EB-2008-0235

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by London Hydro Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2009.

London Hydro Inc. ("London Hydro") Responses to Vulnerable Energy Consumers Coalition ("VECC") Interrogatories

Filed: March 20, 2009

Question #1

Ref: Exhibit 1 / p. 42

a) Please explain why data on Appointments is not available.

b) Provide the 2008 SQI data for all indicators by adding a column to Table 2

c) Indicate which if any, if targets for 2009 are different from 2007/2008

***RESPONSE*:**

a) Based on London Hydro's understanding of the OEB's SQI requirements prior to 2009 London Hydro did not believe that it had any 'appointments' in 2007. London Hydro did not understand that service upgrades were to be included as appointments until this was clarified in the OEB's latest SQI changes effective 2009. All service upgrades and Underground Locate appointments are now being counted as appointments as of Jan. 1, 2009. Prior to that, the information on the number of service upgrade appointments is available, but London Hydro does not have data on whether the appointments were met. However gauging by customer response, London Hydro is confident that it has been meeting the OEB's performance standard in this area.

b) Please see the London Hydro's response to OEB Staff Question #6.

c) London Hydro does not set internal targets that differ from those set by the OEB but does strive to meet and exceed the OEB targets wherever possible.

Question #2

Ref: Exhibit 1 / p. 45

a) Provide a version of Table 3 that shows a breakdown of total bill impacts for distribution, transformation, commodity and rate riders.

b) For the Residential class provide the above breakdown for monthly consumption of 750kwh and 500kwh as well as 1000kwh

***RESPONSE*:**

a) Detailed breakdowns of all bill components and their impacts are provided in Exhibit 9, at pages 28 to 32.

b) Please refer to Appendix VECC 2 – Bill Impacts

Question #3

Ref: Exhibit 1 / p. 47

a) With regard to benchmarking EWUs historic OM&A costs, please confirm/correct the data for 2005 and 2007 shown in the file "Comparison of Distributors (EB-2006-0268)" found on the OEB website:

http://www.oeb.gov.on.ca/OEB/_Documents/EB-2006-0268/Comparison_of_Distributors_20081203.xls

b) For each of the historic years 2005-2007 compute the average London Hydro OM&A cost per customer and compare the average to that of the peer group shown on the OEB website.

c) Compute the distribution OM&A cost per customer for the years 2005-2009.

d) Compute the OM&A per kilowatt hour of energy distributed for the years 2005-2009.

e) Discuss the trends in OM&A costs per customer and per kwh distributed.

***RESPONSE*:**

London Hydro has prepared the table on the following page to assist in responding to this Question. To assist in this analysis, we have also included a calculation of the average kilowatt consumption per customer for each of the peer group utilities.

	2009 Test	2008 Actual	2007	2006	2005
OM & A COSTS					
Hydro One Brampton Networks Inc.			$ 16,195,829	$ 16,341,962	$ 14,697,590
Horizon Utilities Corporation			$ 38,366,138	$ 33,945,447	$ 39,233,801
London Hydro Inc.	$ 28,169,400	$ 26,378,691	$ 25,164,406	$ 23,415,921	$ 21,504,643
PowerStream Inc.			$ 42,993,553	$ 38,591,483	$ 41,838,918
Enersource Hydro Mississauga Inc.			$ 45,679,647	$ 42,856,490	$ 40,713,648
CUSTOMERS					
Hydro One Brampton Networks Inc.			126,026	120,364	116,166
Horizon Utilities Corporation			232,493	231,499	230,327
London Hydro Inc.	145,887	143,801	142,105	140,007	138,046
PowerStream Inc.			236,220	228,471	219,788
Enersource Hydro Mississauga Inc.			183,715	182,596	178,140
Group Average					
OM & A PER CUSTOMER					
Hydro One Brampton Networks Inc.			$ 129	$ 136	$ 127
Horizon Utilities Corporation			$ 165	$ 147	$ 170
London Hydro Inc.	$ 193	$ 183	$ 177	$ 167	$ 156
PowerStream Inc.			$ 182	$ 169	$ 190
Enersource Hydro Mississauga Inc.			$ 249	$ 235	$ 229
Group Average			**$ 180**	**$ 171**	**$ 174**
KILOWATT HOURS DISTRIBUTED					
Hydro One Brampton Networks Inc.			3,962,800,000	3,858,671,535	3,848,066,432
Horizon Utilities Corporation			6,456,516,379	6,554,047,262	6,893,066,814
London Hydro Inc.	3,563,033,193	3,442,614,476	3,513,738,064	3,463,554,919	3,559,556,957
PowerStream Inc.			7,124,043,575	6,948,341,694	7,032,653,674
Enersource Hydro Mississauga Inc.			8,249,691,981	8,068,961,823	8,281,072,795
Group Average					
OM & A PER MEGAWATT HOUR					
Hydro One Brampton Networks Inc.			$ 4.09	$ 4.24	$ 3.82
Horizon Utilities Corporation			$ 5.94	$ 5.18	$ 5.69
London Hydro Inc.	$ 7.91	$ 7.66	$ 7.16	$ 6.76	$ 6.04
PowerStream Inc.			$ 6.03	$ 5.55	$ 5.95
Enersource Hydro Mississauga Inc.			$ 5.54	$ 5.31	$ 4.92
Average Kwh Consumption Per Customer					
Hydro One Brampton Networks Inc.			31,444	32,058	33,126
Horizon Utilities Corporation			27,771	28,311	29,927
London Hydro Inc.	24,423	23,940	24,726	24,738	25,785
PowerStream Inc.			30,159	30,412	31,997
Enersource Hydro Mississauga Inc.			44,905	44,190	46,486

a) Please see the above table

b) Please see the above table

c) Please see the above table

d) Please see the above table

e) London Hydro's OM&A costs per customer are below the cohort averages for 2005 to 2007. Cohort data for 2008 and 2009 is not available so London Hydro cannot

comment on those years. London Hydro's OM&A cost per customer increased by 3.6 % in 2008 and 5.3% in 2009.

The analysis of OM&A per MWH indicates that London Hydro has the highest cost per MWH. This result is consistent with the analysis that indicates that London Hydro also has the lowest consumption per customer of the cohort group. Average consumption per customer is driven by customer mix, type of industry and overall impacts of energy conservation measures that have been undertaken at each utility. Additionally, this particular measurement is subject to significant fluctuations dependent upon the degree to with any given utility may have a large number of high volume customers. The decision to consume more or less energy is made by the customer not the utility, but the impacts of that decision will have a positive or negative impact on the OM&A cost per MWH metric.

Question #4

Ref: Exhibit 1 / p. 59

Preamble:

When a capital asset is sold or otherwise disposed of, the related cost and accumulated amortization are removed from the respective accounts and any gain or loss on disposition is recognized in earnings.

Capital assets that by their nature are not readily identifiable as individual assets are grouped together. Under this method, the related cost and accumulated amortization are removed from their respective grouping account at the end of the asset's estimated useful life, regardless of actual service life. Any proceeds on disposition are recognized in earnings in the year of disposition.

a) Provide a schedule showing major Capital Assets (PPE) aggregated by class, sold from 2006 to 2008. Include Net book value and gain or loss on disposition.

b) Confirm that net proceeds were accounted for as income under other Revenue. If not explain how the gain/loss was accounted for.

c) Provide a schedule of PPE to be disposed of in 2009 and the estimated net book value and forecast gain or loss on disposition.

***RESPONSE*:**

a) The preamble to this question includes an excerpt from the notes to London Hydro's financial statements describing the accounting treatment for both grouped and individual assets. Grouped assets are removed from their respective asset groupings at the end of the asset's estimated useful life. As such, there is no gain or loss recorded for these grouped assets.

The table below lists major capital assets, by class that were sold from 2006 to 2008 for which the recording of a gain or loss at disposition applies. Forecasted disposals of grouped assets are provided in Exhibit 2, Tables 13 – 15, pp. 52 – 54 (Fixed Asset Continuity Schedules).

MAJOR CAPITAL ASSETS BY CLASS - SOLD IN 2006-2008									
	2006			2007			2008		
	Original Cost	NBV	(Gain)/Loss 10.5453	Original Cost	NBV	(Gain)/Loss 10.5453	Original Cost	NBV	(Gain)/Loss 10.5453
1805 Land	40,718	40,718	(23,445)	0	0	0	0	0	0
1850 Line Transformers	0	0	(44,173)	0	0	(35,562)	0	0	(67,303)
1915 Office Furniture & Equipment	0	0	0	0	0	0	0	0	(404)
1930 Transportation Equipment	0	0	0	62,407	3,486	(1,402)	129,159	129,159	(4,128)
1950 Power Operated Equipment	0	0	0	0	0	0	87,253	87,253	(15,640)
	40,718	40,718	**(67,618)**	62,407	3,486	**(36,964)**	216,413	216,413	**(87,476)**

b) London Hydro confirms that net proceeds were accounted for as income under other revenue. Please refer to Exhibit 3, p. 31 Lines 5 – 13 for the treatment of this revenue for rate making purposes.

c) The table below provides all grouped PPE to be disposed of in 2009 as well as other identifiable assets that will be sold in 2009. The estimated net book value and forecasted gain or loss on disposition is provided.

DISPOSALS FOR 2009 AND FORECASTED GAIN ON DISPOSAL			
	2009 Forecasted Disposals		
Description	Original Cost	NBV	(Gain)/Loss 10.5453
LAND			
Substation Land	0.00	0.00	0.00
BUILDINGS			
Leasehold Improvements	0.00	0.00	0.00
PLANT & EQUIPMENT			
Substation Equipment	0.00	0.00	0.00
Miscellaneous Equipment	282,322.80	0.00	0.00
General Office	27,817.71	0.00	0.00
Computer Equipment - Hardware	667,621.02	0.00	0.00
Computer Equipment - Software	5,051,557.81	0.00	0.00
Power Operated & Major Equipment & Vehicles	765,939.54	0.00	(65,000.00)
System Supervisory Equip (Scada)	1,233,398.75	0.00	0.00
TRANSMISSION & DISTRIBUTION SYSTEM			
OH Conductors & Devices	1,676,611.05	0.00	0.00
UG Conductors & Devices	0.00	0.00	0.00
Transformers	0.00	0.00	(33,600.00)
Electric Meters	0.00	0.00	0.00
TOTAL	9,705,268.68	0.00	(98,600.00)

Question #5

Refs: Exhibit 1 / p. 63, 79 and 92 and Exhibit 4 page 67

Preamble: The 2006 and 2007 Financial Statements contain the following on related party transactions

> During the year and within the course of normal operations, the Company provided services to the City of London on an estimated cost recovery basis at an amount of $3.3 million (2006 - $3.3 million), and paid interest to the City in the amount of $4.2 million (2006 - $4.2 million).

The 2008 Interim Statement contains the following

> During the period and within the course of normal operations, the Company provided services to the City of London on an estimated cost recovery basis at an amount of $0.8 million (2007 - $0.8 million), and paid interest to the City in the amount of $1.0 million (2007 - $1.0 million).

a) Please explain the differences in the services (and costs and revenues) provided to the City between 2006 and 2008.

b) Please explain the differences in the interest paid to the city in 2006/2007 and 2008.

c) Provide a schedule that shows a breakdown of the services provided to the City in each of the years 2006-2008 and forecast for 2009.

d) Provide a Copy of the Service Level Agreement(s) for these services and the signed service schedule(s) for 2008 and 2009.

e) Provide details of the Costing/pricing of the services in the context of the Affiliate Relations Code, for example details of the Fully Allocated Costing and/or Market prices used to allocate costs to City Water.

***RESPONSE*:**

a) The services to the City of London remain unchanged between 2006 and 2008. They include water billing services, customer inquiry, collection of water receivables, facility space rental, and control room services.

The two excerpts above from London Hydro's notes to the annual and interim financial statements differ, as the note from the annual financial statements is disclosing the services provided in the year. The second note from the September 2008 interim statements is disclosing the services provided in the three month period ending September 2008.

b) Please refer to a). The interest paid to the City of London annually has not changed between the years 2006 to 2008.

c) The table below provides a breakdown of the services provided to the City of London for each of the years 2006-2008 and the forecast for 2009. The total recovery for each year is prorated to various OEB accounts based costs.

Water Billing Services to the City of London	2006 ACTUAL	2007 ACTUAL	2008 ACTUAL	2009 BRIDGE	OEB Account
Elements allocated to OEB Accounts:					
Supervision	(43,566)	(46,333)	(48,075)	(47,372)	5305
Meter Reading Expenses	(923,259)	(941,872)	(889,255)	(875,306)	5310
Customer Billing	(1,053,162)	(1,024,273)	(1,073,216)	(1,103,849)	5315
Collecting	(620,013)	(627,522)	(651,455)	(657,473)	5320
Management Salaries and Expenses			(60,281)	(76,890)	5610
General and Admin Salaries & Expense	(310,616)	(317,727)	(204,356)	(177,153)	5615
Office Supplies & Expense	(49,384)	(42,273)	(42,737)	(38,561)	5620
Outside Services Employed			(55,625)	(73,396)	5630
Sub Total Recovery related to Water Billing	**(3,000,000)**	**(3,000,000)**	**(3,025,000)**	**(3,050,000)**	
Other Services					
Control Room Services	(10,000)	(10,000)	(10,000)	(10,000)	5010
Facility Space Rental	(253,906)	(244,939)	(268,926)	(70,000)	4210
Sub Total Recovery related to Other Services	**(263,906)**	**(254,939)**	**(278,926)**	**(80,000)**	
TOTAL	**(3,263,906)**	**(3,254,939)**	**(3,303,926)**	**(3,130,000)**	

NOTE: This presentation ties to LH external FS - however grouping of these cost recoveries differ in the rate application

d) Please refer to Appendix VECC 5 for the Service Level Agreement dated March 2006 and an amendment dated June 2007.

e) Please refer to Exhibit 4, Corporate Cost Allocation, pp. 67 – 68 and London Hydro's response to CCC, Question 15 for discussions related to the facility space rental and the provision of water billing services to the City.

Question #6

Ref: Exhibit 1 / p. 101-104

a) For the Column "Non-wires Activities" provide a set of explanatory notes for 2008 and pro forma 2009 of entries for G&A expense and Other Revenue.

b) Reconcile the 2008 and forecast 2009 numbers with the services and revenues and costs related to related party transactions per VECC question above.

c) Explain why there is no Other Revenue in the 2009 pro forma.

***RESPONSE*:**

a) The following table provides explanatory notes for the "non-wires activities" for G&A expense and Other Revenue shown in the reconciliations between London Hydro's 2008 and 2009 pro forma financial statements:

Non-Wires Activities - Explanatory Notes			
	2008 ($000's)	**2009** ($000's)	**NOTES**
General & Administrative expenses incr/(decr)			
	(500)	**(275)**	- Special project of merger and/or acquisition study completed on behalf of the Shareholder. This cost was removed since it is not acceptable for rate making purposes.
	(3)	**(6)**	- Other donations that are not part of the customer assistance program, therefore not allowable under OEB guidelines for rate base.
	-	**(148)**	- Regulatory hearing expense deferred to future years, and amortized over a 4-year period as evidenced in other OEB rate application decisions.
Other Revenue - incr/(decr)			
	(280)	**-**	- Projected OPA CDM program incentive payments classified as non-wire activities. Incentive payments projected on programs: Electricity Retrofit Incentive Program (ERIP), Great Refrigerator Roundup Program (GRRP)
Total Adj to Net Earnings - incr/(decr)	**223**	**429**	

b) The costs recovered as shown in the 2008 and 2009 pro forma Statement of Income and Retained Earnings are $3,301,000 and 3,130,000 respectively. Details by service are provided in London Hydro's response to Question 5 c) above. There is a slight variance in the actual amount recovered related to the facility space rental for

2008. The actual recovery for this service was higher than shown in the pro forma by $2,926.

By June 2009, the City will no longer occupy space at the London Hydro facilities. In 2009 cost recoveries will decline by approximately $200k due to this change. Recoveries in 2010 will decline an additional $70k from the forecasted 2009 levels. Please refer to related discussion in Exhibit 4, Corporate Cost Allocation, pp. 67 – 68.

c) Interest and Other Revenue in the 2009 pro forma is reported as $4.2 million for the 2009 Regulatory filing. Please see the following excerpt taken from the 2009 pro forma provided below.

Operating income	**10,688**	429	**(1,491)**	**9,626**	
Interest and other revenue	4,186		47	4,233	Note 6.
Interest expense	(4,520)			(4,520)	
	(334)	-	47	(287)	
Earnings before income taxes	**10,354**	**429**	**(1,444)**	**9,339**	
Income taxes	(3,418)			(3,418)	
Net earnings for the year	**6,936**	**429**	**(1,444)**	**5,921**	

Question #7

Refs: Exhibit 2 page 5, Table 6 page 18 and Table 17 page 56

a) Provide a schedule(s) Similar to Table 6 but showing historic and forecast 2006-2009 Board-approved and actual Capital Expenditures by Capital Group.

b) Given the downturn in the economy, is the 2009 forecast of $ 7,324,000 ($7,900,000 Table 18))for developer-driven projects 9E1-9E5 still appropriate? Please indicate correct amount and please discuss potential for deferrals and associated impacts on 2009 CAPEX and Rate Base additions.

***RESPONSE*:**

a) The table on the following page is provided with 2006 - 2008 actual and 2009 Test Year capital expenditures by capital group with a layout similar to Table 6, p. 18.

There are no 2006-2009 Board-approved capital expenditures to report. Prior to the filing of this Application, the only application submitted to the OEB containing detailed capital spending information was London Hydro's 2006 EDR application.

In accordance with the OEB's 2006 EDR Handbook, London Hydro provided the actual balances in the various OEB asset accounts (1805 – 1995) for the years 2002 – 2004. Additional details related to 2004 capital projects with amounts in excess of the materiality threshold of $150,000 were provided. Therefore, there are no Board-approved capital additions or capital expenditures for 2006 or any subsequent year.

SUMMARY OF CAPITAL EXPENDITURES 2006 BOARD APROVED to 2009 TEST				
	2006 ACTUAL	2007 ACTUAL	2008 ACTUAL	2009 TEST
Distribution and General Plant				
1805 Land - Substations	36,718		68,701	-
1806 Land Rights	18,357	7,240	5,144	-
1808 Buildings - Substations	20,204	20,664	157,646	55,000
1820 Substation Equipment	518,937	1,193,828	1,446,920	4,190,200
1830 Poles, Towers & Fixtures	1,268,902	2,004,599	1,946,484	1,770,950
1835 OH Conductors & Devices	2,418,470	4,247,295	3,362,827	3,276,900
1840 UG Conduit	1,604,502	2,287,028	3,219,627	2,990,000
1845 UG Conductors & Devices	3,293,303	2,989,190	3,474,931	3,224,750
1850 Line Transformers	2,701,697	4,361,065	5,767,333	3,120,500
1855 Services (OH & UG)	985,086	1,113,303	1,725,001	995,500
1860 Meters	414,118	519,834	544,810	613,200
1908 Buildings & Fixtures	636,684	540,884	2,119,920	1,075,000
1910 Leasehold Improvements	-			-
1915 Office Furniture & Equipment	124,834	87,991	148,019	120,000
1930 Transportation Equipment	-		1,447,709	1,728,000
1935 Stores Equipment	4,104	2,057	27,726	10,000
1940 Tools, Shop & Garage Equipment	85,859	106,544	124,447	105,000
1945 Measurement & Testing Equipment	2,290		11,016	20,000
1950 Power operated Equipment	-	39,949	99,041	50,000
1960 Miscellaneous Equipment	-			-
1980 System Supervisory Equipment	188,956	250,667	101,722	383,000
	14,323,020	19,772,139	25,799,022	23,728,000
Computer Hardware & Software				
1920 Computer - Hardware	612,792	642,004	393,276	967,000
1925 Computer - Software	2,096,710	4,604,426	2,116,862	2,735,000
	2,709,502	5,246,429	2,510,138	3,702,000
Total Expenditures Before Contributed Capital	**17,032,522**	**25,018,568**	**28,309,160**	**27,430,000**
1995 Contributions & Grants	(2,233,198)	(3,325,389)	(3,478,094)	(3,202,900)
	14,799,324	21,693,179	24,831,066	24,227,100

Reconciliation of Capital Expenditures to Capital Additions (Original Table 6, pg 18)

Capital Expenditures (including contributed capital)	14,799,324	21,693,179	24,831,066	24,227,100
Add back: Contributed Capital	2,233,198	3,325,389	3,478,094	3,202,900
Capital Expenditures (excluding contrib cap)	17,032,522	25,018,568	28,309,160	27,430,000
Add: Change in WIP	(1,316,412)	(3,088,662)	(1,472,131)	6,344,905
Fixed Asset Additions ties back to Table 6, and LPMA #9 a)	15,716,110	21,929,906	26,837,029	33,774,905

b) Please refer to London Hydro's responses to SEC Question 5, and EP Question 11 for related discussion.

The gross budget (before cost recoveries) for developer driven projects 9E1-9E5 is $7,900,000. The expected cost recoveries related to these projects is $576,000. The resulting net cost of $7,324,000 represents the total capital additions. All the above amounts are correct.

Please refer to discussions related to London Hydro's process for developing and managing capital budgets in Exhibit 2, p. 5, lines 3-11. Exhibit 2, p. 56, Table 17, the 2009 – 2011 Capital Plan Summary, shows the net amount of developer works projects. In Table 18 at p. 59 more detail is provided showing both the total cost and the net cost after cost recoveries. Capital project worksheets included in the Asset Management Plan (Appendix A, pp. 167-176) are developed based on total project cost.

Question #8

Ref: Exhibit 2 / p. 69

Preamble

Fleet and Facilities Program**:**
The four activities included in the fleet and facilities program are: vehicles and major equipment, operating equipment, buildings and fixtures, and office furniture and equipment.

a) Provide a summary of the total fleet by vehicle type/duty category and age

b) Provide LHs assessment of which of the proposed 2009 vehicle replacements are "Mission Critical". Indicate the aggregate capital cost

c) Has LH examined leasing/lease-to-own for standard duty vehicles? If so provide a copy of the assessment.

***RESPONSE*:**

a) Please refer to Appendix VECC 8 for a full listing of London Hydro's fleet by vehicle type/duty category and age.

b) London Hydro reviews the proposed replacements annually and any possible deferrals have already been made. The entire 2009 proposed budget for 'Vehicle and Major Equipment Replacements' of $1,778,000 as outlined in the Asset Management Plan, Exhibit 2, pp. 208 and 210-211, Project 9N1 is considered 'Mission Critical'.

c) London Hydro has not completed a comprehensive leasing/lease-to-own analysis for standard duty vehicles. Leasing always involves an element of financing, which is not currently required as London Hydro has cash on hand available for vehicle purchases.

Question #9

Ref: Exhibit 2 / p. 56 Table 17 and p Table 19

a) Extend Table 19 to provide a breakdown/projection of IT Capital projects for 2009-2011

b) For 2009 IT Application Development Project Costs indicate by major project the breakdown of in-house costs and external consulting costs.

c) Provide a summary by vendor of annual license fees for 2007-2011

***RESPONSE*:**

a) Table 19, from Exhibit 4, p 71 has been extended to provide a breakdown of IT Capital plans for 2009 – 2011 and is provided on the following page.

Information Technology Strategy - 2009 - 2011 Capital Project Summary			
	2009 PLAN	**2010 PLAN**	**2011 PLAN**
HARDWARE & SOFTWARE			
Desktop Solutions	47,500	52,250	57,475
Network Development	154,500	169,900	186,890
Servers & Storage	210,000	231,000	254,100
Physical Plant	108,000	118,800	130,680
Back up Solutions	46,500	51,100	56,210
Miscellaneous Software	20,000	22,000	24,200
Miscellaneous Hardware	45,000	49,500	54,700
Miscellaneous IT Tools	45,000	49,500	54,700
Phone System	14,500	15,950	17,545
	691,000	**760,000**	**836,500**
Mobile Workforce Management	**350,000**	**385,000**	**423,500**
TOTAL HARDWARE & SOFTWARE	**1,041,000**	**1,145,000**	**1,260,000**
APPLICATION DEVELOPMENT			
SAP - Implementation (deferred from 2008)	643,000	-	-
SAP - CIS Upgrades & Enhancements & Phase II	800,000	600,000	200,000
GIS Data Conversion	200,000	150,000	-
Outage Management System	818,000	818,000	-
Customer Self Service Enhancements	100,000	50,000	50,000
IVR System Enhancement & Upgrade	100,000	50,000	50,000
Mobile Workforce Management	-	1,000,000	925,000
Enterprise Resource Planning	-	-	1,423,000
Content Management System	-	-	20,000
TOTAL APPLICATION DEVELOPMENT	**2,661,000**	**2,668,000**	**2,668,000**

b) The following table provides a breakdown of in-house costs and external consulting costs for the 2009 IT Application Development Projects.

Information Technology Application Development - 2009 Breakdown				
	2009 PLAN TOTAL	**Internal Labour**	**Contracted Labour**	**Other (includes actual software purchase)**
APPLICATION DEVELOPMENT				
SAP - Implementation (deferred from 2008)	643,000		643,000	
SAP - CIS Upgrades & Enhancements & Phase II	800,000	162,000	538,000	100,000
GIS Data Conversion	200,000		200,000	
Outage Management System	818,000		668,000	150,000
Customer Self Service Enhancements	100,000	20,000	80,000	
IVR System Enhancement & Upgrade	100,000	20,000	70,000	10,000
TOTAL APPLICATION DEVELOPMENT	**2,661,000**	**202,000**	**2,199,000**	**260,000**

c) The table below provides a summary by vendor of annual licence fees for 2007-2011.

