager - Regulatory (2024)			1	
7. Regulatory Analyst (2026)	1			
8. Accounting Clerk (2023)		1		
TOTAL	**8**	**1**	**7**	**4**

a) Does Table 4-17 include all the workforce segments employed by LHI? If not please provide a table which does.

b) Using Table 4-17 or the revised table as requested in a) please show the total FTE's (average annual) for each year 2022 through 2027 forecast.

4.0 -VECC -41

Reference: Exhibit 4, Appendix 2-K

a) Management, including Executive, FTEs has increased from 75 (actual) in 2025 to a proposed 94 in 2027. Please provide a table showing for the incremental 19 positions:
   i. the title of the incremental management/executive position;
   ii. a short description/narrative of the position responsibilities;
   iii. the relevant workforce segment related/assigned to that position;
   iv. whether the salary band for the position exceeds $100,000 (Y/N);
   v. whether the position is currently filled.

b) Did LUI engage any outside expertise to develop a plan for the increase in management position from the 64 approved in 2022 to the proposed 94 in 2027? If so please provide that human resource study.

c) If no outside study was done please provide the internal plan which was provided to LUI's Board of Directors in support of the increase in management positions from 2025 to 2027.

4.0 -VECC -42

Reference: Exhibit 4, page 220

Chart 4-33: Change in Postage Rates and Customer Growth (2022–2027)

Postage Rates and Customer Growth					
Year	Pre-Sort ($)	Change ($)	Change ($) %	Cust. Growth	Total
2022	0.91				
2023	0.91	-	0.0%	0.9%	0.89%
2024	0.98	0.07	7.7%	0.7%	8.40%
2025	1.23	0.25	25.5%	0.6%	26.08%
2026 est.	1.29	0.06	5.0%	0.8%	5.84%
2027 est.	1.36	0.06	5.0%	0.9%	5.85%
Total		$ 0.45	49.0%	3.9%	52.9%

a) The Federal budget recently announced an increase to 2027 postage rates and increases in years following. What impact will this have on LHI's customer service and collections cost (line 53 of Appendix 2-JC)?

b) What programs or initiatives does LHI propose in 2027 onward to reduce the number of paper bills?

4.0 -VECC -43

Reference: Exhibit 4, page 260

a) What is the 2027 property tax associated with the parcel of land purchased for the anticipated MTS-1 project?

b) Given the project has not yet begun and the date of electrification of any station is not yet planned why does LUI believe that this is a used or useful cost to be recovered by ratepayers?

4.0 -VECC -44

Reference: Exhibit 4, Table 4-42, page 274

a) Please provide a list of the forecast contractor consulting services forecast for 2027 ($739,900) and explain why these costs have significantly increased since 2022 ($445,0066)

5.0 COST OF CAPITAL (EXHIBIT 5)

5.0-VECC-45

Reference: Exhibit 5, Section 5.4.4

			Year	2027	Test Year				
Row	Description	Lender	Affiliated or Third-Party Debt?	Fixed or Variable-Rate?	Start Date	Term (years)	Principal ($)	Rate (%)	Interest ($) (Note 1)
1	TD SWAP #1	TD Bank	Third-Party	Fixed Rate	4-Dec-20	11.5	$ 125,000,000	2.13%	$ 2,662,500.00
2	TD SWAP #2	TD Bank	Third-Party	Fixed Rate	4-Dec-20	11.5	$ 75,000,000	1.97%	$ 1,477,500.00
3	TD SWAP #3	TD Bank	Third-Party	Fixed Rate	22-Dec-25	6.5	$ 90,000,000	3.98%	$ 3,582,000.00
4	TD Committed	TD Bank	Third-Party	Variable Rate		2	$ 55,000,000	3.85%	$ 2,117,500.00
Total							$ 345,000,000	2.85%	$ 9,839,500.00

Note 1 - Interest $ is calculated simply as the ending principal balance * the rate. As a result, the interest dollars may differ from the actual interest paid during the year.

" Hydro's actual debt is higher than its deemed debt. London Hydro's actual debt in 2027 is expected to be $345,000,000 (See 2027 Test year above) while the deemed debt is $297,010,917 (see Table 5- 1). The actual debt expected in 2027 exceeds the deemed amount by $47,989,083."

a) Please recalculated the resulting weighted rate of long-term debt removing $47,989,003 from the 4th tranche of debt (i.e. the "TD Committed" $55 million at 3.85%).

b) Please provide the revenue requirement impact of this change.