Software Licence Maintenance by Vendor
2007 - 2011

	2007 ACTUAL	2008 ACTUAL	2009 TEST	2010 FORECAST	2011 FORECAST
Desktop Solutions					
Saltspring/CCSI	89,882	129,622	79,360	87,296	96,026
Microsoft	2,851	1,262	1,600	1,600	1,600
	92,732	130,884	80,960	88,896	97,626
Network Development					
Saltspring/CCSI	26,540	18,265	18,200	20,020	22,022
Tipping Point/3 Com	2,000	9,408	10,000	10,000	10,000
Verisign	1,940	1,948	2,000	2,000	2,000
Webex Communications	788	3,106	2,700	3,000	3,000
Rogers (SCBS)	19,627	28,392	23,000	28,400	28,400
Rogers/Cybersence/Linkdata	2,240	1,462	1,600	1,600	1,600
Serena Software	10,637	11,586	9,400	14,000	15,000
	63,771	74,166	66,900	79,020	82,022
Servers and Storage					
Gibraltar/Vmware	13,069	11,918	20,600	20,600	20,600
Citrix/Digital Boundary	3,857	2,827	3,400	3,400	3,500
Open Storage Solutions	458	2,956	1,300	1,500	1,500
	17,384	17,701	25,300	25,500	25,600
Payroll, Health & Safety & Misc Software					
Misc SW Maintenance	2,321	3,354	6,100	4,200	4,200
ADP Canada	7,906	7,906	9,200	9,200	9,200
Parklane	2,358	2,015	3,100	3,100	3,100
Sybase	4,827	-	-	-	-
	17,412	13,275	18,400	16,500	16,500
Phone System					
Bell Canada - VOIP	-	3,491	15,000	15,000	15,000
Brantel	1,839	-	-	-	-
	1,839	3,491	15,000	15,000	15,000
Mobile Workforce Management					
Mobile Workforce	-	-	-	-	50,000

CONT'D….

Software Licence Maintenance by Vendor (Cont'd)
2007 - 2011

	2007 ACTUAL	2008 ACTUAL	2009 TEST	2010 FORECAST	2011 FORECAST
Customer Information System (CIS)					
SAP	-	2,288	249,240	254,225	259,309
Geographical Information System (GIS)					
Intergraph/ESRI/Enghouse	18,160	20,623	38,400	39,168	39,951
Outage Management System					
Outage Management	-	-	-	-	134,000
IVR System					
Vocantas	4,860	4,686	6,300	6,300	6,300
Document Management					
Xerox	17,332	28,465	21,300	21,726	22,161
Mailing Innovations	2,138	1,158	1,200	1,200	1,200
	19,471	29,623	22,500	22,926	23,361
Operations Software					
CYME International	4,092	4,944	5,200	5,500	5,700
Dromey Design	6,197	6,197	7,000	7,000	7,000
Bentley	5,076	5,076	5,700	5,700	5,700
Activu	9,002	7,438	8,800	9,000	9,000
Survalent Tech - SCADA	11,895	12,782	13,900	15,000	16,000
Spi Group	14,904	14,904	15,500	15,500	15,500
Itron Canada	1,080	1,000	1,200	1,200	1,200
Software House/IBM/HP	6,063	8,384	8,100	8,100	8,100
Itron Canada	38,021	38,919	47,000	47,000	47,000
	96,329	99,642	112,400	114,000	115,200
Financial Software					
Oracle - JDEdwards	44,775	47,511	47,600	48,552	49,523
The GL Company	18,963	19,836	20,600	21,012	21,432
Oracle - Webserver	63,157	65,051	67,000	68,340	69,707
	126,895	132,399	135,200	137,904	140,662
Total	**458,853**	**528,779**	**770,600**	**799,439**	**1,005,531**

Question #10
Refs: Exhibit 3/Page 46: Exhibit 9/Page 24

a) Please provide a schedule setting out the rates and volumes by customer class supporting the 2009 test year revenues reported in Table 1 of Exhibit 3.

b) Please confirm that that the rates used in part (a) excluded Smart Meter charges.

c) Please provide a schedule setting out the 2009 kW eligible for the transformer ownership allowance by customer class.

***RESPONSE*:**

a) Please refer to Appendix VECC 10 – 2009 Test Year Revenues

b) Please refer to Appendix VECC 10 – 2009 Test Year Revenues

c) Please refer to Appendix VECC 10 – 2009 Test Year Revenues

Question #12
Ref: Exhibit 3/Page 8

a) Are the customer count values set out in Table 4 year-end or average annual values?

b) Please provide a schedule that estimates the annual weather normal usage for 2002-2007 using the models developed and inputting the actual values for all explanatory variables except weather where the value for "normal weather" should be used.

***RESPONSE*:**

a) The customer count values set out in Table 4 are average annual values.

b) The following table provides for 2002 to 2007 the actual purchases, the **predicted** purchases and the predicted "normal weather" purchases using the requested approach.

(GWh)	Actual Purchases	Predicted Purchases	Predicted Purchases – Normal Weather as Per VECC 12
2002	3,397	3,423	3,326
2003	3,339	3,323	3,343
2004	3,384	3,347	3,404
2005	3,560	3,530	3,450
2006	3,464	3,468	3,490
2007	3,514	3,555	3,538

Question #13
Ref: Exhibit 3/Page 11

a) Did London Hydro test any model formulations that included customer count as an explanatory variable? If not, why not? If yes, please provide the modelling results and associated statistics and explain why it was rejected.

***RESPONSE*:**

a) Yes, London Hydro tested a regression analysis that included customer count as an explanatory variable. The regression analysis indicated that the t-stat associated with customer count was 0.5. In addition, adding the customer count variable did not improve the R square value of 95%. Since the t-stat was below 2.0 and the R square value did not improve, customer count was rejected as an explanatory variable.

Question #14

Ref: Exhibit 3/Page 16

a) Please confirm that the calculation of the geometric mean depends entirely on the values at the start and the end of the series.

b) Why is it appropriate to use the "geometric mean" growth rate determined over the past 10 years to project customer additions for 2008 and 2009?

c) The growth GS>50 growth rate for the years after 2003 appears reasonably stable. Why wouldn't it be appropriate to use the geometric mean growth rate over this period to forecast customer connections for 2008 and 2009?

d) Please explain the large changes in number of Unmetered Load connections in 2006 and 2007?

e) Please provide a schedule that provides the actual 2008 count by customer class. If not available please provide data for the most recent month that is available.

***RESPONSE*:**

a) Confirmed

b) In London Hydro's view, for the purposes of forecasting customer numbers it is preferable to use a historical average growth that reflects as much historical data as is readily available. For London Hydro the data from 1996 to 2007 was readily available. As a result, London Hydro used the geometric mean approach to determine the compounding growth rate from 1996 to 2007 and used this growth rate to forecast customer numbers. The results correspond very closely to the projections of new annual housing completions for the period 2006 to 2011 predicted in the most recent consulting report prepared for the City of London by Clayton Research Associates.
c) At Exhibit 3, page 16. line 5 to 7 of the Application, London Hydro:

> "*However, for the General Service > 50 kW class, the 2007 customer numbers have been held constant for 2008 and 2009 as in London Hydro's view this is the appropriate forecast for this class considering the highly oscillating growth rate from 1996 to 2007."*

To use the geometric mean growth rate for the years after 2003, which would be from 2004 to 2007, would produce a growth rate of 2.2%. In the current economic condition an annual growth rate of 2.2% in the General Service > 50 kW class does not appear to be reasonable, in London Hydro's view, as businesses are tending to decline rather than increase. The assumption that customer numbers for this class will remain at the

2007 level for 2008 and 2009 will most likely yield a high forecast of customer numbers.

d) Unmetered scattered Load connections for certain customers with high volume connection numbers are billed either annually or quarterly, and in certain instances where the billing is delayed into the next year or vice versa, the number of connections billed may fluctuate as indicated in the numbers on page 15 of Exhibit 3.

e) Please refer to London Hydro's response to LPMA Question #14

Question #15
Ref: Exhibit 3/Pages 18-20

a) Please confirm that, for weather sensitive loads, average customer use in a given year will be influenced, to large degree, by weather in that year. Similarly, please confirm that year over year changes in average customer use will be influenced, to a large degree, by changes in weather from one year to the next.

b) Please explain why applying the historical geometric mean growth rate to 2007 (non-weather normalized) use will provide a consistent non-normalized billed energy forecast across the various customer classes.

c) Why is the Residential class considered to be 100% weather sensitive when many residential loads are not influenced by weather?

d) Please provide the supporting materials from Hydro One Networks that substantiate the assumed weather sensitivity for each class.

e) Please provide a schedule that sets out the average weather normal billed use per customer for each class as determined by Hydro One Networks in its work for the cost allocation study. In the same schedule please include the 2008 and 2009 weather normal use per customer as per London Hydro's load forecast. If there are significant differences, please comment as to why.

***RESPONSE*:**

a) London Hydro confirms that, for weather sensitive loads, average customer use in a given year and year over year changes in average customer use will be influenced by weather. However, London Hydro does not have the expertise to comment on the degree of influence weather has on weather sensitive loads.

b) In London Hydro's view applying the historical geometric mean growth rate to 2007 (non-weather normalized) use will provide a reasonable non-normalized billed energy forecast across the various customer classes. The forecast reflects the historical growth in average customer usage for the past 10 years being applied to the most recent actual year of data.

c) London Hydro has assumed that 100% of Residential and GS<50 kW load is weather sensitive based on London Hydro's understanding of the weather normalization process used by Hydro One to provide weather normalized load data for the cost allocation study.

d) From the weather normal information prepared by Hydro One for London Hydro for the cost allocation study, the following table provides the supporting material from Hydro

One that supports the weather sensitive % for those classes that have partially weather sensitive loads.

		2004 kWh (Weather Corrected)	Weather Sensitive %
GS >50kW	Weather sensitive load	1,184,762,209	76.46%
	Non-weather sensitive load	364,709,713	
	Total	1,549,471,922	
Large User	Weather sensitive load	98,697,130	44.43%
	Non-weather sensitive load	123,428,830	
	Total	222,125,960	
Standby	Weather sensitive load	9,413,920	48.91%
	Non-weather sensitive load	9,833,870	
	Total	19,247,790	
CoGen	Weather sensitive load	1,969,296	48.91%
	Non-weather sensitive load	2,057,146	
	Total	4,026,442	

For Streetlights, Sentinel Lights and USL classes the Hydro One weather normal and weather actual values are the same. As a result London Hydro has assumed these classes are not weather sensitive. For the Residential and GS < 50 kW classes, the weather normal and weather actual values are not the same and information on weather sensitive load and non-weather sensitive load was not provided by Hydro One for these class. As a result, London Hydro has assumed the Residential and GS < 50 kW classes are 100% weather sensitive.

However, in preparing this response it has come to London Hydro's attention that the weather sensitive percentages outlined in the table above were not used in the preparation of the load forecast used in the Application. When the correct weather sensitive percentages are used the following table outlines the revised forecast:

	2006 Board Approved	2006 Actual	2007 Actual	2008 Weather Normal	2009 Weather Normal
Actual kWh Purchases		3,463,554,919	3,513,738,064		
Predicted kWh Purchases		3,468,092,595	3,554,954,335	3,563,255,416	3,563,033,193
% Difference		0.13%	1.17%		
Billed kWh	3,410,130,471	3,365,222,318	3,387,692,155	3,432,662,358	3,431,680,138
By Class					
Residential					
Customers	123,095	125,906	128,164	130,036	131,936
kWh	1,136,096,743	1,102,286,735	1,117,323,408	1,113,393,730	1,091,392,572
General Service < 50 kW					
Customers	10,351	11,839	11,918	12,131	12,349
kWh	441,827,933	412,253,883	418,300,883	423,694,014	422,161,110
General Service > 50					
Customers	1,553	1,576	1,595	1,595	1,595
kWh	1,571,249,838	1,562,688,435	1,580,736,742	1,625,536,068	1,651,046,316
kW	3,801,956	3,870,802	3,944,920	4,030,561	4,093,815
Large User					
Customers	3	3	3	3	3
kWh	216,962,692	227,256,544	205,146,878	203,518,196	200,485,379
kW	413,008	438,386	421,485	389,569	383,763
Cogeneration					
Customers	4	3	3	3	3
kWh	9,925,644	30,875,410	37,425,167	37,098,515	36,489,491
kW - standby	153,097	155,066	154,800	154,800	154,800
kW - incremental	23,256	32,470	48,943	47,165	43,849
Streetlights					
Connections	31,420	32,249	32,971	33,573	34,187
kWh	22,933,768	22,656,102	23,071,309	23,492,755	23,921,899
kW	61,898	63,546	64,717	65,965	67,170
Sentinel Lights					
Connections	752	765	759	746	734
kWh	943,772	876,800	872,679	864,724	856,841
kW	2,490	2,349	2,369	2,364	2,342
Unmetered Loads					
Connections	1,481	1,780	1,429	1,503	1,581
kWh	10,190,081	6,328,409	4,815,088	5,064,357	5,326,529
Total					
Customer/Connections	168,659	174,120	176,842	179,593	182,389
kWh	3,410,130,471	3,365,222,318	3,387,692,155	3,432,662,358	3,431,680,138
kW from applicable classes	4,302,608	4,407,553	4,482,435	4,535,624	4,590,940

e) The requested information is provided below. The difference between the 2004 Hydro One data and the 2008 and 2009 weather normal use per customer as per the London Hydro's load forecast reflects non-weather sensitive factors such as conservation and demand management initiatives as well as changes in the economy.

Year	Residential	General Service < 50 kW	General Service > 50 kW	Large User	Cogeneration	Streetlights	Sentinel Lights	Unmetered Load
Energy Usage per Customer/Connection (kWh per customer/connection)								
2004 Hydro One Data	8,872	35,227	980,838	73,959,600	6,334,579	706	1,146	5,795
2008 (B)	8,545	34,853	1,019,704	68,382,293	12,475,191	700	1,158	3,368
2009 (T)	8,222	33,978	1,037,206	68,382,293	12,475,191	700	1,167	3,368

Question #16
Ref: Exhibit 3/Page 21

a) There have been 3 Cogeneration customers for the years 2005-2007 inclusive. Why would it not be reasonable to use the average kW/kWh ratio over this period to estimate 2008 and 2009 billing kW?

***RESPONSE*:**

a) When the kW/kWh ratio from 2000 to 2007 for the Cogeneration class was reviewed by London Hydro it was observed there was clearly a downward trend. London Hydro believed that using an average ratio of 0.7633% would be unreasonable for purposes of forecasting load for the Cogeneration class. The declining pattern suggested that a ratio lower than 0.5444% could be used but London Hydro did not have any evidence, other than the pattern itself, to suggest the ratio would fall below the 2007 actual ratio of 0.5444%. As a result, the 2007 actual ratio was maintained for the forecast period.

The average ratio from 2005-2007 is 0.6039%. This is still higher than 0.5444% which based on the above discussion would not be reasonable in London Hydro's view.

Question #17

Ref: Exhibit 3 / p.24 Table 3

a) Provide the drivers/rationale for the following changes in Other Revenues relative to historic values

   i. 4210-Rent from Electric Property

   ii. 4225-Late Payment Charges

   iii. 4225-Late Payment Charges

b) For the ~$185,000 in lost revenue from rental of office space, provide details of the vacated space *relative to the total space*:

   i. Square feet (m2)

   ii. Associated annual operating costs

   iii. Parking places

c) Is LH currently renting office space elsewhere? If so when can staff be relocated to fill vacated space

d) How will the increased operating cost be allocated between LH and City Water?

e) In which accounts are the revenue from sharing of services and facilities with City Water services recorded? Indicate accounts and amounts for 2006-2009.

***RESPONSE*:**

a) 4210 rent from electric property - Please refer to London Hydro's response to LPMA Question 23 a) and 23 b).

4225 late payment charges - Please refer to London Hydro's response to LPMA Question 24.

b) Please refer to London Hydro's response to LPMA Question 23.

- Vacated space is 12,500 square feet
- Associated annual operating costs that were being recovered through rental charges is $187,970
- Number of parking spaces was 6 in our outside yard area

c) No.

d) Operating costs associated with water billing services will continue to be recovered through that service provision - Please refer to London Hydro's response to Board Staff Question 32.

The operating costs that were being recovered through the rental of space were specific costs related to that space on a squared footage basis and included utilities, taxes, depreciation, and other similar type costs. These costs cannot now be allocated to the water billing function since they are not related to that function. These costs will now be absorbed by London Hydro since its staff will be taking over this area to perform functions that have no connection to services being provided to the City. If and when the space is rented to an external tenant, then the costs would be allocated to that new tenant.

e) Please refer to London Hydro's response to Board Staff Question 32.

Question #18
Ref: Exhibit 3/Page 31

a) Please provide a schedule that sets out the net costs/write-offs London Hydro has incurred in 2006 and 2007 due to the disposal of assets. Please provide forecast values of the same for 2008 and 2009.

b) Are any of the anticipated gains from the sale of vehicles the result of "trading-in" for new vehicle purchases? If yes, why isn't the "gain" considered as an offset to the new vehicle cost?

c) Why does London Hydro include the sale of scrap transformers in Account 4355 whereas the revenues from other scrap sales are included in Account 4390?

***RESPONSE*:**

a) Exhibit 3, p. 31 provides detail related to OEB account 4355. Gain on Disposition of Utility and Other Property. Please refer to response provided for question 4 above.

b) In 2009 all units that are scheduled to be replaced will go to public auction and will not be traded-in against the purchase of the new unit. There were no trade–ins during the period 2006 – 2008.

When gains or losses from the disposal of fixed assets occur, they are reported as such to comply with Generally Accounting Practices.

c) Sales from scrapped material result from un-useable inventory such as cable shorts as well as from un-useable materials recovered from fixed assets that require replacement. It is therefore charged to OEB 4390 in accordance with the OEB Accounting Procedure Handbook directive which includes the "sale of scrap materials".

Transformers that are sold as scrap are, in of themselves, a fixed asset and the age and net book value of the asset can be established. As such, London Hydro has considered this a sale of an asset and not just scrapped material, and therefore proceeds are recorded in accordance with OEB 4355 – Gain on Disposition of Utility and Other Property.

Question #19

Ref: Exhibit 4 / p. 15

Preamble: London Hydro indicates that the addition of new positions account for $1.485 million of the increase in labour costs in OM&A between 2006 Board- Approved and 2009 Test Year.

a) Please provide the number of new positions by group, on an FTE basis, that account for the $1.485 million increase.

b) Provide the forecast and actual increase in positions and associated total compensation in 2008 and 2009 respectively.

c) How many of the positions planned for 2009 have been hired as of the end of February 2009? Specify positions by group and estimated annual total compensation.

d) Provide the estimated hiring dates for all 2009 positions and the associated increase in total compensation by month related to new hires.

***RESPONSE*:**

a) The number of new positions between the 2006 Board Approved and 2009 Test Year total 26.0 FTEs; however, they are offset with deleted positions (8.3 FTE). The net increase in full time equivalents for this time period is 17.7.

The following table provides both the new and deleted position descriptions and the employee group which accounts for the $1.485 million increase and the $.4 million decrease in total base labour between the 2006 Board Approved and 2009 Test Year.

New and Deleted Positions 2004 - 2009 (Includes Base Labour Cost and FTE)

	CHANGES IN FTE 2004 - 2009					
	GROUP (see Index)	FTE	Deleted Positions	FTE	New Positions	NOTES
Engineering and Operations:						
Supv Fac Fleet Admin	N	(1.00)	(54,000)			
Electric Meter Technician	U	(1.00)	(70,400)			
GIS Supervisor	M			1.00	78,300	
Powerline Maintainers - Apprentices	U			6.00	347,800	**(1)**
Cable / URD Maintainers - Apprentices	U			2.00	96,500	**(1)**
I&C Technologists - Apprentices	U			2.00	94,900	**(1)**
Underground Plant Locator (return from LTD)	U			1.00	55,900	
Executive Assistant	NP			1.00	52,800	
Temp Staff	NP			(0.20)	(56,600)	
		(2.00)	(124,400)	12.80	669,600	
Customer Services:						
Business Analyst - C/S	N	(1.00)	(80,400)			
Interval Meter Data & Settlements Analyst	N	(1.00)	(15,300)			
Interval Meter Data Coordinator	U	(1.00)	(32,000)			
Settlements Engineer	N	(1.00)	(53,500)			
Cashier	U	(1.00)	(51,100)			
Customer Support Trainer	NP	(0.20)	(9,400)			
Director, Energy Management	D			1.00	101,100	
Manager Metering Technology	M			1.00	97,100	
Customer Services Payment Rep	U			1.00	47,200	
Customer Service Acct Rep	U			1.00	63,000	
Smart Meter Coordinator	N			1.00	62,200	
P/T Customer Service Representatives	NP			3.50	122,300	
Contract Utility & CSS	M			0.20	18,700	
CDM Project Coordinator	NP			0.50	17,500	
		(5.20)	(241,700)	9.20	529,100	
Information Systems:						
Computer Operator	U	(1.00)	(52,300)			
Temp Staff	NP	(0.10)	(12,800)			
Supervisor Systems Support	M			1.00	58,800	
Manager of Technical Services	M			1.00	89,500	
Application Developer	N			1.00	72,900	
		(1.10)	(65,100)	3.00	221,200	
Financial Services:						
Regulatory Accountant	N			1.00	65,100	
		-	-	1.00	65,100	
		(8.30)	**(431,200)**	**26.00**	**1,485,000**	**(2)**

NOTE: 1
Total succession planning FTE for apprentice program and base labour cost 10 $ 539,200
NOTE 2
Overall Increase is 17.7 FTE

See below for legend for employee group codes:

Legend for Employee Group	
GROUP	**CODE**
Executive	E
Director	D
Middle manager - supervisory	M
Non Union - non supervisory	N
Union	U
Non Permanent	NP

b) Please refer to Appendix SEC 7 - Table 17 for the 2008 actual and 2009 forecast, and actual increases in positions (FTE) and total compensation

c) and d) The following list provides details related to the hiring dates for the new positions in the 2009 Test Year and for positions budgeted in prior years, which are currently vacant. Both annual and monthly base labour costs are provided for each position. New Incremental positions related to CDM or smart meter activities are excluded as they are not part of the OM&A expense.

It should be noted that London Hydro plans to deploy new apprentices to capital activities, and as such, a delay in hiring does not result in lower actual OM&A costs, but rather, would likely result in the use of external contractors to assist in the completion of the capital work in the interim.

All other positions in the 2009 Test Year are currently filled.

	GROUP	DEPT	FTE	ANNUAL BASE	MONTHLY BASE	Estimated Hire Date
New Postions for 2009						
Overhead Line Maintainers - Apprentices	U	E&O	2	98,800	4,100	March 30/09
Cable / URD Maintainers - Apprentices	U	E&O	2	96,000	4,000	March 30/09
I&C Technologists - Apprentices	U	E&O	2	93,000	3,900	March 30/09
Other Vacant Positions at February 28, 2009						
Supervisor of Retail & Wholesale Settlement	M	CSP	1	71,400	6,000	July 1/09
Manager Energy Mgmt & Key Accounts	M	CSP	1	86,400	7,200	July 1/09
MV90 Administrator	N	CSP	1	79,000	6,600	July 1/09
Technical Analyst	N	IT	1	72,400	6,000	April 20/09

Question #20

Ref: Exhibit 4 / p. 23 Table 17

a) Provide a version of Table 17 that includes a column for 2006 Board-Approved values.

b) Provide the latest Executive/Management Compensation Comparison Study (e.g. Hay, Mercer) prepared for LH.

c) Provide an estimate of the 2009 OM&A Impact of constraining the Total Compensation and bonus/incentive for Executive, Management and non-unionized employees to a 2.5% increase.

***RESPONSE*:**

a) Please see Appendix SEC 7 - Table 17 Employee Complement and Compensation for 2006 Board Approved values.

b) Please refer to Appendix VECC 20(b) for the latest Executive/Management Compensation Comparison Study prepared by Mercer for London Hydro. This survey is the most recent one commissioned by London Hydro and it formed the basis for the 2006 Executive Salary recommendation. Such surveys are commissioned every few years. A similar survey has been budgeted for 2009. Annually, the CEO examines a variety of data sources in preparing a recommendation on Executive Salaries to the Human Resources & Public Policy Committee. Typical sources are other large utilities with which Executive salary data is shared; Mercer's and Hay Salary Executive Salary projections; and data from the Economic Research Institute (ERI). The ERI database includes a salary survey compiled from numerous salary surveys conducted throughout North America and the data can be selected based on region, degree of match of various positions, annual company revenue, and industry classification.

c) The estimated impact of constraining the total compensation and bonus / incentive for Executive, Management and Non-unionized staff to a 2.5% increase would lower 2009 OM&A expense by approximately $55,000 in salaries and benefits.

Potential incentive payments are not budgeted, and therefore any constrains in the payment of this element of compensation would not impact the 2009 OM&A expense.

Question #21

Ref: Exhibit 4 / p. 47 Table 26

a) Provide details of the calculation of Fleet fuel expense for 2007 and 2008.

b) Provide the "as filed) forecast average fuel cost (c/litre) and total fuel expense for 2009. Confirm this is based on the 2009 economic forecast used by LH.

c) Provide a revised calculation of Fleet fuel cost for 2009 using the latest economic forecast of fuel prices.

d) Explain why 2009 Vehicle Parts and Labour Expense is increasing even though a significant number of vehicles are being replaced.

***RESPONSE*:**

a) The 2007 actual fuel expense as reported in Exhibit 4, p. 47, Table 26 was $316,171. Total usage in 2007 was 373,806 litres and the cost ranged from $0.79 per litre in Feb 2007 to $0.89 per litre in Dec 2007. The price fluctuation in 2007 was approximately 13% .

The fuel expense for the 2008 Bridge Year was forecasted to be $352,900. This forecast was derived by taking actual costs to date at the time the budget was prepared and forecasting the remaining months using an estimated usage and applying the average cost of fuel experienced in the first 5 months of 2008. The actual fuel expense in 2008 was $365,373. The actual fuel costs were 4% higher than anticipated.

The price fluctuations experienced in 2008 drove the total fuel costs higher than expected. World events, and severe weather resulted in a wide range of fuel costs in 2008. The cost of fuel ranged from $0.89 per litre to $1.17 per litre. This is a 31% cost differential.

b) The "as filed" forecast average fuel cost for 2009 was $1.07 per litre. The total fuel expense for the 2009 Test Year is $388,200 as reported in Exhibit 4, p. 47, Table 26. It should be noted that the total cost of the fleet is allocated to OM&A, capital, and billable activities using hourly "charge out" rates. Please see discussions in Exhibit 4, p. 57 related to allocations to Capital, billable and other activities. Historically, 60% of all fleet costs (including fuel) are allocated out to capital and billable activities.

The fuel costs for the 2009 Test Year were based on the best information available at the time the budget was developed.

London Hydro purchases fuel through the Elgin-Middlesex Oxford Purchasing Co-Op, along with other large users such as the City of London and London Transit to ensure that the lowest possible price is obtained through large volume sales. In April 2008, contact is made with this group in order to get their forecast for the following year. It was estimated that fuel costs would increase 10% over the current price at that time.

c) There are many factors that contribute to the cost of gasoline purchases and many are unpredictable, including oil production levels, severe weather conditions, and uncontrollable world and economic events.

London Hydro has tried to obtain new economic forecasts for the price of fuel for the remainder of 2009, however, the volatility of the pricing makes forecasting very difficult, and any attempt to forecast will likely not reflect what will actually be experienced in 2009 and the future. London Hydro has attached a report from the Ministry of Energy and Infrastructure (Appendix VECC 21) which shows the significant upward change in the price of gasoline in recent weeks. Unfortunately, at this time London Hydro is unable to predict whether this upward trend is temporary or will continue and for how long.

d) Although there were a number of units replaced in 2008, the average age of London Hydro's larger vehicles is still relatively old. All of the remaining vehicles will be one year older and major repairs on these types of units can be unpredictable and costly. The budget reflects the increasing age of the remainder of the fleet and it should also be noted that the 2009 large replacement units will not be received until late in 2009. The 2007 actuals were lower than anticipated as there were fewer repairs required than budgeted for.

Question #22

Ref: Exhibit 6 / p. 2-3

a) Please reconcile the 2006 and 2007 Actual Capital Structure and in particular the Equity Component, with the Financial Statements filed at **Exhibit 1 / p. 63, 79 and 92.**

b) Provide the 2008 Actual Capital Structure based on either Audited or Unaudited Financial Statements.

c) Explain why LH does not bring its Actual Capital Structure closer to the Deemed Capital Structure.

***RESPONSE*:**

a) Please refer to Appendix VECC 22 – Capital Structure

The actual capital structures illustrated in Exhibit 6, pages 2 and 3 are based upon the rate base calculated for rate setting purposes, and the actual debt and interest rate held by London Hydro versus the Board's deemed debt and deemed equity amounts. The actual equity amounts illustrated in Exhibit 6 , page 2 will not correspond to the amount on the financial statements as it is based on the rate base values which incorporate averaging of net asset values and calculation of a working capital component.

The notes to the financial statements as referenced in Exhibit 1, pages 63, 79 and 91 are in reference to "Related Party Balances and Transactions". The notes disclose that London Hydro has a long-term debt with the Shareholder in the amount of $70 million as indicated in the analysis in Appendix VECC 22 – Capital Structure. Additionally, the notes disclose the amount of payments due to the Shareholder for water revenues billed and collected on its behalf.

b) Please refer to Appendix VECC 22 – Capital Structure

c) When London Hydro was incorporated, the shareholder identified a number of objectives for the utility. Four of these objectives were:

- To maintain or enhance the reliability of the existing electricity distribution system;
- To enable the expansion of the electricity distribution system in a timely and cost effective manner to service developing areas of the municipality;

- To seek rates charged to customers that are fair and the most competitive in comparison to the rates charged by other Ontario electricity distribution companies in larger urban areas; and

- To retain any profits or surplus for use in meeting the above noted objectives and to forgo the payment of dividends to the City.

The actual capital structure adopted by the shareholder supports these objectives by providing an annual cash flow on investment, while reducing debt servicing pressures on the utility through lower debt interest payments. Out of the retained earnings to-date, the shareholder has left $38 million in the company to ensure that sufficient funds remain in the utility to support the proper maintenance and expansion of the distribution system.

The actual capital structure is looked upon very favourably by debt rating agencies and allows London Hydro to minimize the value and cost of meeting its IESO prudential obligations. London is one the very few utilities that has an A/ Positive credit rating.

Due to the tax and rate setting disadvantages associated with maintaining the existing debt/equity capital structure, London Hydro and the Shareholder have held discussions with respect to reviewing this matter, but in the current economic climate and capital markets, it is not anticipated that any decisions on restructuring will be made in the short term.

Question #23

Ref: Exhibit 6 / p. 3-4

a) Confirm that the Promissory Note matured on July 1, 2008 and was extended to October 31,2010 at a rate of 6.0%.

b) Provide a discussion regarding whether the Note is callable and whether the rate is fixed or may be varied (and under what conditions).

c) Confirm that if the Board updates its allowed rates for Affiliated debt and Short term debt, LH will update its 2009 Cost of capital.

d) Provide the *Actual* effective average rates and cost of Debt (LT and ST) for 2008.

***RESPONSE*:**

a) The Promissory Note which was originally scheduled to mature on July 1, 2008 was extended on September 12, 2007 to mature on October 31, 2010 at a rate of 6.0%.

b) As detailed in Exhibit 6, pages 8 and 9, the term of the Promissory Note is the earlier of 367 days after demand or October 31, 2010. The rate is fixed at 6%, but as detailed in Exhibit 6, page 8, " *the provisions of the note may be re-opened if the Corporation's projected rate of return on common equity approved by the Ontario Energy Board from time to time is less than 6.58%".*

The deemed rate for callable notes, recently announced by the Board is 7.62%.

As detailed in Exhibit 6, page 4, table 3, London Hydro has applied it's actual rate of 6% to it's total deemed debt of 56% to calculate the deemed interest on long term debt of $7,564,257. Given that the Board has now updated it's prescribed long-term debt rate from 6.1% to 7.62%, we submit that the unfunded portion of London Hydro's long-term debt should be subject to the Board's prescribed debt rate of 7.62%

c) Confirmed

d) London Hydro has no actual short term debt. Its only actual debt is the $70 million long term debt to the shareholder at 6%. Deemed rates and deemed capital structures are as presented in Exhibit 6, pages 1 to 4.

Question #24
Ref: Exhibit 8, page 3

a) Please confirm that for purposes of the Cost Allocation Informational Filing:
- The Revenues are based on distribution rates (excluding the discounts for transformer ownership allowance)
- The Costs include the cost of the Transformer Ownership Allowance
- The cost of the Transformer Ownership Allowance is allocated to all customer classes

b) Please provide the results of an alternative cost allocation run where:
- The Revenues by class are based on the rates reduced by the transformer ownership allowance where applicable
- The Costs allocated exclude the "cost" of the Transformer Ownership Allowance. (Note: For purposes of the response please just file the revised Output Sheet O1)

***RESPONSE*:**

a) London Hydro confirms that the revenues are based on distribution rates (excluding the discounts for transformer ownership allowance)

London Hydro confirms that the costs include the cost of the Transformer Ownership Allowance

The cost allocation model allocates the cost of the Transformer Ownership Allowance in the same manner as other transformer costs, which is to those customers that use the London Hydro transformers. If a customer owns its own transformer, transformer costs are not allocated to it. In the case of Large Users, this means that they are not allocated any transformer costs and therefore no costs associated with Transformer Ownership Allowance "cost" are allocated to them.

b) Please refer to Appendix VECC 24 - cost allocation sheet o1 for the alternative analysis requested.

Question #25
Ref: Exhibit 8, page 4

a) Please complete the following schedules:
- kWh by Customer Class (delivered)

Customer Class (all)	Cost Allocation Filing		2009 Application	
	kWh	% of Total	kWh	% of Total

- kW by Customer Class For Demand Billed Classes (delivered)

Customer Class (all)	Cost Allocation Filing		2009 Application	
	kW	% of Total	kW	% of Total

- Customer/Connection Count

Customer Class (all)	Cost Allocation Filing		2009 Application	
	# Customers/ Connections	% of Total	# Customers/ Connections	% of Total

b) Exhibit 3, pages 21-22 noted that there was considerable change in the load characteristics of the Cogeneration Class as of 2007. Why is it reasonable to assume that relationship between the revenue portion and the underlying cost structure for this class remains unchanged?

***RESPONSE*:**

a)

- kWh by Customer Class (delivered)

Customer Class	Cost Allocation Filing		2009 Application	
	kWh	% of Total	kWh	% of Total
Residential	1,065,226,685	32.7%	1,084,746,791	31.6%
General Service < 50	410,477,646	12.6%	419,590,459	12.2%
General Service > 50	1,504,076,823	46.2%	1,654,665,168	48.2%
Large User	220,004,004	6.8%	205,146,878	6.0%
Cogeneration	23,229,134	0.7%	37,425,572	1.1%
Streetlights	22,034,744	0.7%	23,921,899	0.7%
Sentinel Lights	913,391	0.03%	856,841	0.02%
Unmetered Load	8,844,037	0.3%	5,326,529	0.2%
Total	3,254,806,464	100.0%	3,431,680,138	100.0%

- kW by Customer Class For Demand Billed Classes (delivered)

Customer Class	Cost Allocation Filing		2009 Application	
	kW	% of Total	kW	% of Total
General Service > 50	3,730,755	85.0%	4,102,788	86.0%
Large User	425,269	9.7%	392,686	8.2%
Cogeneration	168,537	3.8%	203,746	4.3%
Streetlights	61,623	1.4%	67,170	1.4%
Sentinel Lights	2,477	0.1%	2,342	0.05%
Total	4,388,662	100.0%	4,768,732	100.0%

- Customer/Connection Count

Customer Class	Cost Allocation Filing		2009 Application	
	# Customers/ Connections	% of Total	# Customers/ Connections	% of Total
Residential	122,755	72.4%	131,936	72.3%
General Service < 50	11,835	7.0%	12,349	6.8%
General Service > 50	1,545	0.9%	1,595	0.9%
Large User	3	0.002%	3	0.002%
Cogeneration	4	0.002%	3	0.002%
Streetlights	31,197	18.4%	34,187	18.7%
Sentinel Lights	797	0.5%	734	0.4%
Unmetered Load	1,526	0.9%	1,581	0.9%
Total	169,662	100.0%	182,389	100.0%

b) In order to answer this question it is London Hydro's view that the kWh by customer class information shown above is the most relevant information for purposes of answering this question. It is this information that estimates the impact of the considerable change in the load characteristics of the Cogeneration Class. The kWh in this class increased from 23,229,134 in 2004 (i.e. the load data year for the cost allocation study) to 37,425,572 in 2009 which is an increase of 61%. Within the class this is a considerable change. However, overall, the kWh of the Cogeneration Class as a portion of the total is 0.7% in 2004 and 1.1% in 2009. Since these results are similar it is reasonable to assume that the relationship between the revenue portion and the underlying cost structure would be similar.

Question #26
Refs: Exhibit 8, page 6: Exhibit 9, page 3

a) Please provide a schedule that sets out the following with respect to Column A of Table 3 (Exhibit 8):
   - the 2009 volumes by class
   - the 2008 fixed and variable rates by class
   - the resulting fixed and variable revenues by class
   - the total revenues by class – consistent with Column A.

b) Please confirm that the fixed and variable revenues by class as determined in part (a) are consistent with the fixed variable splits set out in Table 5 of Exhibit 9. If not, please explain why.

c) Please confirm that the rates used for Column A of Table 3 exclude the 2008 smart meter rate adder.

d) Please provide a schedule that sets out the transformer ownership allowance discount (total dollar value) for each class based on 2009 loads and 2008 rates.

***RESPONSE*:**

a) Please refer to Appendix VECC 26 – Distribution Revenues

b) Confirmed

c) Confirmed

d) Please refer to Appendix VECC 26 – Distribution Revenues

Question #27
Ref: Exhibit 8, pages 7-8

a) With respect to the last bullet on page 8, please comment on the relative increases different customer classes will experience in the distribution component of their bills.

b) Please confirm that the Residential class customers will generally experience a higher % impact on the distribution component of its bill than the GS 50-4999 (Regular) customers will. If yes, please explain why this is the case when the R/C ratio for Residential is decreasing and the ratio for the GS 50-4999 class is increasing.

***RESPONSE*:**

a) Please refer to the information provided in Appendix VECC 2 – Bill Impacts

The comment referred to in 27 a) references the total bill impact for the Residential customer class compared to the other customer classes.

If this comment excluded the other portions of the total bill and referenced the distribution charge only, then on a percentage change basis, the increase in the distribution component would be as shown in the following table:

Customer Class	2009 Test Year Gross Distribution Revenue on Existing Rates	Cost Allocation Revenue Adjustment	2009 Revenue Requirement Adjustment	Total Revenue Adjustments for 2009	Total Revenue Requirement Adjustment	Adjustment Due to Cost Allocation
Residential	$ 32,704,751	$ (522,888)	$ 4,787,178	$ 4,264,290	13.0%	-1.6%
GS <50 kW	8,861,349	(474,003)	1,247,651	773,648	8.7%	-5.3%
GS 50 to 4,999 kW	9,836,880	562,985	1,547,021	2,110,006	21.4%	5.7%
GS 50 to 4,999 kW (Co-Generation)	332,970	(45,611)	42,746	(2,865)	-0.9%	-13.7%
Standby Power	341,102	-	50,740	50,740	14.9%	0.0%
Large Use >5MW	1,051,915	56,190	164,835	221,025	21.0%	5.3%
Street Light	210,006	391,203	89,432	480,635	228.9%	186.3%
Sentinel	8,042	19,749	4,134	23,883	297.0%	245.6%
Unmetered Scattered Load	53,778	12,375	9,841	22,216	41.3%	23.0%
TOTAL	**$ 53,400,793**	**$ 0**	**$ 7,943,577**	**$ 7,943,577**	14.9%	0.0%

b) The statement in this VECC question is not correct. Please refer to the table provided in response to question 27(a), above. As is clear from the table, the % impact on the distribution component of the Residential bill is 13.0%. The impact on the distribution component of the GS 50-4,999 kW (regular) bill is 21.4%.

Question #28
Ref: Exhibit 9, page 3

a) Please confirm that for purposes of establishing the fixed-variable splits shown in Table 3 for each customer class, London Hydro assumed that there was no transformer ownership discount paid to eligible customers.

***RESPONSE*:**

a) Please refer to Appendix VECC 26 – Distribution Revenues

The fixed-variable splits shown at Exhibit 9, page 3 are prior to the deduction of the transformer discounts paid to eligible customers.

Question #29
Reference: Exhibit 9, pages 5-6

a) The text and Table on page 5 both suggest that London Hydro is proposing to maintain the existing fixed variable split for 2009 and that this yields a Residential service charge of $13.14. Table 7 (page 6) suggests that London Hydro is proposing to alter the fixed variable split for Residential from the current 57% to 56%. However, this proposal also yields a fixed charge of $13.14 for 2009 – per Table 8. Please undertake the following:
   - Clarify London Hydro's proposal for 2009 regarding the fixed-variable split
   - If London Hydro is proposing to change the fixed-variable split for 2009 (per Tables 7 & 8), provide a schedule setting out the fixed charge for each class if the fixed-variable split was maintained.

***RESPONSE*:**

a) The percentages shown in Table 7 are numbers that have been rounded to zero decimals. For residential fixed the 2008 number is 56.88 and the 2009 number is 56.29. When London Hydro states that it is proposing to maintain the existing fixed variable splits it is speaking in relative terms, and not exact terms. London Hydro did not believe that the difference between the 2 numbers indicated above was sufficiently large to classify as a change in split.

Question #30
Ref: Exhibit 9, page 8

a) The allocation of the revenue requirement to customer classes started by considering the revenue responsibility across customer classes based on 2009 revenues at current rates. Furthermore, the "current rates" used were prior to any rate/bill reduction for the transformer ownership allowance for the Large User class. Is there not an inconsistency, given this approach to determining revenue responsibility by class, between how the costs were allocated to classes and London Hydro's proposed treatment of the transformer allowance for the Large User class? Please fully explain.

***RESPONSE*:**

a) There is no inconsistency. Please refer to Exhibit 8, page 3 , Table 1 and Exhibit. 8, pg. 6, Table 3. London Hydro offers the following additional comments in this regard:

- The revenues used in the cost allocation model were before deducting transformer discounts.
- The costs in the model allocated the cost of transformation in the same manner as other costs – that is, to those customers that use the London Hydro transformers. If a customer owned its own transformer, transformer costs were not allocated to it. In the case of Large Users, they were not allocated any transformer costs.
- The output from the cost allocation model compared revenues before discounts to total distribution costs and derived an implied excess or shortfall through the revenue to cost ratios.
- Thus there is no inconsistency in the approach used by London Hydro in determining revenue responsibility by customer class. The revenues used are the revenues before discounts which is consistent with the methodology used in the Cost Allocation Model.
- From the output of the Cost Allocation model, London Hydro compared the revenues before transformer discounts to the revenue requirement which included transformation costs, where applicable, and determined to what extent revenues (rates before discounts) generated sufficient revenues to recover costs.
- From this analysis London Hydro derived a revenue surplus or deficit factor which identified the extent to which revenues (rates before discounts) recovered or did not recover the revenue requirement. (refer to Exhibit 8, pg. 6, Table 3, column B)
- The calculation of this revenue surplus or deficit was determined with current rates to establish the most accurate information prior to the cost allocation adjustments in 2009. (refer to Exhibit 8, pg. 6, Table 3, column C)

- Next, the analysis determined how much of a revenue adjustment would be needed to move the revenue to cost ratio by 1%. (refer to Exhibit 8, pg. 6, Table 3)
- The remaining columns in Exhibit 8, pg. 6, Table 3 show the amount by which the revenue to cost ratio was adjusted and how the value of the adjustment was calculated.

Question #31
Ref: Exhibit 9, page 9

a) Please confirm that at Exhibit 1, page 2 London Hydro is applying for an effective date of May 1, 2009.

b) Will London Hydro amend its Application and request an effective date of September 1, 2009?

***RESPONSE*:**

a) Please refer to Exhibit 1 page 2 lines 23 to 26 and exhibit 1 page 3 lines 1 to 7 which fully explains London Hydro's position on this matter. As we have stated , "in the event that the OEB is unable to provide a Decision and Order in this Application as of May 1, 2009, the Applicant requests that the OEB declare its current rates interim, effective May 1, 2009, pending the implementation of the OEB's Rate Order for the 2009 rate year."

b) No. Please refer to Exhibit 1, page 3, lines 3 to 7.

Question #32
Ref: Exhibit 9, pages 11-13

a) Please provide a schedule that for the most recent month available sets out for Accounts #1584 and #1586 the monthly costs (as billed by the IESO) and monthly revenues (as billed to retail customers) – i.e., update the chart on page 13 for more recent data.

***RESPONSE*:**

a) Please refer to London Hydro's response to Board Staff Question #40

Question #33
Ref: Exhibit 9, page 27

a) Please re-do Schedule 1 so as to show the impact of the Application on the distribution component of customers' bills.

b) Based on a recent 12 consecutive months of actual billing data, please indicate the percentage of total residential customers that:
- Consume less than 100 kWh per month
- Consume 100 -> 250 kWh per month
- Consume 250 -> 500 kWh per month
- Consume 500 -> 750 kWh per month
- Consume 750 -> 1,000 kWh per month
- Consume 1,000 -> 1,500 kWh per month

***RESPONSE*:**

a) Please refer to Appendix VECC 33 – Distribution Bill Impacts

b) London Hydro does not have the programming in place in its billing system that would enable a recent analysis of billing data as requested by VECC. From London Hydro's customer billing data, London Hydro can advise that the average annual consumption for all residential customers during 2008 was 747 kHw's per customer per month.

Question #34

Ref: Exhibit 9 / p. 14 and Annual Report 2007

Preamble:

Exhibit 1 Page 126 Annual Report 2007

> During the year, the Company spearheaded the formation of a Smart Meter Purchasing Consortium, or buying group consisting of 21 distributors located throughout Ontario and representing approximately 500,000 customers. A Request for Proposal was issued in August 2007, closed in November 2007 and is currently in the process of evaluation. It is anticipated that a contract will be awarded during the second quarter of 2008, subject to receiving authorization from the Province of Ontario under Regulation 427/06 to carry out the Smart Metering initiative.

a) Provide a Status Report of the SM procurement- #units, supply price and average installation cost.

b) Is LH aware that other members of the Consortium have provided evidence that unit costs are in the range of $160-170 (Can) rather than $200? Does this imply more precise information?

c) Provide LHs forecast of SM accomplishment (#installed) and Capital and operating costs for 2009 and 2010.

d) Given the under-collection of capital and operating costs by the $1.00/connection/mo SM rate adder please explain why LH has not requested an increase in the rate adder. Are there other anticipated offsets etc?

e) Is LH replacing or resealing any standard residential meters in 2009/2010? If so at what costs?

f) Has LH requested/received dispensation from Measurement Canada to defer replacement/resealing until SM can be installed? If the cost for 2009/2010 differs from part b) please provide this.

***RESPONSE*:**

a) To date London Hydro has ordered 5,000 meters and is scheduled to acquire and install an additional 75,000 meters by the end of 2009. The initial 5,000 will be

installed by July 1, 2009. The average installed price is estimated to be approximately $175.00.

b) As London Hydro has stated in Exhibit 9, page 15, line 7, London Hydro believes that costs could fall in the range of $150 to $200, which is consistent with the projections VECC has indicated in its question. London Hydro has not seen the calculations that support the other parties estimates, so London Hydro is not able to comment on them.

c) London Hydro is planning to have 80,000 units installed by end 2009 and the remainder of approximately 55,000 units installed by end of 2010 to meet the Provincial mandate that has been established. Forecast capital spending for 2009 is $17 million and $10 million in 2010. Forecast operating costs are $900,000 in 2009 and $2.7 million in 2010.

d) Forecast expenditures are at this point still just projections. London Hydro would prefer to wait for actual costs to be identified before requesting/supporting or justifying a specific London Hydro rate adder in excess of the $1.00.

e) Any replacement meters once the actual delivery/availability of smart meters is complete (i.e. approximately June 2009) will be smart meters. London Hydro has acquired a number of surplus standard mechanical residential customer meters from another utility at $5.00 each that will be used for any necessary residential replacements prior to the delivery/availability of smart meters.

f) Yes, London Hydro has received dispensation from Measurement Canada to defer resealing until Smart Meters can be installed.