5.0-VECC-46

Reference: Exhibit 5

a) Please update the cost of capital for the revised Board cost of capital parameters issues on October 29, 2026.

b) Please provide the revenue requirement impact of this change.

6.0 REVENUE REQUIREMENT (EXHIBIT 6)

6.0-VECC-47

Reference: Exhibit 6, pages 28-38
Appendix 2-H

a) Please provide an updated version of Appendix 2-H that includes: i) the 2026 year-to-date actuals for each USOA and ii) the 2025 year-to-date actuals for the same period as used for item (i).

6.0-VECC-48

Reference: Exhibit 6, page 32

a) Please provide a schedule that sets out the basis for the 2023-2027 annual revenues from Pole Attachment Charges (i.e., the annual rate used and the annual number of poles).

6.0-VECC-49

Reference: Exhibit 6, page 33

a) Please provide the derivation of the revenue from Late Payment Charges forecast for 2027.

6.0-VECC-50

Reference: Exhibit 6, pages 33-34

a) Please explain why the 2027 forecast revenue from Billable Services is negative (i.e., reduces total Other Revenues).

6.0-VECC-51

Reference: Exhibit 6, pages 35-36
Exhibit 1, Part 1, page 86

a) Please confirm that the Green Button revenues shown in Appendix 2-H are not the total revenues but rather the Net Revenues (i.e., Revenues less Costs).

b) Please confirm that, for 2027, the costs associated with Green Button service Net Revenues reported in Appendix 2-H are not included in London Hydro's OM&A per Exhibit 4.

7.0 COST ALLOCATION (EXHIBIT 7)

7.0-VECC-52

Reference: Exhibit 7, page 6

a) How was the splits according to voltage level set out in Table 7-1 established (e.g., where they reassessed as part of the preparation of the current Application and, if so, how)?

7.0-VECC-53

Reference: Exhibit 7, page 7
Cost Allocation Model, Tab O4

a) Exhibit 7 sets out the Billing and Collecting weighting factor for Standby as being 23.0. However in the Cost Allocation Model (Tab O4, Column I) no Billing and Collecting costs are allocated to Standby. Please reconcile.

7.0-VECC-54

Reference: Exhibit 7, page 7

a) For each customer class, please indicate the percentage of customers that are currently on e-billing.

b) For each class, how has this percentage changed since 2022?

7.0-VECC-55

Reference: Exhibit 7, pages 7-8
Cost Allocation Model, Tabs I7.1 and I7.2

a) Please confirm that each Residential, GS<50 and GS>50 customer has only one meter that is owned and read by London Hydro.

   i. If not confirmed, for each customer class please indicate the number of additional meters that are: i) owned and/or ii) read by London Hydro.

b) Please confirm that the 7 Co-Gen customers have total of eight meters that are owned by London Hydro (per Tab I7.1)

c) Please reconcile the fact that Co-Gen class customers are shown to have a total of 8 meters owned by London Hydro (Tab I7.1) but only 7 meters that are read by London Hydro (Tab I7.2).

d) Do Co-Gen class customers themselves own any meters that are read by London Hydro?

7.0-VECC-56

Reference: Exhibit 7, Appendix 7.2, page 5
Load Profile Model

a) Please explain why the Street Lighting class is assumed to have load even during the daylight hours of each month.

7.0-VECC-57

Reference: Exhibit 7, Appendix 7.2, page 6
Load Profile Model

London Hydro's 2027 Tariff Schedule and Bill Impact Model, Tab 5 - Final Tariff Schedule

Preamble: The Application states:
"*General Service 1,000 to 4,999 kW (Co-Generation) are apportioned between the General Service 1,000 to 4,999 kW (Co-Generation) and Standby rate classes based on the relative billed demands of each class*." (Exhibit 7)

The Tariff Schedule states:
"*The distribution Standby Power rate will be applied to all monthly kW's reserved."*
For the General Service 1,000 to 4,999 KW (Co-Generation) the "Distribution Volumetric Rate is applied to billed demand in excess of contracted amount determined for these customers."

a) Given that the billing demand for Standby service is a fixed amount (i.e., the contract quantity) and the billing demand for Co-Generation service is the billed demand in excess of the contract quantity why isn't it more appropriate to apportion the demand allocator calculated for General Service 1,000 to 4,999 kW (Co-Generation) such that: i) the allocator for Standby service equals the contract quantity and ii) the allocator for Co-Gen service is calculated as the residual?