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Appendices for Responses to VECC Interrogatories

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS ***(Monthly Consumptions)***

RESIDENTIAL										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			11.75			13.14	1.39	11.83%	32.60%
250 kWh	Distribution (kWh)	250	0.0130	3.25	250	0.0149	3.73	0.48	14.62%	9.24%
	Smart Meter Rider (per month)			0.27		1.5896	1.00	0.73	270.37%	2.48%
	Deferral Accounts (kWh)	250	0.0000	0.00	250	(0.0003)	(0.08)	(0.08)	100.00%	(0.20%)
	Sub-Total			**15.27**			**17.78**	**2.51**	**16.46%**	**44.12%**
	Debt Retirement Charge (kWh)	250	0.0070	1.75	250	0.0070	1.75	0.00	0.00%	4.34%
	Transmission & WMSC (kWh)	261	0.0156	4.06	260	0.0164	4.27	0.21	5.05%	10.59%
	Cost of Power Commodity (kWh)	261	0.0560	14.59	260	0.0560	14.59	(0.00)	(0.02%)	36.19%
	Total Bill Before Taxes			**35.67**			**38.39**	**2.72**	**7.61%**	**95.24%**
	GST		5.00%	1.78		5.00%	1.92	0.14	7.61%	4.76%
	Total Bill			**37.46**			**40.31**	**2.85**	**7.61%**	**100.00%**

RESIDENTIAL										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			11.75			13.14	1.39	11.83%	19.98%
500 kWh	Distribution (kWh)	500	0.0130	6.50	500	0.0149	7.45	0.95	14.62%	11.33%
	Smart Meter Rider (per month)			0.27		0	1.00	0.73	270.37%	1.52%
	Deferral Accounts (kWh)	500	0.0000	0.00	500	(0.0003)	(0.16)	(0.16)	100.00%	(0.25%)
	Sub-Total			**18.52**			**21.43**	**2.91**	**15.70%**	**32.58%**
	Debt Retirement Charge (kWh)	500	0.0070	3.50	500	0.0070	3.50	0.00	0.00%	5.32%
	Transmission & WMSC (kWh)	521	0.0156	8.13	521	0.0164	8.54	0.41	5.05%	12.98%
	Cost of Power Commodity (kWh)	521	0.0560	29.18	521	0.0560	29.17	(0.01)	(0.02%)	44.36%
	Total Bill Before Taxes			**59.33**			**62.64**	**3.31**	**5.58%**	**95.24%**
	GST		5.00%	2.97		5.00%	3.13	0.17	5.58%	4.76%
	Total Bill			**62.29**			**65.77**	**3.48**	**5.58%**	**100.00%**

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS ***(Monthly Consumptions)***

RESIDENTIAL		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			11.75			13.14	1.39	11.83%	17.25%
600 kWh	Distribution (kWh)	600	0.0130	7.80	600	0.0149	8.94	1.14	14.62%	11.73%
	Smart Meter Rider (per month)			0.27		0	1.00	0.73	270.37%	1.31%
	Deferral Accounts (kWh)	600	0.0000	0.00	600	(0.0003)	(0.20)	(0.20)	100.00%	(0.26%)
	Sub-Total			**19.82**			**22.88**	**3.06**	**15.46%**	**30.03%**
	Debt Retirement Charge (kWh)	600	0.0070	4.20	600	0.0070	4.20	0.00	0.00%	5.51%
	Transmission & WMSC (kWh)	625	0.0156	9.75	625	0.0164	10.25	0.49	5.05%	13.45%
	Cost of Power Commodity (kWh)	600	0.0560	33.60	600	0.0560	33.60	0.00	0.00%	44.10%
	Cost of Power Commodity (kWh)	25	0.0650	1.64	25	0.0650	1.64	(0.01)	(0.49%)	2.15%
	Total Bill Before Taxes			**69.02**			**72.57**	**3.55**	**5.14%**	**95.24%**
	GST		5.00%	3.45		5.00%	3.63	0.18	5.14%	4.76%
	Total Bill			**72.47**			**76.20**	**3.73**	**5.14%**	**100.00%**

RESIDENTIAL		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			11.75			13.14	1.39	11.83%	14.14%
750 kWh	Distribution (kWh)	750	0.0130	9.75	750	0.0149	11.18	1.43	14.62%	12.02%
	Smart Meter Rider (per month)			0.27		0	1.00	0.73	270.37%	1.08%
	Deferral Accounts (kWh)	750	0.0000	0.00	750	(0.0003)	(0.24)	(0.24)	100.00%	(0.26%)
	Sub-Total			**21.77**			**25.07**	**3.30**	**15.16%**	**26.97%**
	Debt Retirement Charge (kWh)	750	0.0070	5.25	750	0.0070	5.25	0.00	0.00%	5.65%
	Transmission & WMSC (kWh)	782	0.0156	12.19	781	0.0164	12.81	0.62	5.05%	13.78%
	Cost of Power Commodity (kWh)	600	0.0560	33.60	600	0.0560	33.60	0.00	0.00%	36.15%
	Cost of Power Commodity (kWh)	182	0.0650	11.80	181	0.0650	11.79	(0.01)	(0.09%)	12.69%
	Total Bill Before Taxes			**84.62**			**88.52**	**3.91**	**4.62%**	**95.24%**
	GST		5.00%	4.23		5.00%	4.43	0.20	4.62%	4.76%
	Total Bill			**88.85**			**92.95**	**4.10**	**4.62%**	**100.00%**

RESIDENTIAL		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			11.75			13.14	1.39	11.83%	10.87%
1,000 kWh	Distribution (kWh)	1,000	0.0130	13.00	1,000	0.0149	14.90	1.90	14.62%	12.33%
	Smart Meter Rider (per month)			0.27		0	1.00	0.73	270.37%	0.83%
	Deferral Accounts (kWh)	1,000	0.0000	0.00	1,000	(0.0003)	(0.33)	(0.33)	100.00%	(0.27%)
	Sub-Total			**25.02**			**28.71**	**3.69**	**14.77%**	**23.76%**
	Debt Retirement Charge (kWh)	1,000	0.0070	7.00	1,000	0.0070	7.00	0.00	0.00%	5.79%
	Transmission & WMSC (kWh)	1,042.1	0.0156	16.26	1,041.9	0.0164	17.08	0.82	5.05%	14.13%
	Cost of Power Commodity (kWh)	600	0.0560	33.60	600	0.0560	33.60	0.00	0.00%	27.80%
	Cost of Power Commodity (kWh)	442	0.0650	28.74	442	0.0650	28.73	(0.01)	(0.05%)	23.76%
	Total Bill Before Taxes			**110.62**			**115.12**	**4.50**	**4.07%**	**95.24%**
	GST		5.00%	5.53		5.00%	5.76	0.23	4.07%	4.76%
	Total Bill			**116.15**			**120.87**	**4.73**	**4.07%**	**100.00%**

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS *(Monthly Consumptions)*

RESIDENTIAL		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			11.75			13.14	1.39	11.83%	7.44%
1,500 kWh	Distribution (kWh)	1,500	0.0130	19.50	1,500	0.0149	22.35	2.85	14.62%	12.65%
	Smart Meter Rider (per month)			0.27		0	1.00	0.73	270.37%	0.57%
	Deferral Accounts (kWh)	1,500	0.0000	0.00	1,500	(0.0003)	(0.49)	(0.49)	100.00%	(0.28%)
	Sub-Total			**31.52**			**36.00**	**4.48**	**14.22%**	**20.37%**
	Debt Retirement Charge (kWh)	1,500	0.0070	10.50	1,500	0.0070	10.50	0.00	0.00%	5.94%
	Transmission & WMSC (kWh)	1,563	0.0156	24.39	1,563	0.0164	25.62	1.23	5.05%	14.50%
	Cost of Power Commodity (kWh)	600	0.0560	33.60	600	0.0560	33.60	0.00	0.00%	19.01%
	Cost of Power Commodity (kWh)	963	0.0650	62.61	963	0.0650	62.59	(0.02)	(0.03%)	35.42%
	Total Bill Before Taxes			**162.61**			**168.31**	**5.71**	**3.51%**	**95.24%**
	GST		5.00%	8.13		5.00%	8.42	0.28	3.50%	4.76%
	Total Bill			**170.74**			**176.72**	**6.00**	**3.51%**	**100.00%**

GENERAL SERVICE < 50 kW		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			32.05			34.46	2.41	7.52%	14.22%
2,000 kWh	Distribution (kWh)	2,000	0.0098	19.60	2,000	0.0108	21.60	2.00	10.20%	8.91%
	Smart Meter Rider (per month)			0.27		0	1.00	0.73	270.37%	0.41%
	Deferral Accounts (kWh)	2,000	0.0000	0.00	2,000	(0.0005)	(1.08)	(1.08)	100.00%	(0.44%)
	Sub-Total			**51.92**			**55.98**	**4.06**	**7.82%**	**23.10%**
	Debt Retirement Charge (kWh)	2,000	0.0070	14.00	2,000	0.0070	14.00	0.00	0.00%	5.78%
	Transmission & WMSC (kWh)	2,084.3	0.0147	30.64	2,083.9	0.0154	32.13	1.49	4.87%	13.26%
	Cost of Power Commodity (kWh)	750	0.0560	42.00	750	0.0560	42.00	0.00	0.00%	17.33%
	Cost of Power Commodity (kWh)	1,334	0.0650	86.73	1,334	0.0650	86.70	(0.03)	(0.03%)	35.77%
	Total Bill Before Taxes			**225.29**			**230.81**	**5.53**	**2.45%**	**95.24%**
	GST		5.00%	11.26		5.00%	11.54	0.28	2.45%	4.76%
	Total Bill			**236.55**			**242.35**	**5.80**	**2.45%**	**100.00%**

GENERAL SERVICE < 50 kW		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			32.05			34.46	2.41	7.52%	7.58%
4,000 kWh	Distribution (kWh)	4,000	0.0098	39.20	4,000	0.0108	43.20	4.00	10.20%	9.50%
	Smart Meter Rider (per month)			0.27		0	1.00	0.73	270.37%	0.22%
	Deferral Accounts (kWh)	4,000	0.0000	0.00	4,000	(0.0005)	(2.16)	(2.16)	100.00%	(0.47%)
	Sub-Total			**71.52**			**76.50**	**4.98**	**6.97%**	**16.83%**
	Debt Retirement Charge (kWh)	4,000	0.0070	28.00	4,000	0.0070	28.00	0.00	0.00%	6.16%
	Transmission & WMSC (kWh)	4,169	0.0147	61.28	4,168	0.0154	64.26	2.98	4.87%	14.14%
	Cost of Power Commodity (kWh)	750	0.0560	42.00	750	0.0560	42.00	0.00	0.00%	9.24%
	Cost of Power Commodity (kWh)	3,419	0.0650	222.21	3,418	0.0650	222.15	(0.05)	(0.02%)	48.87%
	Total Bill Before Taxes			**425.00**			**432.92**	**7.91**	**1.86%**	**95.24%**
	GST		5.00%	21.25		5.00%	21.65	0.40	1.86%	4.76%
	Total Bill			**446.25**			**454.56**	**8.31**	**1.86%**	**100.00%**

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS *(Monthly Consumptions)*

GENERAL SERVICE < 50 kW		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			32.05			34.46	2.41	7.52%	3.16%
10,000 kWh	Distribution (kWh)	10,000	0.0098	98.00	10,000	0.0108	108.00	10.00	10.20%	9.90%
	Smart Meter Rider (per month)			0.27		0	1.00	0.73	270.37%	0.09%
	Deferral Accounts (kWh)	10,000	0.0000	0.00	10,000	(0.0005)	(5.39)	(5.39)	100.00%	(0.49%)
	Sub-Total			**130.32**			**138.07**	**7.75**	**5.95%**	**12.65%**
	Debt Retirement Charge (kWh)	10,000	0.0070	70.00	10,000	0.0070	70.00	0.00	0.00%	6.42%
	Transmission & WMSC (kWh)	10,421	0.0147	153.19	10,419	0.0154	160.65	7.46	4.87%	14.72%
	Cost of Power Commodity (kWh)	750	0.0560	42.00	750	0.0560	42.00	0.00	0.00%	3.85%
	Cost of Power Commodity (kWh)	9,671	0.0650	628.64	9,669	0.0650	628.50	(0.13)	(0.02%)	57.60%
	Total Bill Before Taxes			**1,024.15**			**1,039.22**	**15.07**	**1.47%**	**95.24%**
	GST		5.00%	51.21		5.00%	51.96	0.75	1.47%	4.76%
	Total Bill			**1,075.36**			**1,091.19**	**15.83**	**1.47%**	**100.00%**

GENERAL SERVICE < 50 kW		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			32.05			34.46	2.41	7.52%	2.54%
12,500 kWh	Distribution (kWh)	12,500	0.0098	122.50	12,500	0.0108	135.00	12.50	10.20%	9.95%
	Smart Meter Rider (per month)			0.27		0	1.00	0.73	270.37%	0.07%
	Deferral Accounts (kWh)	12,500	0.0000	0.00	12,500	(0.0005)	(6.74)	(6.74)	100.00%	(0.50%)
	Sub-Total			**154.82**			**163.72**	**8.90**	**5.75%**	**12.07%**
	Debt Retirement Charge (kWh)	12,500	0.0070	87.50	12,500	0.0070	87.50	0.00	0.00%	6.45%
	Transmission & WMSC (kWh)	13,027	0.0147	191.49	13,024	0.0154	200.82	9.32	4.87%	14.80%
	Cost of Power Commodity (kWh)	750	0.0560	42.00	750	0.0560	42.00	0.00	0.00%	3.10%
	Cost of Power Commodity (kWh)	12,277	0.0650	797.99	12,274	0.0650	797.82	(0.17)	(0.02%)	58.82%
	Total Bill Before Taxes			**1,273.80**			**1,291.85**	**18.06**	**1.42%**	**95.24%**
	GST		5.00%	63.69		5.00%	64.59	0.90	1.42%	4.76%
	Total Bill			**1,337.49**			**1,356.45**	**18.96**	**1.42%**	**100.00%**

GENERAL SERVICE < 50 kW		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			32.05			34.46	2.41	7.52%	2.12%
15,000 kWh	Distribution (kWh)	15,000	0.0098	147.00	15,000	0.0108	162.00	15.00	10.20%	9.99%
	Smart Meter Rider (per month)			0.27		0	1.00	0.73	270.37%	0.06%
	Deferral Accounts (kWh)	15,000	0.0000	0.00	15,000	(0.0005)	(8.09)	(8.09)	100.00%	(0.50%)
	Sub-Total			**179.32**			**189.37**	**10.05**	**5.61%**	**11.68%**
	Debt Retirement Charge (kWh)	15,000	0.0070	105.00	15,000	0.0070	105.00	0.00	0.00%	6.47%
	Transmission & WMSC (kWh)	15,632	0.0147	229.79	15,629	0.0154	240.98	11.19	4.87%	14.86%
	Cost of Power Commodity (kWh)	750	0.0560	42.00	750	0.0560	42.00	0.00	0.00%	2.59%
	Cost of Power Commodity (kWh)	14,882	0.0650	967.33	14,879	0.0650	967.13	(0.20)	(0.02%)	59.64%
	Total Bill Before Taxes			**1,523.44**			**1,544.48**	**21.04**	**1.38%**	**95.24%**
	GST		5.00%	76.17		5.00%	77.22	1.05	1.38%	4.76%
	Total Bill			**1,599.62**			**1,621.71**	**22.09**	**1.38%**	**100.00%**

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS ***(Monthly Consumptions)***

GENERAL SERVICE 50 to 4,999 Kw - Non-Interval Metered											
		2008 BILL			2009 BILL			IMPACT			
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill	
Consumption	Monthly Service Charge			237.12			285.60	48.48	20.45%	12.63%	
20,000 kWh	Distribution (kWh)	20,000	0.0000	0.00	20,000	0.0000	0.00	0.00	0.00%	0.00%	
75 kW	Distribution (kW)	75	1.2912	96.84	75	1.5793	118.45	21.61	22.31%	5.24%	
	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.04%	
	Deferral Accounts (kWh)	75	0.0000	0.00	75	(0.3295)	(24.71)	(24.71)	100.00%	(1.09%)	
	Sub-Total			**334.23**			**380.34**	**46.11**	**13.79%**	**16.81%**	
	Debt Retirement Charge (kWh)	20,000	0.0070	140.00	20,000	0.0070	140.00	0.00	0.00%	6.19%	
	WMSC Charges (kWh)	20,843	0.0062	129.22	20,839	0.0062	129.20	(0.03)	(0.02%)	5.71%	
	Transmission Charges (kW)	75	3.0531	228.98	75	3.3102	248.26	19.28	8.42%	10.97%	
	Cost of Power Commodity (kWh)	20,843	0.0603	1,256.82	20,839	0.0603	1,256.57	(0.25)	(0.02%)	55.55%	
	Total Bill Before Taxes			**2,089.25**			**2,154.36**	**65.11**	**3.12%**	**95.24%**	
	GST		5.00%	104.46		5.00%	107.72	3.26	3.12%	4.76%	
	Total Bill			**2,193.72**			**2,262.08**	**68.36**	**3.12%**	**100.00%**	

GENERAL SERVICE 50 to 4,999 Kw - Non-Interval Metered										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			237.12			285.60	48.48	20.45%	7.17%
40,000 kWh	Distribution (kWh)	40,000	0.0000	0.00	40,000	0.0000	0.00	0.00	0.00%	0.00%
100 kW	Distribution (kW)	100	1.2912	129.12	100	1.5793	157.93	28.81	22.31%	3.96%
	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.03%
	Deferral Accounts (kWh)	100	0.0000	0.00	100	(0.3295)	(32.95)	(32.95)	100.00%	(0.83%)
	Sub-Total			**366.51**			**411.58**	**45.07**	**12.30%**	**10.33%**
	Debt Retirement Charge (kWh)	40,000	0.0070	280.00	40,000	0.0070	280.00	0.00	0.00%	7.03%
	WMSC Charges (kWh)	41,685	0.0062	258.45	41,677	0.0062	258.40	(0.05)	(0.02%)	6.49%
	Transmission Charges (kW)	100	3.0531	305.31	100	3.3102	331.02	25.71	8.42%	8.31%
	Cost of Power Commodity (kWh)	41,685	0.0603	2,513.63	41,677	0.0603	2,513.13	(0.50)	(0.02%)	63.08%
	Total Bill Before Taxes			**3,723.90**			**3,794.13**	**70.22**	**1.89%**	**95.24%**
	GST		5.00%	186.20		5.00%	189.71	3.51	1.89%	4.76%
	Total Bill			**3,910.10**			**3,983.83**	**73.74**	**1.89%**	**100.00%**

GENERAL SERVICE 50 to 4,999 Kw - Non-Interval Metered										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			237.12			285.60	48.48	20.45%	5.01%
60,000 kWh	Distribution (kWh)	60,000	0.0000	0.00	60,000	0.0000	0.00	0.00	0.00%	0.00%
125 kW	Distribution (kW)	125	1.2912	161.40	125	1.5793	197.41	36.01	22.31%	3.46%
	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.02%
	Deferral Accounts (kWh)	125	0.0000	0.00	125	(0.3295)	(41.19)	(41.19)	100.00%	(0.72%)
	Sub-Total			**398.79**			**442.83**	**44.04**	**11.04%**	**7.76%**
	Debt Retirement Charge (kWh)	60,000	0.0070	420.00	60,000	0.0070	420.00	0.00	0.00%	7.36%
	WMSC Charges (kWh)	62,528	0.0062	387.67	62,516	0.0062	387.60	(0.08)	(0.02%)	6.79%
	Transmission Charges (kW)	125	3.0531	381.64	125	3.3102	413.77	32.13	8.42%	7.25%
	Cost of Power Commodity (kWh)	62,528	0.0603	3,770.45	62,516	0.0603	3,769.70	(0.75)	(0.02%)	66.07%
	Total Bill Before Taxes			**5,358.55**			**5,433.89**	**75.34**	**1.41%**	**95.24%**
	GST		5.00%	267.93		5.00%	271.69	3.77	1.41%	4.76%
	Total Bill			**5,626.48**			**5,705.58**	**79.11**	**1.41%**	**100.00%**

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS ***(Monthly Consumptions)***

GENERAL SERVICE 50 to 4,999 Kw - Non-Interval Metered										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			237.12			285.60	48.48	20.45%	3.85%
80,000 kWh	Distribution (kWh)	80,000	0.0000	0.00	80,000	0.0000	0.00	0.00	0.00%	0.00%
150 kW	Distribution (kW)	150	1.2912	193.68	150	1.5793	236.90	43.22	22.31%	3.19%
	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.01%
	Deferral Accounts (kWh)	150	0.0000	0.00	150	(0.3295)	(49.42)	(49.42)	100.00%	(0.67%)
	Sub-Total			**431.07**			**474.07**	**43.00**	**9.98%**	**6.38%**
	Debt Retirement Charge (kWh)	80,000	0.0070	560.00	80,000	0.0070	560.00	0.00	0.00%	7.54%
	WMSC Charges (kWh)	83,371	0.0062	516.90	83,354	0.0062	516.80	(0.10)	(0.02%)	6.96%
	Transmission Charges (kW)	150	3.0531	457.97	150	3.3102	496.52	38.56	8.42%	6.69%
	Cost of Power Commodity (kWh)	83,371	0.0603	5,027.26	83,354	0.0603	5,026.26	(1.00)	(0.02%)	67.67%
	Total Bill Before Taxes			**6,993.20**			**7,073.65**	**80.45**	**1.15%**	**95.24%**
	GST		5.00%	349.66		5.00%	353.68	4.02	1.15%	4.76%
	Total Bill			**7,342.86**			**7,427.34**	**84.48**	**1.15%**	**100.00%**

GENERAL SERVICE 50 to 4,999 Kw - Non-Interval Metered										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			237.12			285.60	48.48	20.45%	3.08%
100,000 kWh	Distribution (kWh)	100,000	0.0000	0.00	100,000	0.0000	0.00	0.00	0.00%	0.00%
199 kW	Distribution (kW)	199	1.2912	256.95	199	1.5793	314.28	57.33	22.31%	3.39%
	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.01%
	Deferral Accounts (kWh)	199	0.0000	0.00	199	(0.3295)	(65.57)	(65.57)	100.00%	(0.71%)
	Sub-Total			**494.34**			**535.31**	**40.97**	**8.29%**	**5.78%**
	Debt Retirement Charge (kWh)	100,000	0.0070	700.00	100,000	0.0070	700.00	0.00	0.00%	7.56%
	WMSC Charges (kWh)	104,214	0.0062	646.12	104,193	0.0062	646.00	(0.13)	(0.02%)	6.97%
	Transmission Charges (kW)	199	3.0531	607.57	199	3.3102	658.72	51.15	8.42%	7.11%
	Cost of Power Commodity (kWh)	104,214	0.0603	6,284.08	104,193	0.0603	6,282.83	(1.25)	(0.02%)	67.82%
	Total Bill Before Taxes			**8,732.11**			**8,822.86**	**90.75**	**1.04%**	**95.24%**
	GST		5.00%	436.61		5.00%	441.14	4.54	1.04%	4.76%
	Total Bill			**9,168.71**			**9,264.00**	**95.28**	**1.04%**	**100.00%**

GENERAL SERVICE 50 to 4,999 Kw - Interval Metered										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			237.12			285.60	48.48	20.45%	2.91%
100,000 kWh	Distribution (kWh)	100,000	0.0000	0.00	100,000	0.0000	0.00	0.00	0.00%	0.00%
250 kW	Distribution (kW)	250	1.2912	322.80	250	1.5793	394.83	72.03	22.31%	4.03%
0 kW - disc	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.01%
	Transformer Credit - (kW)	0	(0.6000)	0.00	0	(0.6000)	0.00	0.00	0.00%	0.00%
	Deferral Accounts (kWh)	250	0.0000	0.00	250	(0.3295)	(82.37)	(82.37)	100.00%	(0.84%)
	Sub-Total			**560.19**			**599.05**	**38.86**	**6.94%**	**6.11%**
	Debt Retirement Charge (kWh)	100,000	0.0070	700.00	100,000	0.0070	700.00	0.00	0.00%	7.14%
	WMSC Charges (kWh)	104,214	0.0062	646.12	104,193	0.0062	646.00	(0.13)	(0.02%)	6.59%
	Transmission Charges (kW)	250	4.0808	1,020.20	250	4.4195	1,104.87	84.67	8.30%	11.27%
	Cost of Power Commodity (kWh)	104,214	0.0603	6,284.08	104,193	0.0603	6,282.83	(1.25)	(0.02%)	64.11%
	Total Bill Before Taxes			**9,210.59**			**9,332.74**	**122.15**	**1.33%**	**95.24%**
	GST		5.00%	460.53		5.00%	466.64	6.11	1.33%	4.76%
	Total Bill			**9,671.12**			**9,799.38**	**128.25**	**1.33%**	**100.00%**

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS *(Monthly Consumptions)*

GENERAL SERVICE 50 to 4,999 Kw - Interval Metered										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			237.12			285.60	48.48	20.45%	1.48%
200,000 kWh	Distribution (kWh)	200,000	0.0000	0.00	200,000	0.0000	0.00	0.00	0.00%	0.00%
500 kW	Distribution (kW)	500	1.2912	645.60	500	1.5793	789.65	144.05	22.31%	4.09%
0 kW - disc	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.01%
	Transformer Credit - (kW)	0	(0.6000)	0.00	0	(0.6000)	0.00	0.00	0.00%	0.00%
	Deferral Accounts (kWh)	500	0.0000	0.00	500	(0.3295)	(164.75)	(164.75)	100.00%	(0.85%)
	Sub-Total			**882.99**			**911.50**	**28.51**	**3.23%**	**4.72%**
	Debt Retirement Charge (kWh)	200,000	0.0070	1,400.00	200,000	0.0070	1,400.00	0.00	0.00%	7.25%
	WMSC Charges (kWh)	208,427	0.0062	1,292.25	208,386	0.0062	1,291.99	(0.26)	(0.02%)	6.70%
	Transmission Charges (kW)	500	4.0808	2,040.40	500	4.4195	2,209.73	169.33	8.30%	11.45%
	Cost of Power Commodity (kWh)	208,427	0.0603	12,568.16	208,386	0.0603	12,565.66	(2.50)	(0.02%)	65.11%
	Total Bill Before Taxes			**18,183.80**			**18,378.88**	**195.08**	**1.07%**	**95.24%**
	GST		5.00%	909.19		5.00%	918.94	9.75	1.07%	4.76%
	Total Bill			**19,092.99**			**19,297.83**	**204.84**	**1.07%**	**100.00%**

GENERAL SERVICE 50 to 4,999 Kw - Interval Metered										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			237.12			285.60	48.48	20.45%	0.58%
500,000 kWh	Distribution (kWh)	500,000	0.0000	0.00	500,000	0.0000	0.00	0.00	0.00%	0.00%
1,500 kW	Distribution (kW)	1,500	1.2912	1,936.80	1,500	1.5793	2,368.95	432.15	22.31%	4.81%
0 kW - disc	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.00%
	Transformer Credit - (kW)	0	(0.6000)	0.00	0	(0.6000)	0.00	0.00	0.00%	0.00%
	Deferral Accounts (kWh)	1,500	0.0000	0.00	1,500	(0.3295)	(494.25)	(494.25)	100.00%	(1.00%)
	Sub-Total			**2,174.19**			**2,161.30**	**(12.89)**	**(0.59%)**	**4.39%**
	Debt Retirement Charge (kWh)	500,000	0.0070	3,500.00	500,000	0.0070	3,500.00	0.00	0.00%	7.10%
	WMSC Charges (kWh)	521,068	0.0062	3,230.62	520,964	0.0062	3,229.98	(0.64)	(0.02%)	6.55%
	Transmission Charges (kW)	1,500	4.0808	6,121.20	1,500	4.4195	6,629.20	508.00	8.30%	13.45%
	Cost of Power Commodity (kWh)	521,068	0.0603	31,420.40	520,964	0.0603	31,414.14	(6.26)	(0.02%)	63.74%
	Total Bill Before Taxes			**46,446.41**			**46,934.62**	**488.21**	**1.05%**	**95.24%**
	GST		5.00%	2,322.32		5.00%	2,346.73	24.41	1.05%	4.76%
	Total Bill			**48,768.73**			**49,281.35**	**512.62**	**1.05%**	**100.00%**

GENERAL SERVICE 50 to 4,999 Kw - Interval Metered										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			237.12			285.60	48.48	20.45%	0.31%
1,000,000 kWh	Distribution (kWh)	1,000,000	0.0000	0.00	1,000,000	0.0000	0.00	0.00	0.00%	0.00%
2,000 kW	Distribution (kW)	2,000	1.2912	2,582.40	2,000	1.5793	3,158.60	576.20	22.31%	3.47%
2,000 kW - disc	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.00%
	Transformer Credit - (kW)	2,000	(0.6000)	(1,200.00)	2,000	(0.6000)	(1,200.00)	0.00	0.00%	(1.32%)
	Deferral Accounts (kWh)	2,000	0.0000	0.00	2,000	(0.3295)	(659.00)	(659.00)	100.00%	(0.72%)
	Sub-Total			**1,619.79**			**1,586.20**	**(33.59)**	**(2.07%)**	**1.74%**
	Debt Retirement Charge (kWh)	1,000,000	0.0070	7,000.00	1,000,000	0.0070	7,000.00	0.00	0.00%	7.69%
	WMSC Charges (kWh)	1,042,136	0.0062	6,461.24	1,041,928	0.0062	6,459.96	(1.29)	(0.02%)	7.10%
	Transmission Charges (kW)	2,000	4.0808	8,161.60	2,000	4.4195	8,838.93	677.33	8.30%	9.71%
	Cost of Power Commodity (kWh)	1,042,136	0.0603	62,840.79	1,041,928	0.0603	62,828.28	(12.51)	(0.02%)	69.00%
	Total Bill Before Taxes			**86,083.43**			**86,713.37**	**629.95**	**0.73%**	**95.24%**
	GST		5.00%	4,304.17		5.00%	4,335.67	31.50	0.73%	4.76%
	Total Bill			**90,387.60**			**91,049.04**	**661.44**	**0.73%**	**100.00%**

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS *(Monthly Consumptions)*

GENERAL SERVICE 50 to 4,999 Kw - Interval Metered

		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			237.12			285.60	48.48	20.45%	0.19%
1,600,000 kWh	Distribution (kWh)	1,600,000	0.0000	0.00	1,600,000	0.0000	0.00	0.00	0.00%	0.00%
4,000 kW	Distribution (kW)	4,000	1.2912	5,164.80	4,000	1.5793	6,317.20	1,152.40	22.31%	4.22%
4,000 kW - disc	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.00%
	Transformer Credit - (kW)	4,000	(0.6000)	(2,400.00)	4,000	(0.6000)	(2,400.00)	0.00	0.00%	(1.60%)
	Deferral Accounts (kWh)	4,000	0.0000	0.00	4,000	(0.3295)	(1,317.99)	(1,317.99)	100.00%	(0.88%)
	Sub-Total			**3,002.19**			**2,885.81**	**(116.38)**	**(3.88%)**	**1.93%**
	Debt Retirement Charge (kWh)	1,600,000	0.0070	11,200.00	1,600,000	0.0070	11,200.00	0.00	0.00%	7.48%
	WMSC Charges (kWh)	1,667,417	0.0062	10,337.99	1,667,085	0.0062	10,335.93	(2.06)	(0.02%)	6.90%
	Transmission Charges (kW)	4,000	4.0808	16,323.20	4,000	4.4195	17,677.86	1,354.66	8.30%	11.80%
	Cost of Power Commodity (kWh)	1,667,417	0.0603	100,545.27	1,667,085	0.0603	100,525.25	(20.02)	(0.02%)	67.13%
	Total Bill Before Taxes			**141,408.65**			**142,624.85**	**1,216.20**	**0.86%**	**95.24%**
	GST		5.00%	7,070.43		5.00%	7,131.24	60.81	0.86%	4.76%
	Total Bill			**148,479.08**			**149,756.09**	**1,277.01**	**0.86%**	**100.00%**

GENERAL SERVICE 50 to 4,999 kW (Co-Generation)

		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge			3,005.36			2,934.27	(71.09)	(2.37%)	4.53%
520,000 kWh	Distribution (kWh)	520,000	0.0000	0.00	520,000	0.0000	0.00	0.00	0.00%	0.00%
2,150 kW Standb	Distribution (kW) - Standby	2,150	2.2035	4,737.53	2,150	2.5313	5,442.30	704.77	14.88%	8.40%
680 kW Increm.	Distribution (kW) - Incremental	680	4.5924	3,121.91	680	4.5862	3,117.69	(4.21)	(0.14%)	4.81%
2,830 kW - disc	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.00%
	Transformer Credit - (kW)	2,830	(0.6000)	(1,697.88)	2,830	(0.6000)	(1,697.88)	0.00	0.00%	(2.62%)
	Deferral Accounts (kWh)	2,830	0.0000	0.00	2,830	(0.1107)	(313.20)	(313.20)	100.00%	(0.48%)
	Sub-Total			**9,167.18**			**9,484.18**	**317.00**	**3.46%**	**14.64%**
	Debt Retirement Charge (kWh)	520,000	0.0070	3,640.00	520,000	0.0070	3,640.00	0.00	0.00%	5.62%
	WMSC Charges (kWh)	522,392	0.0062	3,238.83	522,288	0.0062	3,238.19	(0.64)	(0.02%)	5.00%
	Transmission Charges (kW)	2,830	4.5889	12,985.66	2,830	4.8900	13,837.72	852.05	6.56%	21.36%
	Cost of Power Commodity (kWh)	522,392	0.0603	31,500.24	522,288	0.0603	31,493.97	(6.27)	(0.02%)	48.62%
	Total Bill Before Taxes			**60,531.91**			**61,694.05**	**1,162.13**	**1.92%**	**95.24%**
	GST		5.00%	3,026.60		5.00%	3,084.70	58.11	1.92%	4.76%
	Total Bill			**63,558.51**			**64,778.75**	**1,220.24**	**1.92%**	**100.00%**

GENERAL SERVICE 50 to 4,999 kW (Co-Generation)

		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge			3,005.36			2,934.27	(71.09)	(2.37%)	1.56%
1,560,000 kWh	Distribution (kWh)	1,560,000	0.0000	0.00	1,560,000	0.0000	0.00	0.00	0.00%	0.00%
6,450 kW Standb	Distribution (kW) - Standby	6,450	2.2035	14,212.58	6,450	2.5313	16,326.89	2,114.31	14.88%	8.68%
2,039 kW Increm.	Distribution (kW) - Incremental	2,039	4.5924	9,365.72	2,039	4.5862	9,353.08	(12.64)	(0.14%)	4.97%
8,489 kW - disc	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.00%
	Transformer Credit - (kW)	8,489	(0.6000)	(5,093.64)	8,489	(0.6000)	(5,093.64)	0.00	0.00%	(2.71%)
	Deferral Accounts (kWh)	8,489	0.0000	0.00	8,489	(0.1107)	(939.60)	(939.60)	100.00%	(0.50%)
	Sub-Total			**21,490.29**			**22,582.00**	**1,091.71**	**5.08%**	**12.00%**
	Debt Retirement Charge (kWh)	1,560,000	0.0070	10,920.00	1,560,000	0.0070	10,920.00	0.00	0.00%	5.80%
	WMSC Charges (kWh)	1,567,176	0.0062	9,716.49	1,566,864	0.0062	9,714.56	(1.93)	(0.02%)	5.16%
	Transmission Charges (kW)	8,489	4.5889	38,956.99	8,489	4.8900	41,513.15	2,556.16	6.56%	22.06%
	Cost of Power Commodity (kWh)	1,567,176	0.0603	94,500.71	1,566,864	0.0603	94,481.90	(18.81)	(0.02%)	50.21%
	Total Bill Before Taxes			**175,584.48**			**179,211.60**	**3,627.12**	**2.07%**	**95.24%**
	GST		5.00%	8,779.22		5.00%	8,960.58	181.36	2.07%	4.76%
	Total Bill			**184,363.71**			**188,172.18**	**3,808.47**	**2.07%**	**100.00%**

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS *(Monthly Consumptions)*

GENERAL SERVICE 50 to 4,999 kW (Co-Generation)		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge			3,005.36			2,934.27	(71.09)	(2.37%)	2.32%
1,040,000 kWh	Distribution (kWh)	1,040,000	0.0000	0.00	1,040,000	0.0000	0.00	0.00	0.00%	0.00%
4,300 kW Standb	Distribution (kW) - Standby	4,300	2.2035	9,475.05	4,300	2.5313	10,884.59	1,409.54	14.88%	8.61%
1,360 kW Increm.	Distribution (kW) - Incremental	1,360	4.5924	6,243.82	1,360	4.5862	6,235.39	(8.43)	(0.14%)	4.93%
5,660 kW - disc	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.00%
	Transformer Credit - (kW)	5,660	(0.6000)	(3,395.76)	5,660	(0.6000)	(3,395.76)	0.00	0.00%	(2.68%)
	Deferral Accounts (kWh)	5,660	0.0000	0.00	5,660	(0.1107)	(626.40)	(626.40)	100.00%	(0.50%)
	Sub-Total			**15,328.74**			**16,033.09**	**704.35**	**4.59%**	**12.68%**
	Debt Retirement Charge (kWh)	1,040,000	0.0070	7,280.00	1,040,000	0.0070	7,280.00	0.00	0.00%	5.76%
	WMSC Charges (kWh)	1,044,784	0.0062	6,477.66	1,044,576	0.0062	6,476.37	(1.29)	(0.02%)	5.12%
	Transmission Charges (kW)	5,660	4.5889	25,971.33	5,660	4.8900	27,675.43	1,704.10	6.56%	21.88%
	Cost of Power Commodity (kWh)	1,044,784	0.0603	63,000.48	1,044,576	0.0603	62,987.93	(12.54)	(0.02%)	49.80%
	Total Bill Before Taxes			**118,058.20**			**120,452.82**	**2,394.63**	**2.03%**	**95.24%**
	GST		5.00%	5,902.91		5.00%	6,022.64	119.73	2.03%	4.76%
	Total Bill			**123,961.11**			**126,475.47**	**2,514.36**	**2.03%**	**100.00%**

LARGE USER (> 5000 KW)		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge			13,420.78			16,240.71	2,819.93	21.01%	5.99%
2,850,000 kWh	Distribution (kWh)	2,850,000	0.0000	0.00	2,850,000	0.0000	0.00	0.00	0.00%	0.00%
5,500 kW	Distribution (kW)	5,500	1.4484	7,966.20	5,500	1.7527	9,639.85	1,673.65	21.01%	3.55%
5,500 kW - disc	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.00%
	Transformer Credit - (kW)	5,500	(0.6000)	(3,300.00)	5,500	0.0000	0.00	3,300.00	(100.00%)	0.00%
	Deferral Accounts (kWh)	5,500	0.0000	0.00	5,500	(0.4362)	(2,399.31)	(2,399.31)	100.00%	(0.88%)
	Sub-Total			**18,087.25**			**23,482.25**	**5,395.00**	**29.83%**	**8.65%**
	Debt Retirement Charge (kWh)	2,850,000	0.0070	19,950.00	2,850,000	0.0070	19,950.00	0.00	0.00%	7.35%
	WMSC Charges (kWh)	2,863,110	0.0062	17,751.28	2,862,540	0.0062	17,747.75	(3.53)	(0.02%)	6.54%
	Transmission Charges (kW)	5,500	4.1295	22,712.25	5,500	4.4736	24,605.05	1,892.80	8.33%	9.07%
	Cost of Power Commodity (kWh)	2,863,110	0.0603	172,645.53	2,862,540	0.0603	172,611.16	(34.37)	(0.02%)	63.62%
	Total Bill Before Taxes			**251,146.32**			**258,396.21**	**7,249.89**	**2.89%**	**95.24%**
	GST		5.00%	12,557.32		5.00%	12,919.81	362.49	2.89%	4.76%
	Total Bill			**263,703.63**			**271,316.02**	**7,612.39**	**2.89%**	**100.00%**

LARGE USER (> 5000 KW)		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge			13,420.78			16,240.71	2,819.93	21.01%	3.09%
5,700,000 kWh	Distribution (kWh)	5,700,000	0.0000	0.00	5,700,000	0.0000	0.00	0.00	0.00%	0.00%
11,000 kW	Distribution (kW)	11,000	1.4484	15,932.40	11,000	1.7527	19,279.70	3,347.30	21.01%	3.67%
11,000 kW - disc	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.00%
	Transformer Credit - (kW)	11,000	(0.6000)	(6,600.00)	11,000	0.0000	0.00	6,600.00	(100.00%)	0.00%
	Deferral Accounts (kWh)	11,000	0.0000	0.00	11,000	(0.4362)	(4,798.62)	(4,798.62)	100.00%	(0.91%)
	Sub-Total			**22,753.45**			**30,722.79**	**7,969.34**	**35.02%**	**5.85%**
	Debt Retirement Charge (kWh)	5,700,000	0.0070	39,900.00	5,700,000	0.0070	39,900.00	0.00	0.00%	7.59%
	WMSC Charges (kWh)	5,726,220	0.0062	35,502.56	5,725,080	0.0062	35,495.50	(7.07)	(0.02%)	6.75%
	Transmission Charges (kW)	11,000	4.1295	45,424.50	11,000	4.4736	49,210.10	3,785.60	8.33%	9.36%
	Cost of Power Commodity (kWh)	5,726,220	0.0603	345,291.07	5,725,080	0.0603	345,222.32	(68.74)	(0.02%)	65.68%
	Total Bill Before Taxes			**488,871.58**			**500,550.71**	**11,679.13**	**2.39%**	**95.24%**
	GST		5.00%	24,443.58		5.00%	25,027.54	583.96	2.39%	4.76%
	Total Bill			**513,315.16**			**525,578.24**	**12,263.09**	**2.39%**	**100.00%**

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS ***(Monthly Consumptions)***

LARGE USER (> 5000 KW)										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Consumption	Monthly Service Charge			13,420.78			16,240.71	2,819.93	21.01%	2.08%
8,550,000 kWh	Distribution (kWh)	8,550,000	0.0000	0.00	8,550,000	0.0000	0.00	0.00	0.00%	0.00%
16,500 kW	Distribution (kW)	16,500	1.4484	23,898.60	16,500	1.7527	28,919.55	5,020.95	21.01%	3.71%
16,500 kW - disc	Smart Meter Rider (per month)			0.27			1.00	0.73	270.37%	0.00%
	Transformer Credit - (kW)	16,500	(0.6000)	(9,900.00)	16,500	0.0000	0.00	9,900.00	(100.00%)	0.00%
	Deferral Accounts (kWh)	16,500	0.0000	0.00	16,500	(0.4362)	(7,197.94)	(7,197.94)	100.00%	(0.92%)
	Sub-Total			**27,419.65**			**37,963.32**	**10,543.67**	**38.45%**	**4.87%**
	Debt Retirement Charge (kWh)	8,550,000	0.0070	59,850.00	8,550,000	0.0070	59,850.00	0.00	0.00%	7.67%
	WMSC Charges (kWh)	8,589,330	0.0062	53,253.85	8,587,620	0.0062	53,243.24	(10.60)	(0.02%)	6.83%
	Transmission Charges (kW)	16,500	4.1295	68,136.75	16,500	4.4736	73,815.16	5,678.41	8.33%	9.47%
	Cost of Power Commodity (kWh)	8,589,330	0.0603	517,936.60	8,587,620	0.0603	517,833.49	(103.11)	(0.02%)	66.40%
	Total Bill Before Taxes			**726,596.85**			**742,705.21**	**16,108.36**	**2.22%**	**95.24%**
	GST		5.00%	36,329.84		5.00%	37,135.26	805.42	2.22%	4.76%
	Total Bill			**762,926.69**			**779,840.47**	**16,913.78**	**2.22%**	**100.00%**

Street Lighting										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Billing Determinants	Monthly Service Charge	34,000	0.2800	9,520.00	34,000	0.9208	31,307.20	21,787.20	228.86%	13.09%
34,000 Connection	Distribution (kWh)	1,993,000	0.0000	0.00	1,993,000	0.0000	0.00	0.00	0.00%	0.00%
1,993,000 kWh	Distribution (kW)	6,000	1.4164	8,498.40	6,000	4.6581	27,948.60	19,450.20	228.87%	11.68%
6,000 kW	Deferral Accounts (kWh)	6,000	0.0000	0.00	6,000	(0.1540)	(923.79)	(923.79)	100.00%	(0.39%)
	Sub-Total			**18,018.40**			**58,332.01**	**40,313.61**	**223.74%**	**24.38%**
	Debt Retirement Charge (kWh)	1,993,000	0.0070	13,951.00	1,993,000	0.0070	13,951.00	0.00	0.00%	5.83%
	WMSC Charges (kWh)	2,076,977	0.0062	12,877.26	2,076,563	0.0062	12,874.69	(2.56)	(0.02%)	5.38%
	Transmission Charges (kW)	6,000	2.6883	16,129.80	6,000	2.9146	17,487.83	1,358.03	8.42%	7.31%
	Cost of Power Commodity (kWh)	750	0.0603	45.23	750	0.0603	45.23	0.00	0.00%	0.02%
	Cost of Power Commodity (kWh)	2,076,227	0.0603	125,196.48	2,075,813	0.0603	125,171.54	(24.93)	(0.02%)	52.32%
	Total Bill Before Taxes			**186,218.16**			**227,862.30**	**41,644.15**	**22.36%**	**95.24%**
	GST		5.00%	9,310.91		5.00%	11,393.12	2,082.21	22.36%	4.76%
	Total Bill			**195,529.06**			**239,255.42**	**43,726.35**	**22.36%**	**100.00%**

Sentinel Lighting										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Billing Determinants	Monthly Service Charge	1	0.4900	0.49	1	1.9452	1.95	1.46	296.98%	15.05%
1 Connection	Distribution (kWh)	100	0.0000	0.00	100	0.0000	0.00	0.00	0.00%	0.00%
100 kWh	Distribution (kW)	0.30	1.5896	0.48	0.30	6.3103	1.89	1.42	296.97%	14.64%
0.30 kW	Deferral Accounts (kWh)	0.30	0.0000	0.00	0.30	(0.1036)	(0.03)	(0.03)	100.00%	(0.24%)
	Sub-Total			**0.97**			**3.81**	**2.84**	**293.76%**	**29.45%**
	Debt Retirement Charge (kWh)	100	0.0070	0.70	100	0.0070	0.70	0.00	0.00%	5.41%
	WMSC Charges (kWh)	104	0.0062	0.65	104	0.0062	0.65	(0.00)	(0.02%)	5.00%
	Transmission Charges (kW)	0.3	2.6917	0.81	0.3	2.9183	0.88	0.07	8.42%	6.77%
	Cost of Power Commodity (kWh)	104	0.0603	6.28	104	0.0603	6.28	(0.00)	(0.02%)	48.60%
	Total Bill Before Taxes			**9.40**			**12.31**	**2.91**	**30.91%**	**95.24%**
	GST		5.00%	0.47		5.00%	0.62	0.15	30.91%	4.76%
	Total Bill			**9.87**			**12.93**	**3.05**	**30.91%**	**100.00%**

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS *(Monthly Consumptions)*

Sentinel Lighting		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Billing Determinants	Monthly Service Charge	10	0.4900	4.90	10	1.9452	19.45	14.55	296.98%	15.05%
10 Connection	Distribution (kWh)	1,000	0.0000	0.00	1,000	0.0000	0.00	0.00	0.00%	0.00%
1,000 kWh	Distribution (kW)	3.00	1.5896	4.77	3.00	6.3103	18.93	14.16	296.97%	14.64%
3 kW	Deferral Accounts (kWh)	3.00	0.0000	0.00	3.00	(0.1036)	(0.31)	(0.31)	100.00%	(0.24%)
	Sub-Total			**9.67**			**38.07**	**28.40**	**293.76%**	**29.45%**
	Debt Retirement Charge (kWh)	1,000	0.0070	7.00	1,000	0.0070	7.00	0.00	0.00%	5.41%
	WMSC Charges (kWh)	1,042	0.0062	6.46	1,042	0.0062	6.46	(0.00)	(0.02%)	5.00%
	Transmission Charges (kW)	3	2.6917	8.08	3	2.9183	8.75	0.68	8.42%	6.77%
	Cost of Power Commodity (kWh)	750	0.0603	45.23	750	0.0603	45.23	0.00	0.00%	34.98%
	Cost of Power Commodity (kWh)	292	0.0603	17.62	292	0.0603	17.60	(0.01)	(0.07%)	13.62%
	Total Bill Before Taxes			**94.05**			**123.12**	**29.07**	**30.91%**	**95.24%**
	GST		5.00%	4.70		5.00%	6.16	1.45	30.91%	4.76%
	Total Bill			**98.75**			**129.27**	**30.52**	**30.91%**	**100.00%**

Sentinel Lighting		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Billing Determinants	Monthly Service Charge	200	0.4900	98.00	200	1.9452	389.04	291.04	296.98%	15.69%
200 Connection	Distribution (kWh)	19,400	0.0000	0.00	19,400	0.0000	0.00	0.00	0.00%	0.00%
19,400 kWh	Distribution (kW)	54	1.5896	85.84	54	6.3103	340.76	254.92	296.97%	13.74%
54 kW	Deferral Accounts (kWh)	54	0.0000	0.00	54	(0.1036)	(5.60)	(5.60)	100.00%	(0.23%)
	Sub-Total			**183.84**			**724.20**	**540.36**	**293.93%**	**29.20%**
	Debt Retirement Charge (kWh)	19,400	0.0070	135.80	19,400	0.0070	135.80	0.00	0.00%	5.48%
	WMSC Charges (kWh)	20,217	0.0062	125.35	20,213	0.0062	125.32	(0.02)	(0.02%)	5.05%
	Transmission Charges (kW)	54	2.6917	145.35	54	2.9183	157.59	12.24	8.42%	6.35%
	Cost of Power Commodity (kWh)	750	0.0603	45.23	750	0.0603	45.23	0.00	0.00%	1.82%
	Cost of Power Commodity (kWh)	19,467	0.0603	1,173.89	19,463	0.0603	1,173.64	(0.24)	(0.02%)	47.33%
	Total Bill Before Taxes			**1,809.45**			**2,361.78**	**552.33**	**30.52%**	**95.24%**
	GST		5.00%	90.47		5.00%	118.09	27.62	30.52%	4.76%
	Total Bill			**1,899.92**			**2,479.87**	**579.95**	**30.52%**	**100.00%**

Sentinel Lighting		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Billing Determinants	Monthly Service Charge	367	0.4900	179.95	367	1.9452	714.35	534.40	296.98%	15.64%
367 Connection	Distribution (kWh)	35,700	0.0000	0.00	35,700	0.0000	0.00	0.00	0.00%	0.00%
35,700 kWh	Distribution (kW)	100	1.5896	158.96	100	6.3103	631.03	472.07	296.97%	13.81%
100 kW	Deferral Accounts (kWh)	100	0.0000	0.00	100	(0.1036)	(10.36)	(10.36)	100.00%	(0.23%)
	Sub-Total			**338.91**			**1,335.02**	**996.11**	**293.92%**	**29.23%**
	Debt Retirement Charge (kWh)	35,700	0.0070	249.90	35,700	0.0070	249.90	0.00	0.00%	5.47%
	WMSC Charges (kWh)	37,204	0.0062	230.67	37,197	0.0062	230.62	(0.05)	(0.02%)	5.05%
	Transmission Charges (kW)	100	2.6917	269.17	100	2.9183	291.83	22.66	8.42%	6.39%
	Cost of Power Commodity (kWh)	750	0.0603	45.23	750	0.0603	45.23	0.00	0.00%	0.99%
	Cost of Power Commodity (kWh)	36,454	0.0603	2,198.19	36,447	0.0603	2,197.74	(0.45)	(0.02%)	48.11%
	Total Bill Before Taxes			**3,332.06**			**4,350.34**	**1,018.28**	**30.56%**	**95.24%**
	GST		5.00%	166.60		5.00%	217.52	50.91	30.56%	4.76%
	Total Bill			**3,498.66**			**4,567.86**	**1,069.20**	**30.56%**	**100.00%**

London Hydro Inc.
Rate Determination Model
2009 Forward Test Year Rate Application filed December 1,2008 , Licence ED-2002-0557, File EB-2008-023

Sheet 15 - Customer Bill Impacts - Detail

BILL IMPACTS ***(Monthly Consumptions)***

Unmetered Scattered Load										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Billing Determinants	Monthly Service Charge	10	0.4200	4.20	10	1.2014	12.01	7.81	186.05%	4.10%
10 Connection	Distribution (kWh)	2,800	0.0086	24.08	2,800	0.0100	28.00	3.92	16.28%	9.56%
2,800 kWh	Deferral Accounts (kWh)	2,800	0.0000	0.00	2,800	(0.0005)	(1.51)	(1.51)	100.00%	(0.52%)
	Sub-Total			**28.28**			**38.50**	**10.22**	**36.15%**	**13.14%**
	Debt Retirement Charge (kWh)	2,800	0.0070	19.60	2,800	0.0070	19.60	0.00	0.00%	6.69%
	Transmission & WMSC (kWh)	2,918	0.0147	42.89	2,917	0.0154	44.98	2.09	4.87%	15.35%
	Cost of Power Commodity (kWh)	2,918	0.0603	175.95	2,917	0.0603	175.92	(0.04)	(0.02%)	60.05%
	Total Bill Before Taxes			**266.73**			**279.01**	**12.28**	**4.60%**	**95.24%**
	GST		5.00%	13.34		5.00%	13.95	0.61	4.60%	4.76%
	Total Bill			**280.06**			**292.96**	**12.89**	**4.60%**	**100.00%**

Unmetered Scattered Load										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Billing Determinants	Monthly Service Charge	200	0.4200	84.00	200	1.2014	240.28	156.28	186.05%	4.10%
200 Connection	Distribution (kWh)	56,000	0.0086	481.60	56,000	0.0100	560.00	78.40	16.28%	9.56%
56,000 kWh	Deferral Accounts (kWh)	56,000	0.0000	0.00	56,000	(0.0005)	(30.20)	(30.20)	100.00%	(0.52%)
	Sub-Total			**565.60**			**770.08**	**204.48**	**36.15%**	**13.14%**
	Debt Retirement Charge (kWh)	56,000	0.0070	392.00	56,000	0.0070	392.00	0.00	0.00%	6.69%
	Transmission & WMSC (kWh)	58,360	0.0147	857.89	58,348	0.0154	899.66	41.77	4.87%	15.35%
	Cost of Power Commodity (kWh)	58,360	0.0603	3,519.08	58,348	0.0603	3,518.38	(0.70)	(0.02%)	60.05%
	Total Bill Before Taxes			**5,334.57**			**5,580.13**	**245.56**	**4.60%**	**95.24%**
	GST		5.00%	266.73		5.00%	279.01	12.28	4.60%	4.76%
	Total Bill			**5,601.30**			**5,859.13**	**257.84**	**4.60%**	**100.00%**

Unmetered Scattered Load										
		2008 BILL			2009 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Billing Determinants	Monthly Service Charge	500	0.4200	210.00	500	1.2014	600.70	390.70	186.05%	4.10%
500 Connection	Distribution (kWh)	140,000	0.0086	1,204.00	140,000	0.0100	1,400.00	196.00	16.28%	9.56%
140,000 kWh	Deferral Accounts (kWh)	140,000	0.0000	0.00	140,000	(0.0005)	(75.49)	(75.49)	100.00%	(0.52%)
	Sub-Total			**1,414.00**			**1,925.21**	**511.21**	**36.15%**	**13.14%**
	Debt Retirement Charge (kWh)	140,000	0.0070	980.00	140,000	0.0070	980.00	0.00	0.00%	6.69%
	Transmission & WMSC (kWh)	145,899	0.0147	2,144.72	145,870	0.0154	2,249.15	104.44	4.87%	15.35%
	Cost of Power Commodity (kWh)	145,899	0.0603	8,797.71	145,870	0.0603	8,795.96	(1.75)	(0.02%)	60.05%
	Total Bill Before Taxes			**13,336.43**			**13,950.32**	**613.89**	**4.60%**	**95.24%**
	GST		5.00%	666.82		5.00%	697.52	30.69	4.60%	4.76%
	Total Bill			**14,003.25**			**14,647.84**	**644.59**	**4.60%**	**100.00%**

Karen Fawcett

300 Dufferin Avenue
P.O. Box 5035
London, ON
N6A 4L9

MAR 2 9 2006

London
CANADA

March 27, 2006

Vinay Sharma, P. Eng.
Vice President, Customer Services & Strategic Planning
London Hydro
111 Horton St.
P.O. Box 2700
London ON N6A 4H6

Re: Service Level Agreement 2005 - 2007

Dear Mr. Sharma:

Attached please find a signed original of the above noted Service Level Agreement (SLA) between the City of London and London Hydro Inc. For future reference this version was signed off by yourself and Pete Steblin, and dated March 27, 2006. We will retain the other original in our files.