8.0 RATE DESIGN (EXHIBIT 8)

8.0-VECC-58

Reference: Exhibit 8, page 10
Cost Allocation Model, Tab O2

Preamble: The Application states:
"*Note the atypical floor and the ceiling values in the table above, including a number of the values being negative. The primarily reason for this is related to the high Late Payment Penalty revenue forecast for 2027 and low book value of meters*."

a) Please re-calculate the Ceiling values (per Tab O2) for each customer class, excluding the Late Payment Penalty revenue offset.

8.0-VECC-59

Reference: Exhibit 8, pages 13-14
RTSR Workform

a) Please confirm that the RRR data used in Tab 3 and the Units Billed used in Tab 5 are based on the same year.

b) In Tab 3, what is the basis for the kWhs and kWs shown for GS>50-EV Charging?

8.0-VECC-60

Reference: Exhibit 8, pages 18-20

Preamble: The Application states:
"*The impact of the proposed charge increase (for Reconnection at meter – during regular hours) is a reduction of $30,015 to OM&A expenses (reconnection at meter charges are treated as an offset to expenses). The forecast number of reconnections that underpinned the 2027 budget is 667. The proposed $45 charge increase results in the revenue offset increasing from $23,345 to $53,360*. "(page 19)
"*London Hydro confirms that the revenue from the total of the Specific Service Charges in the 2027 Test Year corresponds with the revenue recorded under Other Revenues as identified in Exhibit 6*." (page 20)

a) Please provide a schedule that sets out the actual 2025 and forecast 2026 and 2027 revenues from each of the Specific Charges in Table 8-11 and the resulting annual totals.

b) Please explain how the revenue from the total of Specific Service Charges can be recorded under Other Revenue (per page 20), when the revenue from reconnection at meter charges are treated as an offset to OM&A expenses (per page 19). As part of the response please indicate if there are any other Specific Service Charges where the revenue is treated as an offset to OM&A expenses.

8.0-VECC-61

Reference: Exhibit 8, pages 23-26
Appendix 2-R

a) Please re-do Appendix 2-R where Row K is calculated according the Appendix's footnotes.

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC - 62

Reference: Exhibit 9, Section 9.3.7 page 20 / Exhibit 2, page 26-

Table 9-12 – 1595 Remainder Balance Allocated Using the Original 2022 Allocation Percentage

1595(2022) - REMAINDER BALANCE ALLOCATED USING ORIGINAL ALLOCATION %		
Rate Class	**Original Allocation**	**Allocated Amount**
	%	$
RESIDENTIAL SERVICE	*-136%*	(310,550)
GENERAL SERVICE LESS THAN 50 KW	*11%*	25,841
GENERAL SERVICE 50 TO 4,999 KW	*301%*	688,791
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION)	*1%*	5,488
STANDBY POWER	*11%*	22,182
LARGE USE SERVICE	*-44%*	(99,705)
STREET LIGHTING	*-45%*	(101,992)
SENTINEL LIGHTING	*0%*	-
UNMETERED SCATTERED LOAD	*-1%*	(1,372)
Total	***100%***	**228,682**

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Table 9-15 – Proposed Allocation of 1595(2022) Balance

1595(2022) - PROPOSED ALLOCATION BASED ON REMAINDER BALANCES		
Rate Class	**Proposed Allocation**	**Allocated Amount**
	%	$
RESIDENTIAL SERVICE	*35%*	79,581
GENERAL SERVICE LESS THAN 50 KW	*5%*	12,349
GENERAL SERVICE 50 TO 4,999 KW	*4%*	9,833
GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION)	*-20%*	(46,194)
STANDBY POWER	*11%*	25,384
LARGE USE SERVICE	*28%*	64,717
STREET LIGHTING	*36%*	83,240
SENTINEL LIGHTING	*0%*	-
UNMETERED SCATTERED LOAD	*0%*	(229)
Total	***100%***	**228,682**

"The allocation of the LRAMVA balance to rate classes was determined in the 2022 Cost of Service Application using the 2022 Generic LRAMVA Workform, specifically developed to calculate the impact the CDM programs had on each participating rate class."

a) It is unclear to us why, leaving aside the dollar impact on the class, the allocation methodology used in 2022 which assigns the balances from LRAMVVA by impact of the CDM program on the participating class does not remain the correct methodology. Please clarify the reasons.

9.0-VECC-63

Reference: Exhibit 9, Section 9.4.2

a) What is the relationship (correlation) as between System Access spending and locates? In other words, in what other capital expenditure category are locates related (for example, are they related to general plant spending?)

b) LHI's actual System Access spending exceeded its prior DSP planned spending in every year from 2023 onward. What adjustment was made to the estimation of the locate costs that might be attributable to a larger system access spending than anticipated in the original DSP?

End of document