The SLA broadly outlines the services and obligations between the two parties as they relate to meter reading and billing services. The fee for service is $3,000,000/annum beginning January 1,2005 and ending December 31,2007.

The City appreciates and values the long term working relationship with London Hydro, and looks to continuing that relationship. Our particular thanks to you and Hans Schreff for bringing this document to completion. Both parties realize it is an evolving document subject to on-going review and revision.

Yours truly,

P. McNally

Pat McNally, P. Eng.
Director-Water, Environment & Customer Relations
PM:pm

Cc: J. Braam
H. Schreff

The Corporation of the City of London
Office (519) 661.2500 ext. 4989
Fax (519) 661.2354
pmcnally@london.ca
www.london.ca

Service Level Agreement Between
The City of London and London Hydro Inc

111 Horton St.
P.O. Box 2700
London, Ont.
N6A 4H6

There is a unique relationship between City of London (COL) and London Hydro (LH) due to their various accountabilities. There are three broad relationships associated with the two parties

1. Single shareholder (CoL) of a Corporation (London Hydro)
2. End use energy consumer (CoL) of Service provider (London Hydro)
3. Contractee – Municipality (CoL) & service provider (water, sewer) and Contractor - Corporate service provider (London Hydro)

This service level agreement (SLA) is a non-binding document that defines the roles and expectations between the two parties with respect to meter reading and billing services provided by London Hydro to the CoL, and the compensation by the City of London for those services.

The intent of this SLA is to focus primarily on point (3) above, the service provided by London Hydro to the City of London for water and sewer, meter reading, billing and collection of payments and other services related to this function. This SLA is not intended to address other issues such as control room service, water /sewer field locates, etc. The SLA is not intended to be a procedure manual, but it is acknowledged there may be some areas where relevant procedures can and should be shared.

OVERVIEW

The City of London is the municipal government organization that manages all aspect of local municipal government within the City of London. Water and sewer related issues are part of that responsibility.

London Hydro is the electrical distribution supplier within the City of London. London Hydro is an incorporated business with a single shareholder – the City of London. London Hydro provides a complete meter reading and billing and collecting service to the City of London for water, sewer, and related issues. The City of London compensates London Hydro for that service. It is acknowledged that London Hydro may at time to time use subcontractors to satisfy the requirements of this SLA. London Hydro also recognizes that the PIPEDA Act (privacy legislation) will be adhered to the best of its ability for not only the CoL, but also its customers.

To service both the electrical and water and sewer customers, London Hydro operates and maintains a sophisticated and robust Customer Information System with extensive customer account information and history. Both parties recognize the complexity and security needs of the underlying database system, but also the potential knowledge and support for business decisions that this data holds. Both parties agree to respect the needs for data security, but this should not obstruct the development and use of the data to meet the legitimate business needs of either party.

This SLA outlines the specific roles, responsibilities and expectations of both parties as they relate to the provision of those services.

Fee for Service

The City of London agrees to compensate London Hydro Inc. three millions dollars annually, ($ 3,000,000.00/annum) beginning January 01, 2005 and ending on December 31, 2007. These services include but may not be limited to the items as outlined in the SLA. It is understood that major changes to services outside of the scope of the SLA may be negotiated outside of the SLA with the agreement of both parties.

Contacts and Contract Management

LH will appoint a Key Account individual to manage all issues relating to this agreement. The Key contact will review regularly the completion of the responsibilities as outlined in the SLA. This will be updated when required. The Key Account Supervisor (KAS) will be the initial contact for all Non Pricing issues. At the discretion of the KAS, other individuals or departments will be included in the resolution of requests or issues, and the KAS will monitor all issues.

The COL will appoint a key contact individual called a Hydro Coordinator. This individual will be the counterpart to LH's KAS. This individual will be the liaison for LH in regards to assisting with the resolution of issues by either party. Also, a Contract Administrator will be identified within the COL to oversee the SLA and manage overall performance.

If day to day operations fail to resolve various issues, each party agrees to nominate individuals to form a working group to discuss these issues of mutual interest related to this agreement.

Changes to Agreement

LH and the COL will on an annual basis review in its entirety the SLA. Any substantial changes to the agreement will be documented and agreed upon by both parties. Any amendments will be documented via the release of a new and updated SLA with a new version number.

Accountabilities

London Hydro Services Provided

LH commits to provide the COL with Meter Reading, Billing, Collection and reporting of water related services to the City of London. This commitment includes the providing of the designated services and other tasks necessary to provide a satisfactory customer service to not only the COL but also the end user (consumer) of the services provided dually by COL and LH.

There are 6 Major distinct functions that are performed by LH on behalf of the COL.

They are:

1. Meter Related Services
2. Customer Management Services
3. Revenue Management/Collection/Billing
4. Management Reporting
5. I.T. Services
6. Training

London Hydro maintains standards of customer service and performance management. These standards are subject to change from time to time. London Hydro will provide CoL the opportunity to review/input into all of these standards changes that directly impact CoL services. Both parties acknowledge that some of the standards are subject to change due to governmental or regulatory changes.

London Hydro Commitments
Communicate to the CofL, on a timely basis, any legislative or strategic metering changes that could impact the synergies, in terms of cost and convenient, inherent in a joint meter reading programme.

London Hydro Accountabilities

The listing below is intended to be informative and is not a defined list of obligations. Items may be added or removed with the agreement of both parties.

There are many sub functions related to the 6 Major Areas.

They are:

1. Meter Related Services
    a. Metering
        i. Co-ordination, initial setup of new water services in the database
        ii. Setup of new service accounts
        iii. Manage installation and removal of meters in database (this is also a COL function via LH CIS database)
        iv. Service order related meter management (also a COL function via LH CIS database)

    b. Meter Reading
        i. Scheduled, Special, Recheck reading by LH
        ii. Interactive Voice Response, Web, Fax Meter readings (customer)
        iii. Validation, Estimate, Edit meter readings
        iv. For Deduct Meters - LH to continue to read primary and secondary meters with routine billing of secondary meter customers (Reports forwarded to COL for our review). Both parties agree to minimize the impact of deduct metering.

2. Call Centre Services
    a. Application Signup
    b. Call Centre Services
        i. Automated call distribution
        ii. Call monitoring
        iii. Bill, payment inquiries
        iv. Mail inquiries
        v. Account maintenance inquiries
        vi. Phoned in meter reading
        vii. Payment arrangements
        viii. Initial collection calls
        ix. Move in and move out
        x. Create meter removal S/O

3. Revenue Management and Collections

General comment – for many account, the billing communication represent the only contact the customer has with either LH or the COL. The COL will continue to have ability to provide bill inserts at a frequency of typically 6 per year. In addition the COL will be consulted at appropriate opportunities when bill formats, notice format etc are routinely reviewed.

a. Customer Billing Processes
   i. Consumption calculation
   ii. Bill calculation (including sewer surcharge)
   iii. Rate management

b. Billing Support
   i. Bill analysis
   ii. Water consumption bill adjustments (for meter reading errors etc)
   iii. Leak Allowance and write off adjustments (under CoL direction)
   iv. Email, web, fax and mail inquiries
   v. Customer data management
   vi. Exception queue resolution
   vii. General disputes

c. Payment Processing
   i. Payment allocation
   ii. Recap and reconcile daily payments
   iii. Post dated cheque management
   iv. Bank transfers, including exception management
   v. Night deposit/drop box payments
   vi. Manage payment processing
   vii. Return payment management

d. Printing, Mailing
   i. COL special inserts

e. Account Monitoring
   i. Payment records
   ii. Customer credit rating
   iii. Monitor transactions

f. Collections- Accounts Receivables
   i. Manage past due accounts
   ii. Manage sundry billing
   iii. Manage deposit transactions
   iv. Bankruptcies and Power of Sale management
   v. Create service orders for water disconnections & reconnections
   vi. Final bill collection
   vii. Manage social assistance payments and related customer accounts
   viii. Write-off reporting

4. Management Reporting
    a. Revenue reporting
    b. Statistical reporting
    c. Inventory data reporting

5. I.T. Services, CIS Services
    a. In general, LH will maintain sufficient in house and contract expertise to ensure CIS services are maintained and the CIS system is supported. As required to operate the system, software will be provided, updated and maintained for the City of London.
    b. Report generation "canned and ad hoc" (see listing in "Reporting to CoL")

6. Training Services
    a. Training of CoL staff in CIS operations

City of London Accountabilities

1. Meter Related Services
    a. Metering
        i. Perform physical meter installations, replacement, and repair
        ii. Update CIS with meter information
        iii. Create and close out service orders on CIS as required (i.e. meter related complaints)
    b. Technology
        i. Consult with LH on meter technology issues
        ii. Consult on special projects

    c. Meter Reading
        i. service order related events

2. Call Centre Services
    a. Manage escalated customer concerns
    b. Meter dispute resolution
    c. Approve leak allowance
    d. Report to LH any customer interaction relative to account management

3. Revenue Management and Collections
    a. Customer Billing Processes
        ii. Report on meter change management that effects billing
        iii. Advise of rate structures
        iv. Advise of rate class
        v. Advise of rate exemption

    b. Billing Support
        i. Advise on technology or rate issues

    c. Payment Processing
        ii. No responsibilities

d. Printing, Mailing
   i. Special mailings such as Not Registered Meter or Meter Replacement letters
   ii. water and sewer inserts (content)

e. Account Monitoring
   i. No responsibilities

f. Collections- Accounts Receivables
   i. Respond to service orders created by LH collections (i.e. to turn water off)
   ii. Physical Disconnection & reconnection
   iii. Vital Services administration (Liening of arrears)

4. Management Reporting (will change on regular basis)
   a. Define Revenue reporting requirements
   b. Define Statistical reporting Requirements
   c. Define Inventory data reporting Requirements

   } COL to further define requirements here.

5. I.T. Services
   a. Provide COL hardware (COL locations)
   b. Manage software updates (under LH notification)
   c. Update tax records

City of London Commitments

Communicate to London Hydro on a timely basis the standards that are necessary to maintain compliance with any legislation associated with water and/or sewer related reading, billing or collection services.

Communicate in a detailed manner all needs associated with the management of the services provided. COL will utilize various forms of documented communication in regards to changes to specifications of services provided, whether they are client or legislatively driven. London Hydro may request certain methods of communication, which will depend on the changes requested (i.e. London Hydro uses Service Change Request (SCR's) forms to request changes to the CIS and the reporting functions).

Whenever possible, the COL will provide LH with ample notice of all change requirements.

Reporting to the City of London

Regular Reporting

Financial Report
(Col Finance Dept. needs to clarify/specify this section)

Weekly Reporting

Monthly Reporting

Year-end Reporting

Operations Management Reports

1. meters due for accuracy verification by year
2. meters due for accuracy verification by consumption
3. meter inventory (total number, total per size, total per class)
4. top consumers by water consumption per meter size (3" + and 1.5" to 2")
5. residential meter report (inside vs. outside reads)
6. non-registering meter report by manufacturer and model
7. water service shut off report by address
8. list and breakdown of service calls (type) per year
9. total number of service calls for per year
10. number of actual reads per month
11. number of phoned-in reads per month
12. number of estimates per month
13. S/O calls per employee

Engineering/Consumption Reports
(Environmental & Engineering Services Dept. needs to clarify/specify this section)

Ad Hoc Reporting

The COL from time to time will require adhoc or non-standard reporting of a varied nature. LH will provide this reporting within a reasonable time frame.

Data Needs/Data Integration
The water and sewer systems of the City of London are currently supported by a number of stand alone computer based systems. Over time it is anticipated that further integration of these systems and/or new applications will require enhanced data sharing and compatibility. Possible linkages include customer complaint data, geographic based information, work order/work management applications, maintenance and/or asset management to name a few. COL and LH agree to mutually assist in meeting the needs of the other party.

Performance Management

The City of London anticipates that a number of the 'Regular Reporting' information will provide a number of measures of the performance of the contract (number of calls, estimated vs. actual bills, etc.) In addition the parties agree to consider and develop as required performance measurements/expectations that relate to the delivery of the service by London Hydro and/or its contractors. The measurements should be in terms of costs, scheduling, and service delivery and could include timeliness in providing reports, delivery time on Service Change Request, customer feedback, or actions taken to address issues. Performance measures may also be developed outlining expected actions by the City in response to a London Hydro request.

Dispute Resolution

When a dispute arises, LH and COL will attempt to resolve the matter through the working group. For matters that cannot be resolved by this means, the parties shall attempt to resolve the dispute promptly by negotiation between executives who have authority to settle the controversy, and who are at a higher level of management than the persons with direct responsibility for the matter. A resolution will be attempted within 10 days after the issue has been elevated. All reasonable requests for information made by one party to the other will be honoured. Failing this, the parties agree to consider alternative dispute resolution processes such as mediation or arbitration, as a means of early resolution of business disputes. If either party concludes that alternative dispute resolution is inappropriate for a particular case then they are not bound to its use.

For London Hydro

Vinay Sharma, P.Eng., Ph.D, MBA
Vice President of Customer Services and Strategic Planning

For The City of London

March 27, 2006

Peter Steblin, P.Eng.
General Manager of Environmental & Engineering Services & City Engineer

cc: Mark Rosehart - FYI
Karen Fawcett - FYI

JUL 06 2004

copy to Vinay

300 Dufferin Avenue
P.O. Box 5035
London, ON
N6A 4L9

London
CANADA

June 29, 2004

P. W. Steblin
General Manager of Environmental and Engineering Services & City Engineer
Room 1006

I hereby certify that the Municipal Council, at its session held on June 28, 2004, resolved:

13. That, on the recommendation of the General Manager of Environmental and Engineering Services & City Engineer, the proposed contract costs ($3,000,000 per year), term (three years – 2005-2007), and services as outlined in the Service Level Agreement with London Hydro for the services related to water meter reading, billing and customer services **BE ACCEPTED**. (61.14.3.) (13/27/BC)

Kevin Bain
City Clerk
/crg

c. B. Watts, London Hydro
P. McNally
M. St. Amant
K. Drysdale
Documentation Clerk

The Corporation of the City of London
Office: 519.661.6400
Fax: 519.661.4892
council&committees@london.ca
www.london.ca

Karen

June 28, 2007

Mr. Pat McNally
Director, Water Environment & Customer Relations
Corporation of the City of London
300 Dufferin Ave. 8th Floor
P.O. Box 5035
London, ON N6A 4L9

Re: Service Level Agreement

Dear Mr. McNally:

111 Horton St.
P.O. Box 2700
London, Ont.
N6A 4H6
Telephone:
(519) 661-5800
Facsimile:
(519) 661-5052

This is to confirm our discussion on June 8, 2007 regarding our Service Level Agreement (SLA) for water meter reading, billing and customer care; as you are aware, this agreement will expire on December 31, 2007. Also, our meter reading contract with our outsourcer (who provides water meter reading services) will expire on June 30, 2009. Over the next few years, we are also considering the deployment of a smart meter infrastructure. Given all of these considerations, and as we agreed at our meeting on June 8th, it would be appropriate for us to extend our SLA for water meter reading, billing and customer care to June 30, 2009. All the terms and conditions of the agreement are therefore extended without change except for the fees, which will increase by $25,000 for 2008 and $12,500 for the balance of the term in 2009.

As we develop our plans for the smart meter infrastructure deployment we will work with you to ensure that our endeavours continue to result in a joint effort so as to guarantee the most economical service to our customers in London. You may also be aware that we are investing a significant amount of funds in a new customer information and billing system (SAP system) which will enhance the service level to your and our customers. Although there is no cost attributed to the water billing services, our assumption however is that we will continue to provide such services into the future.

By receipt of this letter the SLA is hereby extended to June 30, 2009.

Sincerely,

Vinay Sharma
V.P., Customer Services & Strategic Planning

London Hydro Fleet Listing

Unit #	Duty Category	Model Year	Description	GVW Kg	Fuel
1	Transport	2009	Freightliner RBD	25,401	Diesel
3	Transport	2001	Ford Cutaway Van c/w Utility Body	4,853	Diesel
4	Transport	1998	Ford Cutaway Van c/w Utility Body	4,853	Diesel
5	Transport	2001	Ford Dump Truck	8,700	Diesel
6	Transport	2003	Freightliner Palfinger Crane Flat Deck	25,401	Diesel
7	Transport	1991	IHC Tractor 5th Wheel	20,865	Diesel
8	Transport	2008	Ford Compact SUV Hybrid		Hybrid gas/elect
10	Transport	2009	Ford compact SUV hybrid		Hybrid gas/elect
11	Transport	2000	Freightliner Flat Deck	14,197	Diesel
12	Transport	1999	Dodge Pickup	2,902	Gas
13	Transport	1999	Freightliner Hiab Flat Deck	15,875	Diesel
14	Transport	2000	Freightliner Timberland Puller	15,876	Diesel
15	Transport	1999	Dodge Pickup ext. cab	2,993	Gas
16	Transport	2008	Ford Compact SUV Hybrid		Hybrid gas/elect
17	Transport	1999	Dodge Pickup	2,902	Gas
18	Transport	1998	Ford Cutaway Van c/w Utility Body	4,853	Diesel
19	Transport	1996	Ford Cutaway Van c/w Utility Body	4,762	Diesel
20	Transport	1999	IHC Holan 39' S Bucket	15,876	Diesel
21	Transport	2009	Ford compact SUV hybrid		Hybrid gas/elect
22	Transport	2009	Ford compact SUV hybrid		Hybrid gas/elect
23	Transport	1998	Ford Cutaway Van c/w Utility Body	4,853	Diesel
24	Transport	1992	Ford Amador 55' D Bucket	20,865	Diesel
25	Transport	1999	IHC Holan 39' S Bucket	15,876	Diesel
26	Transport	1999	Dodge Pickup 4 x 4	2,993	Gas
27	Transport	2009	Ford compact SUV hybrid		Hybrid gas/elect
28	Transport	1995	Freightliner Amador 42’ S Bucket	15,876	Diesel
29	Transport	1995	Freightliner Amador 42’ S Bucket	15,876	Diesel
30	Transport	2001	IHC Holan 47' S Bucket	15,875	Diesel
32	Transport	1992	IHC Dump	25,402	Diesel
33	Transport	2000	Ford Pickup	2,994	Gas
34	Transport	2000	Ford Pickup	2,994	Gas
36	Transport	2008	Ford Compact SUV Hybrid		Hybrid gas/elect
40	Transport	1985	Ford Amador 65' D Bucket	24,490	Diesel
42	Transport	1992	Ford Telelect RBD	20,865	Diesel
45	Transport	2000	Ford Pickup 4 X 4	4,490	Diesel
46	Transport	2000	Ford Pickup	4,490	Diesel
48	Transport	1999	Chev Mini Van	2,767	Gas
49	Transport	1999	Ford 4x4 Pickup Crew	4,491	Diesel
50	Transport	2001	Freightliner RBD	25,401	Diesel
51	Transport	1999	Freightliner Flat Deck	15,875	Diesel
52	Transport	2008	Ford Compact SUV Hybrid		Hybrid gas/elect
55	Transport	1999	Chev Mini Van	2,767	Gas
57	Transport	2003	Freightliner Holan 47' S Bucket	15,876	Diesel
59	Transport	2001	Ford Pickup 4x4 Crew	4,490	Diesel
60	Transport	1997	Ford Super Van	4,264	Gas
62	Transport	1991	IHC Hiab Flat Deck Crew	26,000	Diesel
64	Transport	1999	Ford Cutaway Van c/w Utility Body	4,853	Diesel
69	Transport	1990	Chev 4 WD Pickup	3,901	Gas
70	Transport	1988	IHC King RBD	15,876	Diesel
71	Transport	1999	Freightliner Versalift 40' S Bucket	15,876	Diesel

London Hydro Fleet Listing

Unit #	Duty Category	Model Year	Description	GVW Kg	Fuel
72	Transport	1993	Ford Holan 42' S Bucket	15,750	Diesel
73	Transport	2001	Ford Pickup 4x4 Crew	4,490	Diesel
76	Transport	1999	Ford Pickup	2,994	Gas
77	Transport	1988	Ford Dump Truck	15,876	Diesel
78	Transport	1997	Ford Cutaway Van c/w Utility Body	4,672	Diesel
82	Transport	1990	Ford Cube Van	4,760	Gas
85	Transport	1999	Ford 4x4 Pickup - Crew	4,491	Diesel
88	Transport	1999	Chev Mini Van	2,767	Gas
90	Transport	1990	Ford Amador 55' D Bucket	15,876	Diesel
91	Transport	1991	IHC Telelect 65' D Bucket	22,680	Diesel
93	Transport	2001	Freightliner Palfinger Flat Deck	27,215	Diesel
94	Transport	1999	Chev Mini Van	2,767	Gas
98	Transport	1999	Chev Mini Van	2,767	Gas
102	Transport	2000	Chev Mini Van	2,653	Gas
106	Transport	1991	Ford Telelect RBD	20,865	Diesel
107	Transport	2001	IHC Holan 42' S Bucket	15,875	Diesel
111	Transport	2000	Chev Mini Van	2,653	Gas
114	Transport	1998	Ford Pickup Extended Cab	2,721	Gas
115	Transport	1999	Chev Mini Van 4x4	2,767	Gas
117	Transport	1995	Freightliner Versa Lift 40' S. Bucket	15,876	Diesel
118	Transport	1998	Ford Cutaway Van c/w Utility Body	4,853	Diesel
120	Transport	2002	Chev Van	4,309	Gas
123	Transport	1992	Ford Amador 55' D Bucket	20,865	Diesel
124	Transport	2009	Freightliner RBD	25,401	Diesel
125	Transport	1994	Ford Telelect 70' D Bucket	22,679	Diesel
128	Transport	1994	Ford Teco 42’ S Bucket	15,876	Diesel
131	Transport	1998	Chev 4x4 Pickup	2,812	Gas
132	Transport	1998	Chev Mini Van	2,699	Gas
140	Transport	2000	IHC Dump Truck	15,873	Diesel
208	Transport	2002	Chev Pickup Ext. Cab 4X2	4,173	Gas
209	Transport	2002	Chev Pickup Ext. Cab 4X4	4,173	Gas
210	Transport	2002	Chev Pickup Ext. Cab 4X4	4,173	Gas
211	Transport	2002	Chev Pickup Ext. Cab 4X4	4,200	Gas
212	Transport	2002	Chev Mini Van 4X4	3,000	Gas
213	Transport	2002	Chev Mini Van 4X4	3,000	Gas
214	Transport	2002	Chev Mini Van 4X4	3,000	Gas
215	Transport	2002	Chev Mini Van 4X4	3,000	Gas
216	Transport	2002	Chev Mini Van 4X4	3,000	Gas
217	Transport	2002	Chev Van	4,309	Gas
218	Transport	2002	Chev Van	3,311	Gas
219	Transport	2002	Chev Van	4,309	Gas
221	Transport	2002	Chev Van	3,311	Gas
224	Transport	2007	Chevy Silverado Ext. cab 4x4	3,000	Gas
225	Transport	2007	Chevy Silverado Ext.cab 4x4	3,000	Gas
226	Transport	2007	Chev Equinox AWD	0	Gas
227	Transport	2007	Toyota Hybrid Camry	0	Gas
702	Work Equipment	2007	Vermeer Brush Chipper	2,984	CD
802	Work Equipment	1995	Stanley Hydraulic Breaker		n/a
803	Work Equipment	2003	Crown Walkie Straddle Stacker	0	n/a
804	Work Equipment	2008	Miller Transformer Lifter	0	Gas

London Hydro Fleet Listing

Unit #	Duty Category	Model Year	Description	GVW Kg	Fuel
805	Work Equipment	2002	Hyster Fork Lift		CD
806	Work Equipment	1993	Cable Reel Machine	7,090	CD
807	Work Equipment	1991	Power Boss Sweeper	1,814	Gas
808	Work Equipment	1990	Crown Power Lift Stacker	0	n/a
809	Work Equipment	2008	Crown Power Lift Stacker	0	n/a
810	Work Equipment	2000	Vermeer Chipper		CD
811	Work Equipment	2008	Case Backhoe		CD
820	Work Equipment	1990	Thomas Skid Steer Loader		CD
831	Work Equipment	1993	Timberland Puller/Tensioner	2,300	Gas
832	Work Equipment	1993	Timberland Puller/Tensioner	2,300	Gas
840	Work Equipment	2002	Hyster Fork Lift		CD
854	Work Equipment	2002	Case Backhoe Loader	8,178	CD
855	Work Equipment	1999	Case Backhoe Loader		CD
856	Work Equipment	2002	Hyster Aisle Walkie Stacker	1,605	n/a
910	Work Equipment	1980	Marten Float Trailer	7,004	n/a
911	Work Equipment	1995	T J Welding Reel Trailer	5,352	n/a
914	Work Equipment	1987	Wiltsie Utility Trailer	1,109	n/a
915	Work Equipment	2004	Elgin Float Trailer	22,000	n/a
916	Work Equipment	1994	Util-Equip Transf. Trailer 3 phase	4,551	n/a
917	Work Equipment	1999	Nando Dump Trailer	1,590	n/a
918	Work Equipment	1978	King Pole Trailer	3,160	n/a
919	Work Equipment	1976	Reel Cargo Trailer	1,980	n/a
921	Work Equipment	1991	Jamco Utility Trailer	1,050	n/a
922	Work Equipment	2008	Line Utility Trailer	5,443	n/a
923	Work Equipment	1991	T J Welding Pole Trailer	1,905	n/a
924	Work Equipment	1993	Util Equip Transformer Trailer	540	n/a
926	Work Equipment	1992	Southco Utility Trailer	1,270	n/a
929	Work Equipment	2000	Southco Utility Trailer	1,840	n/a
930	Work Equipment	1984	Marten Utility Trailer	1,174	n/a
931	Work Equipment	1987	T J Welding Pole Trailer	1,905	n/a
935	Work Equipment	1992	Southco Utility Trailer T/A	1,269	n/a
936	Work Equipment	2000	Beavertail Float	19,958	n/a
938	Work Equipment	1989	Util Equip Transf. Trailer 1 phase	813	n/a
939	Work Equipment	1989	Util Equip Transf. Trailer 1 phase	813	n/a

VECC IR # 10

	Forecast 2009 Volumes				Proposed 2009 Rates						
Customer Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Proposed Fixed Rate 2009	Proposed Variable Rate 2009	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Before TX Allow.	Transformer Discounts	2009 Test Year Revenues
Residential	1,084,746,791		1,583,238		$ 13.14	$ 0.0149	$20,809,978	$16,159,063	$36,969,041	$0	$36,969,041
GS <50 kW	419,590,459		148,186		34.46	0.0108	5,106,265	4,528,731	9,634,996	0	9,634,996
GS 50 to 4,999 kW	1,654,665,168	4,102,788	19,144		285.60	1.5793	5,467,376	6,479,510	11,946,886	(820,618)	11,126,268
GS 50 to 4,999 kW (Co-Generation)	37,425,572	48,946	36		2,934.27	4.5862	105,634	224,472	330,105	(29,367)	300,738
Standby Power	0	154,800			-	2.5313	0	391,842	391,842	(92,880)	298,962
Large Use >5MW	205,146,878	392,686	36		16,240.71	1.7527	584,665	688,274	1,272,939	0	1,272,939
Street Light	23,921,899	67,170		410,240	0.92	4.6581	377,760	312,881	690,641	0	690,641
Sentinel	856,841	2,342		8,814	1.95	6.3103	17,144	14,781	31,925	0	31,925
Unmetered Scattered Load	5,326,529			18,976	1.20	0.0100	22,798	53,196	75,994	0	75,994
Total	**3,431,680,138**	**4,768,732**	**1,750,639**	**438,029**			**$32,491,621**	**$28,852,750**	**$61,344,371**	**($942,866)**	**$60,401,505**

Transformer Ownership Allowance

Description	2006 Actual		2007 Actual		2008 Forecast		2009 Test	
	kW	$	kW	$	kW	$	kW	$
General Service:								
GS 50 to 4,999 kW	1,303,809	($782,285)	1,315,071	($789,042)	1,344,619	($806,772)	1,367,697	($820,618)
GS 50 to 4,999 kW (Co-Generation)	32,470	($19,482)	48,943	($29,366)	48,946	($29,367)	48,946	($29,367)
Standby Power	155,066	($93,040)	154,800	($92,880)	154,800	($92,880)	154,800	($92,880)
Large Use >5MW	438,386	($263,032)	421,485	($252,891)	392,686	($235,612)	392,686	$0
Total	**1,929,731**	**($1,157,839)**	**1,940,299**	**($1,164,179)**	**1,941,051**	**($1,164,631)**	**1,964,129**	**($942,866)**

Transformer Allowance rate $0.60

30 August 2005

2005 Custom Survey of Local Electricity Distribution Companies

London Hydro

MERCER
Human Resource Consulting

MMC Marsh & McLennan Companies

Contents

1

Introduction

Mercer Human Resource Consulting (Mercer) was engaged by London Hydro to conduct a custom survey of 5 executive positions in the local electricity distribution market in Ontario and to review the incentive compensation plan designs employed by participating distribution companies. The survey was conducted in July 2005.

The survey included the following positions:

- Chief Executive Officer
- Chief Financial Officer
- Head of Customer Service and Strategic Planning
- Head of Engineering and Operations
- Head of Human Resources and Safety

This report presents a summary of the data collected.

Introduction cont'd

Participating Organizations

The local electricity distribution comparator group, as established by London Hydro, consisted of London Hydro and nine other distribution companies. While all nine distributions companies were invited to participate in this custom survey, data was received from eight. Specifically, this custom survey includes participation from the following distribution companies:

-
-
-
-
-
-
-
-

The table below summarizes London Hydro's positioning relative to the survey participants on 6 key organization measures.

	25th Percentile	50th Percentile	75th Percentile	Average	London Hydro	Ranking (2)
Distribution Revenue (1)	$24.1	$52.8	$86.9	$105.5	$40.0	5
Electricity Distributed (MwH)	1,459	3,184	6,790	4,078	3,400	4
Total # of Employees	106	220	347	240	270	5
Number of Customers	57,250	130,400	210,000	139,475	136,000	5
Controllable Cost per Customer	$148.45	$169.17	$194.03	$167.42	$160.00	6
2004 Return on Equity	-1.7%	5.7%	6.1%	2.1%	5.0%	5

(1) Reported in millions and excluding IESO pass through.

(2) Including London Hydro in the data set, ranking illustrates London Hydro's positioning within the group (where 1 is the largest and 9 is the smallest).

Introduction cont'd

Degree of Match

We asked survey participants to indicate, based on job descriptions provided, whether the corresponding job at their organization was "greater than", "less than", or "equal to" the London Hydro role. As the survey dealt with the top five executive roles at London Hydro, we anticipated that the majority of responses would be returned as "equal to." Instead we note a much greater prevalence of "greater than" responses:

	Prevalence			
	Less Than	Equal To	Greater Than	n
Chief Executive Officer	0%	88%	13%	8
Chief Financial Officer	13%	38%	50%	8
Head of Customer Service and Strategic Planning	80%	0%	20%	5
Head of Engineering and Operations	0%	38%	63%	8
Head of Human Resources and Safety	43%	0%	57%	7

Because London Hydro executives are only responsible for a regulated business, while some organizations have subsidiaries or divisions that are not subject to regulation, we asked participants to indicate the amount of time each executive spent working with respect to the regulated business.

- On reviewing the individual responses, it appears that a relationship exists between having responsibility for some aspect of an unregulated entity and the classification of the role as being "greater than," the London Hydro role (*i.e.*, if the executive spends less than 100% of their time on the regulated business they were typically classified as being a "bigger job" than the survey job description).

Introduction cont'd

Definitions

The table below summarizes the key terms used through this report:

Data Element	Definition
Base Salary	The actual annual fixed component of compensation.
Target Incentive	Target annual cash incentive as a percentage of salary, for all incumbents who are eligible for an annual incentive and have a formal incentive target.
Target Total Cash Compensation	Actual **annual base salary plus target incentives**, if any, for all incumbents in the sample whether or not they were eligible for incentives.
25th Percentile	The value within the sample which is **higher than 25%** of all values reported.
50th Percentile	The value within the sample which is **higher than 50%** of all values reported. Also known as the median.
75th Percentile	The value within the sample which is **higher than 75%** of all values reported.

2

Market Compensation Data Summary

The first half of the Custom Survey of Local Electricity Distribution Companies focused on the cash compensation and automobile benefits provided to the five key executives. This section summarizes London Hydro's data for each position relative to the survey data.

In order to maintain participant confidentiality, we require data from a minimum of three participants to report a market average, from four participants to report a market median, and from five participants to report a market quartile.

The following pages summarize the data gathered for each of the five executive positions. The base salary and target total cash compensation results are displayed in chart format in **Appendix A**.

Note: Data on the following tables reflects **2005 salary and target bonus opportunity**. Increases in base salary from 2004 to 2005 are reflected on page 13.

Market Compensation Data Summary cont'd

Chief Executive Officer

Job Description:

This is the top executive position within the organization. The incumbent is responsible for the overall direction of the business and for achieving maximum return on invested capital. Co-ordinates the efforts of senior executives and works with them and with the Board of Directors to develop current and long-range objectives, strategies and policies for the organization. Promotes positive relations with all external factions (i.e., customers, the financial community, and government) and attends and makes presentations at board meetings.

Compensation Values in Canadian Dollars	London Hydro	25th Percentile	50th Percentile	75th Percentile	Average
Base Salary	$160,000	$144,875	$166,220	$200,300	$175,939
Target Incentive (% of Salary) (2)	30%	26%	33%	35%	30%
Target Total Cash Compensation (3)	$208,000	$150,044	$220,586	$290,963	$219,697

Company Car (1)	n	Prevalence
Eligible	3	38%
Insurance Coverage	2	25%
Mileage Reimbursement	2	25%

Salary Range	Prevalence
Range 1 (greater than $200,000)	25%
Range 2 ($180,000 - $199,999)	25%
Range 3 ($160,000 - $179,999)	0%
Range 4 ($140,000 - $159,999)	38%
Range 5 (less than $140,000)	13%

Degree of Match (4):

1	Greater Than
7	Equal To
0	Less Than
8	Total

Auto Allowance (1)	n	Prevalence
Eligible	5	63%
Maintenance Coverage	1	13%
Insurance Coverage	1	13%
Mileage Reimbursement	1	13%

Notes:

(1) Refers to an added benefit provided to the incumbent, where 'n' is the number of respondents.

(2) Target annual cash incentive as a percentage of base salary. London Hydro's target represents the maximum incentive award opportunity.

(3) Target Total Cash Compensation represents base salary plus the target incentive.

(4) Degree of match refers to the respondent's interpretation of the survey job description versus the incumbent's role. A greater than response indicates that the incumbent position is broader than the survey description.

Market Compensation Data Summary cont'd

Chief Financial Officer

Job Description:

Reporting to the Chief Executive Officer, this is the top financial position, with responsibility for formulating financial policy and plans. Responsible for providing overall direction for all finance, accounting, tax, insurance, budget, credit and treasury functions. CFO also attends and presents at board meetings.

Compensation Values in Canadian Dollars	London Hydro	25th Percentile	50th Percentile	75th Percentile	Average
Base Salary	$118,351	$113,770	$130,000	$160,283	$137,293
Target Incentive (% of Salary) (2)	25%	20%	25%	30%	23%
Target Total Cash Compensation (3)	$147,939	$118,094	$162,750	$208,367	$162,987

Company Car (1)	n	Prevalence
Eligible	2	25%
Insurance Coverage	1	13%
Mileage Reimbursement	1	13%

Salary Range	Prevalence
Range 1 (greater than $160,000)	25%
Range 2 ($140,000 - $159,999)	13%
Range 3 ($120,000 - $139,999)	25%
Range 4 ($100,000 - $119,999)	38%
Range 5 (less than $100,000)	0%

Degree of Match (4):

4	Greater Than
3	Equal To
1	Less Than
8	Total

Auto Allowance (1)	n	Prevalence
Eligible	5	63%
Maintenance Coverage	1	13%
Insurance Coverage	1	13%
Mileage Reimbursement	2	25%

Notes:

(1) Refers to an added benefit provided to the incumbent, where 'n' is the number of respondents.

(2) Target annual cash incentive as a percentage of base salary. London Hydro's target represents the maximum incentive award opportunity.

(3) Target Total Cash Compensation represents base salary plus the target incentive.

(4) Degree of match refers to the respondent's interpretation of the survey job description versus the incumbent's role. A greater than response indicates that the incumbent position is broader than the survey description.

Market Compensation Data Summary cont'd

Head of Customer Service and Strategic Planning

Job Description:

In collaboration with the Chief Executive Officer and other senior management members, is responsible for developing the organization's strategic plan for Board approval. Develops energy load profiling and procurement strategies and works to revise new rate schedules. Establishes customer relationship programs for key account customers and is responsible for evaluating and redesigning the Call Centre processes to improve productivity and quality of customer service. Incumbent reports to the CEO and supervises the planning and monitoring, and the customer service groups. Also attends and presents at board meetings.

Compensation Values in Canadian Dollars	London Hydro	25th Percentile	50th Percentile	75th Percentile	Average
Base Salary	$118,351	$120,000	$125,000	$125,700	$119,451
Target Incentive (% of Salary) (2)	25%	18%	23%	26%	21%
Target Total Cash Compensation (3)	$147,939	$132,000	$150,000	$157,125	$141,836

Company Car (1)	n	Prevalence
Eligible	1	20%
Insurance Coverage	1	20%
Mileage Reimbursement	1	20%

Salary Range	Prevalence
Range 1 (greater than $130,000)	20%
Range 2 ($120,000 - $129,999)	60%
Range 3 ($110,000 - $119,999)	0%
Range 4 ($100,000 - $109,999)	0%
Range 5 (less than $100,000)	20%

Degree of Match (4):		
	1	Greater Than
	0	Equal To
	4	Less Than
	5	Total

Auto Allowance (1)	n	Prevalence
Eligible	2	40%
Maintenance Coverage	0	0%
Insurance Coverage	0	0%
Mileage Reimbursement	0	0%

Notes:

(1) Refers to an added benefit provided to the incumbent, where 'n' is the number of respondents.

(2) Target annual cash incentive as a percentage of base salary. London Hydro's target represents the maximum incentive award opportunity.

(3) Target Total Cash Compensation represents base salary plus the target incentive.

(4) Degree of match refers to the respondent's interpretation of the survey job description versus the incumbent's role. A greater than response indicates that the incumbent position is broader than the survey description.

Market Compensation Data Summary cont'd

Head of Engineering and Operations

Job Description:

Institute initiatives and projects that positively impact the environment, maximize energy efficiency and promote the use of electricity. Develops and implements appropriate maintenance and capital rebuilding programs to maintain an acceptable level of system reliability. Also helps develop health and safety policies and procedures and ensures training and engineering controls are provided, where required, to protect the health and safety of staff and members of the public. Reports to the CEO and oversees all engineering and operations groups. This role also attends and makes presentations at board meetings.

Compensation Values in Canadian Dollars	London Hydro	25th Percentile	50th Percentile	75th Percentile	Average
Base Salary	$118,351	$115,113	$138,000	$160,113	$139,890
Target Incentive (% of Salary) (2)	25%	20%	25%	30%	23%
Target Total Cash Compensation (3)	$147,939	$123,958	$169,904	$208,146	$166,101

Company Car (1)	n	Prevalence
Eligible	2	25%
Insurance Coverage	1	13%
Mileage Reimbursement	1	13%

Salary Range	Prevalence
Range 1 (greater than $160,000)	25%
Range 2 ($140,000 - $159,999)	25%
Range 3 ($120,000 - $139,999)	13%
Range 4 ($100,000 - $119,999)	38%
Range 5 (less than $100,000)	0%

Degree of Match (4):

5	Greater Than
3	Equal To
0	Less Than
8	Total

Auto Allowance (1)	n	Prevalence
Eligible	5	63%
Maintenance Coverage	1	13%
Insurance Coverage	1	13%
Mileage Reimbursement	2	25%

Notes:

(1) Refers to an added benefit provided to the incumbent, where 'n' is the number of respondents.

(2) Target annual cash incentive as a percentage of base salary. London Hydro's target represents the maximum incentive award opportunity.

(3) Target Total Cash Compensation represents base salary plus the target incentive.

(4) Degree of match refers to the respondent's interpretation of the survey job description versus the incumbent's role. A greater than response indicates that the incumbent position is broader than the survey description.

Market Compensation Data Summary cont'd

Head of Human Resources and Safety

Job Description:

Directs the application and interpretation of the Collective Agreement along with established labour and Human Resources practices and policies. Represents the Board of Directors in contract negotiations, contract administration, grievances and Union Management Committees. Responsible for the administration of wage and salary plans, payroll system operation, job evaluation systems and performance evaluation programs. Ensures the compliance with Employment, Health & Safety, Human Rights and Labour Relations legislation. Directs the development and implementation of the organization's safety program. Reports to the CEO and attends and presents at board meetings.

Compensation Values in Canadian Dollars	London Hydro	25th Percentile	50th Percentile	75th Percentile	Average
Base Salary	$112,925	$107,733	$115,000	$119,325	$109,683
Target Incentive (% of Salary) (2)	25%	20%	20%	25%	21%
Target Total Cash Compensation (3)	$141,156	$118,158	$133,380	$143,156	$127,882

Company Car (1)	n	Prevalence
Eligible	1	14%
Insurance Coverage	1	14%
Mileage Reimbursement	1	14%

Salary Range	Prevalence
Range 1 (greater than $120,000)	29%
Range 2 ($115,000 - $120,000)	29%
Range 3 ($110,000 - $115,000)	14%
Range 4 ($100,000 - $110,000)	0%
Range 5 (less than $100,000)	29%

Degree of Match (4):	
4	Greater Than
0	Equal To
3	Less Than
7	Total

Auto Allowance (1)	n	Prevalence
Eligible	4	57%
Maintenance Coverage	1	14%
Insurance Coverage	1	14%
Mileage Reimbursement	2	29%

Notes:

(1) Refers to an added benefit provided to the incumbent, where 'n' is the number of respondents.

(2) Target annual cash incentive as a percentage of base salary. London Hydro's target represents the maximum incentive award opportunity.

(3) Target Total Cash Compensation represents base salary plus the target incentive.

(4) Degree of match refers to the respondent's interpretation of the survey job description versus the incumbent's role. A greater than response indicates that the incumbent position is broader than the survey description.

Market Compensation Data Summary cont'd

General Positioning

Base Salary

With respect to base salaries, we note the following:

- London Hydro's VP Customer Service and Strategic Planning is positioned **below the 25th percentile** of the local electricity distribution company market.
- The other four executives are generally positioned **between the 25th and 50th percentiles**.

Target Total Cash Compensation

With respect to target total cash compensation (base salary *plus* target incentives), we note the following:

- The VP Human Resources and Safety is positioned **between the 50th and 75th percentiles**; and,
- The other four executives are generally positioned **between the 25th and 50th percentiles**.

Market Compensation Data Summary cont'd

Observations

1. Compensation Levels and Unregulated Business(es)

Given the tendency for participants to consider jobs "greater than" when responsibilities extend past the regulated business and into unregulated business(es), we examined the compensation levels and mix for incumbents with unregulated responsibilities compared to those without. We note the following:

- There does not appear to be a relationship between base salary level and responsibilities for unregulated business units (*i.e.*, added responsibilities for unregulated business(es) is not recognized in base salary).
- The Chief Executive Officer and Chief Financial Officer roles tend to have higher target incentive awards if they have responsibilities for unregulated business units.
  - This relationship does not appear to extend to the other three executives.

2. Base Salary and Organization Size

We collected 6 organization based sizing statistics (2004 distribution revenue, 2004 electricity distributed, total number of employees, number of customers, controllable cost per customer, and 2004 return on equity). Based on the data collected, we note the following:

- A **positive relationship** exists between base salary and distribution revenue, and between base salary and electricity distributed;
  - A relationship also appears to exist between distribution revenue and electricity distributed.
- There does not appear to be a relationship between base salary and the other four metrics.

3. Company Provided Car

We collected information with respect to the prevalence of company provided cars and added coverage associated with these cars.

- 2 of 8 participating electricity distribution companies provided cars to executive positions;
- 1 of 8 provided a car to the CEO only; and,
- Where a company car was provided, all but one employer reimbursed for insurance and mileage costs.

Market Compensation Data Summary cont'd

Observations cont'd

4. Automobile Allowance

Where company cars were not provided to executives **all participants except two** provided monthly automobile allowances to executives. The only differentiation in automobile allowance, while small, was between the Chief Executive Officer and the other executives, where the CEO's allowance was only slightly richer. The following table summarizes the monthly automobile allowances.

	25th Percentile	50th Percentile	75th Percentile	Average	London Hydro
Chief Executive Officer	$500	$500	$900	$690	$750
Other 4 Executives	$350	$500	$900	$650	$750

- Only 1 participant provides maintenance and insurance reimbursement in conjunction with a monthly automobile allowance.
- 2 participants reimburse for mileage in addition to the monthly allowance.
- London Hydro does not reimburse for mileage or insurance in addition to the monthly allowance.

5. Salary Increases

Data was collected, by position, for base salaries in effect for 2004 and 2005. Excluding one participant that had increases well in excess of the other participants, the general base salary adjustments were as follows:

- Chief Executive Officer – 2.5% to 3.0%
- Other 4 Executives – 3.0% to 5.0%

6. Long-Term Incentive Plans

We asked if any participants have long-term incentive plans (e.g., phantom stock plans, deferred cash plans, *etc.*) in place for their executives. **None of the participants** reported having a long-term incentive plan in place for their executives.

3

Annual Incentive Program

Unlike other industries and business sectors, which tend to have similar incentive plan designs among comparators, the local electricity distribution companies in Ontario have individualized incentive programs. The data collected on incentive program design presents a fragmented picture which cannot be attributed to any common company trait (*i.e.*, geography, size, etc.).

We note that of the eight participating electricity distribution companies, seven have an incentive program in place for their executives.

Annual Incentive Program cont'd

Establishing the Incentive Opportunity

1. How is your incentive plan funded?

Survey Response		
	n	Prevalence
Included in Compensation Budget	3	43%
Funded from Profit/Gains	1	14%
Financial-based Formula	3	43%
Other	0	0%
Total	**7**	**100%**

London Hydro Response

Funded from Profit/Gains

Observation

London Hydro's incentive plan funding follows a minority practice.

2. At what level of performance will an incentive be paid?

Survey Response		
	n	Prevalence
After a threshold level is achieved (minimum level below target)	2	33%
At and above target performance	4	67%
Above target performance	0	0%
Total	**6**	**100%**

* 1 participant did not answer this question

London Hydro Response

At and above performance

Observation

London Hydro's payout criteria follows the majority practice.

Annual Incentive Program cont'd

Establishing the Incentive Opportunity cont'd

3. Is there any leverage built into the incentive plan? (*i.e.*, can the participant earn an amount other than the targeted amount?)

Survey Response		
	n	**Prevalence**
No - established level or nothing	3	43%
Yes - can earn less or more than target	4	57%
Yes - can earn less than but not more than target	0	0%
Total	**7**	**100%**

London Hydro Response

Yes - can earn less than target but not more

Observation

London Hydro's plan design follows a minority practice, with respect to leverage.

- Only 1 company indicated their leverage multiples – downside was 0 and upside was 1.5x target

Annual Incentive Program cont'd

Incentive Plan Metrics

1. Which of the following performance areas are measured when determining incentive payout? (multiple responses permitted)

Survey Response		
	n	**Prevalence**
Corporate Results	7	n/a
Functional / Unit Results	5	n/a
Individual Performance	3	n/a
Corporate and Functional	1	14%
Corporate and Individual	3	43%
Corporate, Functional & Individual	3	43%
Total	**7**	**100%**

London Hydro Response

Corporate, functional, & Individual

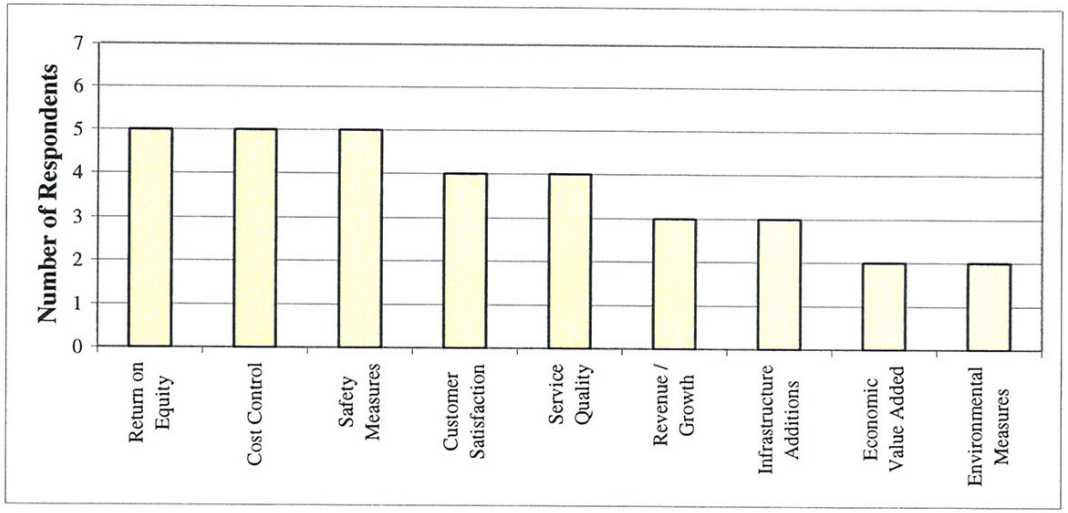
Observation

While all three performance areas tend to be used when assessing performance, the majority of comparators do not use all three.

Annual Incentive Program cont'd

Incentive Plan Metrics cont'd

2. Which corporate results are included in determining the incentive level? (multiple responses permitted)



London Hydro's Response

- Adherence to budget, safety measures, and projects

Observations

- On average participants use 3 to 4 corporate metrics to determine performance under the incentive plan.
- London Hydro's 3 metrics follows the majority practice.

Annual Incentive Program cont'd

Commentary on London Hydro's Program

Our Understanding of London Hydro's Incentive Plan Mechanics

- London Hydro's current annual incentive program is **funded from profits in excess of budget** (*i.e.*, no incentive is earned until actual net earnings exceed the budgeted net earnings for the period).
- The positive variance between actual and budgeted earnings funds the incentive pool for London Hydro executives. We understand that a **maximum of 15% of earnings in excess of budget** are contributed to the incentive award pool.
  - We further note that the incentive pool available for 2004 exceeded the total aggregate target awards for London Hydro executives as well as the total awarded.
- Once the incentive pool has been established, executives earn awards based on their **performance against a series of specified objectives** – each with a corresponding award value (*i.e.*, 5.13% of the total award).
  - It is our understanding that each London Hydro executive has a target incentive level (expressed as a percentage of base salary), which represents the maximum incentive opportunity available to the executive. London Hydro executives may earn an incentive anywhere between zero and target.
- We understand that the goals and award opportunities are split evenly between individual/departmental objectives (*e.g.*, budget, safety measures, and corporate projects), and corporate objectives (*e.g.*, goals set each year by the Board and / or CEO).

Annual Incentive Program cont'd

Commentary on London Hydro's Program cont'd

Mercer Commentary on Plan Design cont'd

In reviewing the 2004 plan for one of London Hydro's executives (VP Human Resources and Safety), we make the following **observations**:

- The **number of metrics / objectives** on which the executive is measured **is high** (17), though we note that 12 of these items are individual operating expense items (*note:* each of these expense items has a weighting of approximately 5% of the total bonus).
  - At the executive level, it would be more typical to see a smaller number of measures / objectives, each with a broader scope (*e.g.,* "achieve 5% reduction in operating expenses versus 2004 budget") and flexibility in achieving the target.
- While the use of corporate earnings as a primary metric / funding mechanism is typical for executive incentive plans, the use of Corporate EBIT and Net Income in conjunction with a funding formula based on earnings in excess of budgeted earnings appears redundant;
  - The **apparent double counting of corporate performance** creates additional downside risk for the incentive plan participants; the participant may have his / her bonus reduced *once* due to poor performance on the 50% of his / her award linked to Corporate EBIT / Net Income, *and again* if the award pool is under-funded due to a low level of earnings versus budget.
- **No "upside" opportunity** exists in the plan design – based on the results of the survey, we note that this is atypical of the local electricity distribution sector, and in Mercer's experience, is a minority practice in general industry;
- There is **no opportunity to recognize significant individual/departmental achievements** outside of the measured objectives and/or acknowledge special situations or changes in the business outside of the executive's control.
  - Typical executive incentive plans incorporate a Board and/or CEO discretion element which allows for adjustments to the incentive awards given special circumstances that an arithmetic formula cannot address.
- **The lack of upside, combined with the leveraged downside bias of the plan and bonus targets (as % of salary) make the plan uncompetitive with London Hydro's peer companies.**

Annual Incentive Program cont'd

Commentary on London Hydro's Program cont'd

Mercer Commentary on Plan Design cont'd

Based on our understanding of the plan, we suggest the Company **consider the following changes**:

- Reduce the number of "individual" performance metrics to 3 to 5, and assign a greater weighting to these key objectives.
  - At the executive level, "individual" objectives would generally be key functional/department objectives; the objectives should include adequate scope that the executive has some flexibility in how to achieve the goals.
  - In addition to tactical objectives (*e.g.*, achieving operating budget), the Company should consider the addition of strategic objectives that ensure the long-term well-being of the organization (e.g., successful implementation of new HRIS system, completion and Board approval of succession plan, etc.).
- **Incorporate Board / CEO discretion** in assessing performance versus target bonus plan metrics, and add the ability for the Board / CEO to award payouts in excess of target (e.g., up to 150% of the targeted payouts) where an individual has significantly exceeded target on specified objectives and/or made special contributions to the organization not otherwise acknowledged in the plan design.
  - For clarity, the CEO's incentive award would be determined by the Board only.
- Consider **eliminating the duplicate use of corporate earnings** in determining individual award payouts.

Appendix A

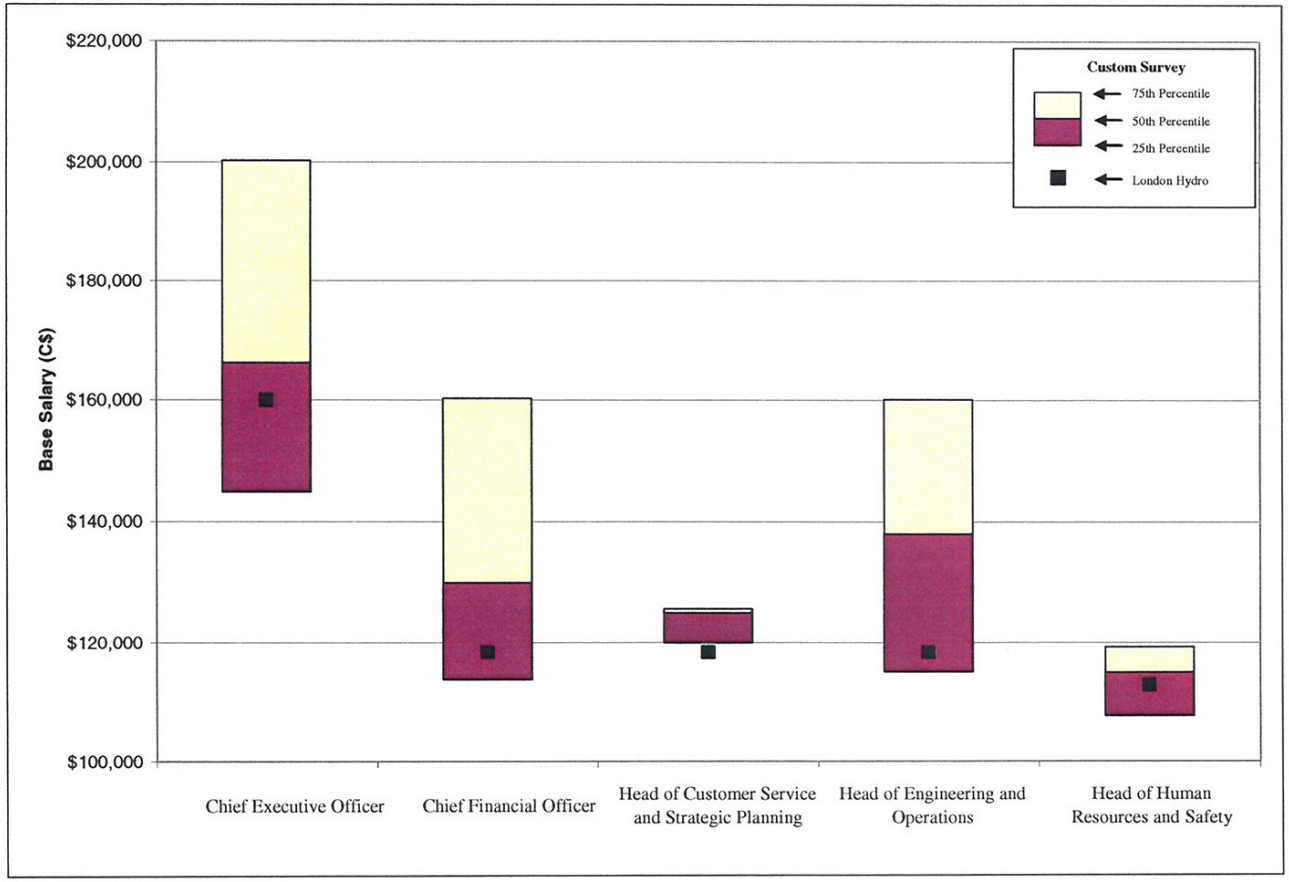
Summary of Compensation Positioning

This Appendix includes a graphical summary of London Hydro's executive compensation competitiveness relative to the local electricity distribution comparators.

Summary of Compensation Positioning cont'd

Base Salary

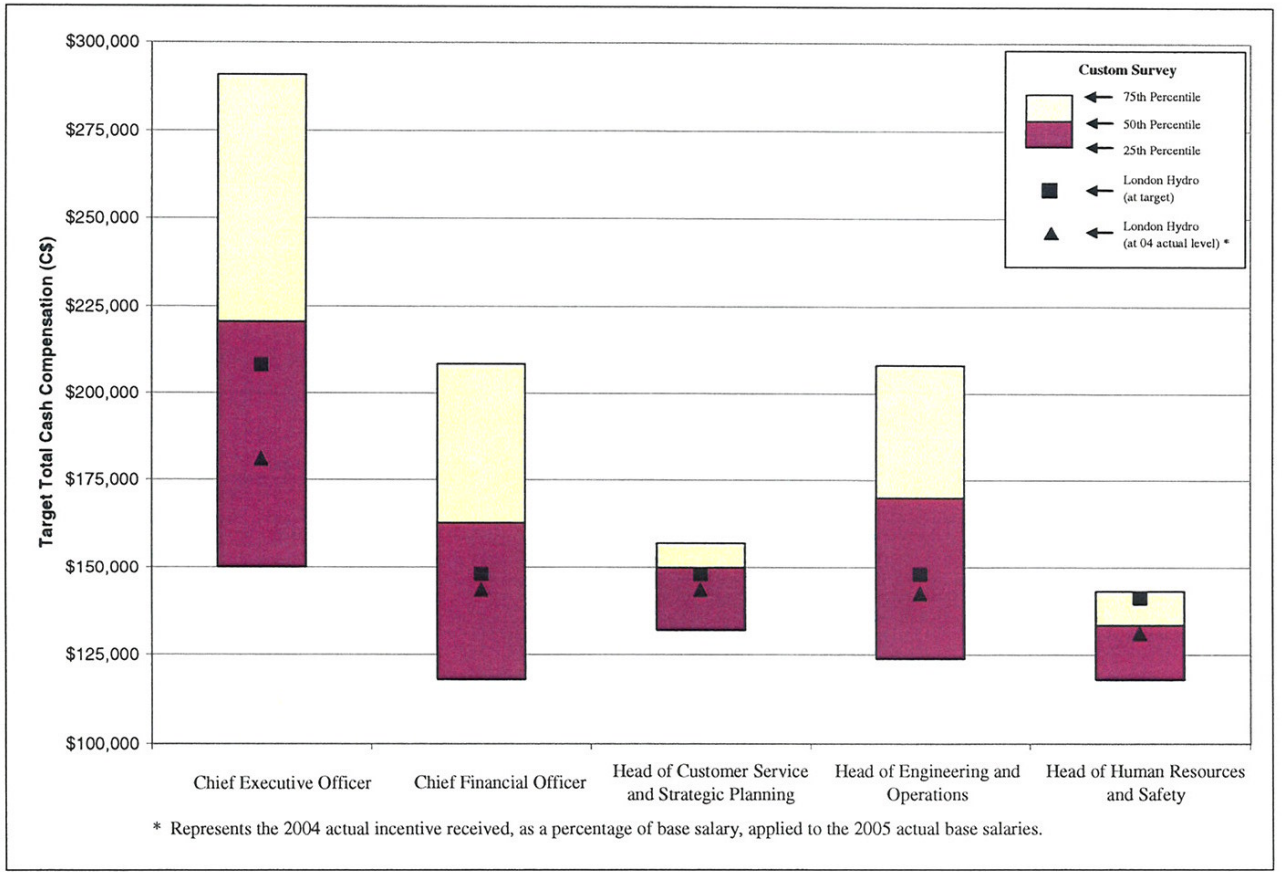
The following graph illustrates London Hydro's base salary relative to the survey data.



Summary of Compensation Positioning cont'd

Target Total Cash Compensation

The following graph illustrates London Hydro's target total cash compensation relative to the survey data.



* Represents the 2004 actual incentive received, as a percentage of base salary, applied to the 2005 actual base salaries.

Ontario

MINISTRY OF ENERGY AND INFRASTRUCTURE

Gasoline Report

The Gasoline Report is a roundup of consumer gasoline prices from across Ontario and Canada. The graph shows price trends for three Ontario cities for the previous 12 month period. The report and graph are updated weekly.

This week's Gasoline Report is for the week ending March 2, 2009

The Ontario average retail price of regular unleaded gasoline, after declining three straight weeks, increased by 6.4 cents from a six-week low to 85.6 cents a litre, a four-month high, reflecting higher world crude oil and North American wholesale prices.

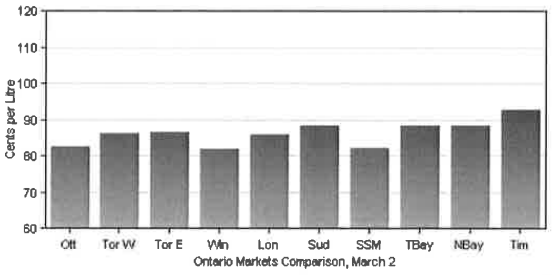
Prices rose by 7.7 cents in Ottawa (to a four-month high), 7.4 cents in Toronto (to a four-month high), 7.0 cents in London (to a four-month high), 6.0 cents in North Bay, 5.8 cents in Sudbury, 3.0 cents in Timmins (to a three-month high), and 0.1 cents in Windsor. Prices fell by 3.6 cents in Sault Ste. Marie (to a five-week low) and 1.7 cents in Thunder Bay. The average price gap between northern and southern Ontario, after widening three straight weeks, narrowed from a two-month high of 8.0 cents to 2.3 cents, a four-week low. The Ontario average retail diesel price declined for the fourth straight week, by 1.0 cents to 81.9 cents, the lowest since February 2005.

The Canadian average retail gasoline price increased by 3.8 cents from a six-week low to 86.3 cents. Prices rose by 6.1 cents in Toronto (from a six-week low), 5.8 cents in Vancouver (to a four-month high), 4.5 cents in Montreal (from a four-week low), 3.1 cents in Edmonton (from a six-week low), and 2.3 cents in Calgary (from a six-week low). Prices fell by 5.4 cents in Saint John (to a six-week low), 2.8 cents in St. John's, 2.0 cents in Quebec City, 1.8 cents in Halifax (to a six-week low), 1.7 cents in Regina, 1.0 cents in Winnipeg, and 0.1 cents in Charlottetown (to a five-week low). The Canadian average retail diesel price declined for the sixth straight week, by 1.7 cents to 82.7 cents, the lowest since January 2005.

The table and graphic below show this week's gasoline price trends.

Ontario Prices

Market	February 23	March 2	+/-
Ottawa	74.9	82.6	7.7
Toronto West	79.1	86.4	7.3
Toronto East	79.1	86.5	7.4
Windsor	81.8	81.9	0.1
London	79.0	86.0	7.0
Sudbury	82.8	88.6	5.8
S. Ste. Marie	85.8	82.2	-3.6
Thunder Bay	90.1	88.4	-1.7
North Bay	82.6	88.6	6.0
Timmins	89.9	92.9	3.0
Ontario Average	**79.2**	**85.6**	**6.4**

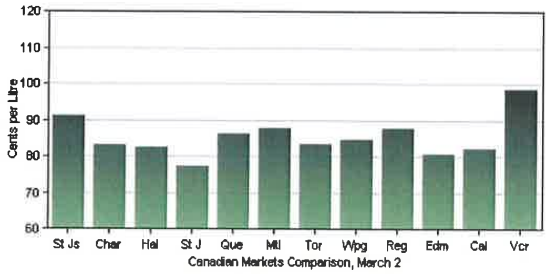


Ontario Markets Comparison, March 2

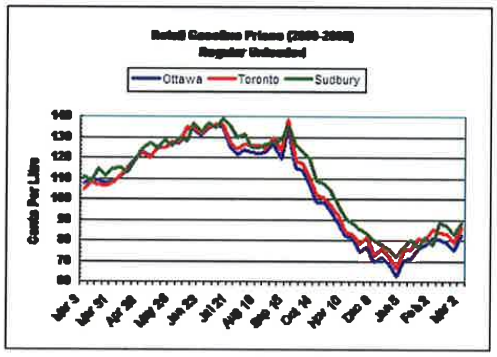
Canada Prices

Market	February 24	March 3	+/-
St John's NF	93.9	91.1	-2.8
Charlottetown	83.4	83.3	-0.1
Halifax	84.3	82.5	-1.8
Saint John NB	82.9	77.5	-5.4
Quebec City	88.4	86.4	-2.0
Montreal	83.2	87.7	4.5
Toronto	77.5	83.6	6.1
Winnipeg	85.7	84.7	-1.0
Regina	89.6	87.9	-1.7
Edmonton	77.8	80.9	3.1
Calgary	80.0	82.3	2.3
Vancouver	92.9	98.7	5.8

Canada Average 82.5 86.3 3.8



Source: Ontario Ministry of Energy and Infrastructure; MJ Ervin & Associates



Still seeing last week's chart? Refresh your browser (CTRL-R)

VECC IR # 22

OEB Deemed Capital Structure On Rate Base

Capital Structure for 2006

	Deemed for Rate Setting		Actual for Rate Setting		Financial Statements	
Description	**$**	**% of Rate Base**	**$**	**% of Rate Base**	**$**	**% of Rate Base**
Long Term Debt	112,545,621	55.0%	70,000,000	34.2%	70,000,000	36.0%
Unfunded Short Term Debt						
Total Debt	112,545,621	55.0%	70,000,000	34.2%	70,000,000	36.0%
Common Share Equity	92,082,781	45.0%	134,628,402	65.8%	124,525,000	64.0%
Total equity	92,082,781	45.0%	134,628,402	65.8%	124,525,000	64.0%
Total Rate Base	204,628,402	100%	204,628,402	100%	194,525,000	100%

Capital Structure for 2007

	Deemed for Rate Setting		Actual for Rate Setting		Financial Statements	
Description	**$**	**% of Rate Base**	**$**	**% of Rate Base**	**$**	**% of Rate Base**
Long Term Debt	114,349,071	55.0%	70,000,000	33.7%	70,000,000	35.1%
Unfunded Short Term Debt						
Total Debt	114,349,071	55.0%	70,000,000	33.7%	70,000,000	35.1%
Common Share Equity	93,558,330	45.0%	137,907,401	66.3%	129,651,000	64.9%
Total equity	93,558,330	45.0%	137,907,401	66.3%	129,651,000	64.9%
Total Rate Base	207,907,401	100%	207,907,401	100%	199,651,000	100%

Capital Structure for 2008

	Deemed for Rate Setting		Actual for Rate Setting		Financial Statements	
Description	**$**	**% of Rate Base**	**$**	**% of Rate Base**	**$**	**% of Rate Base**
Long Term Debt	121,765,577	57.5%	70,000,000	33.1%	70,000,000	34.2%
Unfunded Short Term Debt						
Total Debt	121,765,577	57.5%	70,000,000	33.1%	70,000,000	34.2%
Common Share Equity	90,000,644	42.5%	141,766,221	66.9%	134,444,000	65.8%
Total equity	90,000,644	42.5%	141,766,221	66.9%	134,444,000	65.8%
Total Rate Base	211,766,221	100%	211,766,221	100%	204,444,000	100%

Class Revenue, Cost Analysis, and Return on Rate Base

VECC IR # 24 - ALTERNATIVE COST ALLOCATION SHEET O1

Rate Base Assets		Total	1 Residential	2 GS less than 50	3 GS > 50 (blended TOU and Non-TOU)	4 GS> 50-TOU	5 GS >50-Intermediate	6 Large User	7 Street Light	8 Sentinel Light	9 Unmetered Load	10 Embedded Distributor	11 Stand-By	12 CoGen
crev	Distribution Revenue - before discounts	$51,354,867	$32,141,159	$8,270,897	$9,314,837	$0	$0	$1,079,822	$194,739	$8,335	$94,370	$0	$0	$250,708
	Transformer discounts	($1,129,657)			($667,320)			($252,326)						($10,011)
	Distribution Revenue (actual standby sale)	$339,049											$339,049	
mi	Miscellaneous Revenue (mi)	$4,090,796	$2,755,053	$591,125	$654,257	$0	$0	$31,928	$35,015	$2,237	$11,160	$0	$7,271	$2,750
	Standby distribution revenue adjust (in misc rev)	($247,190)	($166,477)	($35,719)	($39,535)			($1,929)	($2,116)	($135)	($674)		($439)	($166)
	Total Revenue	**$54,407,864**	**$34,729,735**	**$8,826,303**	**$9,062,239**	**$0**	**$0**	**$857,495**	**$227,638**	**$10,437**	**$104,856**	**$0**	**$345,881**	**$243,281**
	Expenses													
di	Distribution Costs (di)	$9,987,249	$5,429,762	$1,222,325	$2,610,151	$0	$0	$308,778	$273,372	$14,620	$37,391	$0	$70,717	$20,134
cu	Customer Related Costs (cu)	$4,633,959	$3,521,701	$701,050	$403,439	$0	$0	$2,779	$11	$377	$1,822	$0	$0	$2,779
ad	General and Administration (ad)	$6,923,060	$4,202,691	$906,006	$1,457,416	$0	$0	$150,954	$134,145	$7,339	$19,094	$0	$34,325	$11,090
dep	Depreciation and Amortization (dep)	$12,135,496	$6,652,971	$1,493,444	$3,166,754	$0	$0	$331,284	$328,216	$17,571	$43,827	$0	$76,866	$24,563
INPUT	PILs (INPUT)	$6,174,240	$3,378,729	$759,462	$1,614,664	$0	$0	$170,079	$168,155	$9,000	$22,471	$0	$39,296	$12,383
INT	Interest	$6,836,408	$3,741,087	$840,912	$1,787,832	$0	$0	$188,319	$186,189	$9,966	$24,881	$0	$43,511	$13,711
	Total Expenses	**$46,690,413**	**$26,926,941**	**$5,923,200**	**$11,040,254**	**$0**	**$0**	**$1,152,194**	**$1,090,089**	**$58,873**	**$149,486**	**$0**	**$264,715**	**$84,661**
	Direct Allocation	**($764,545)**	**($129,973)**	**($122,327)**	**($512,245)**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
NI	Allocated Net Income (NI)	$8,390,138	$4,591,334	$1,032,029	$2,194,157	$0	$0	$231,119	$228,505	$12,230	$30,536	$0	$53,400	$16,827
	Revenue Requirement (includes NI)	**$54,316,006**	$31,388,302	$6,832,901	$12,722,166	$0	$0	$1,383,313	$1,318,594	$71,104	$180,022	$0	$318,115	$101,488
		Revenue Requirement Input equals Output												
	Rate Base Calculation													
	Net Assets													
dp	Distribution Plant - Gross	$265,337,269	$144,263,740	$32,745,647	$70,039,176	$0	$0	$7,638,860	$7,018,884	$375,659	$944,971	$0	$1,766,281	$544,052
gp	General Plant - Gross	$34,710,192	$18,994,454	$4,269,527	$9,077,278	$0	$0	$956,146	$945,331	$50,598	$126,328	$0	$220,916	$69,616
accum dep	Accumulated Depreciation	($127,657,458)	($68,921,236)	($15,810,344)	($34,033,675)	$0	$0	($3,846,256)	($3,269,179)	($174,961)	($443,883)	$0	($890,006)	($267,918)
co	Capital Contribution	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Total Net Plant	**$172,390,004**	**$94,336,957**	**$21,204,830**	**$45,082,779**	**$0**	**$0**	**$4,748,750**	**$4,695,036**	**$251,295**	**$627,416**	**$0**	**$1,097,191**	**$345,750**
	Directly Allocated Net Fixed Assets	**($9,830,390)**	**($1,671,166)**	**($1,572,862)**	**($6,586,361)**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
COP	Cost of Power (COP)	$226,477,918	$75,469,696	$29,350,159	$104,376,452	$0	$0	$14,412,600	$1,523,466	$9,278	$676,916	$0	$0	$659,350
	OM&A Expenses	$21,544,269	$13,154,155	$2,829,381	$4,471,005	$0	$0	$462,511	$407,528	$22,337	$58,307	$0	$105,042	$34,003
	Directly Allocated Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Subtotal	***$248,022,187***	***$88,623,850***	***$32,179,540***	***$108,847,458***	***$0***	***$0***	***$14,875,111***	***$1,930,994***	***$31,615***	***$735,223***	***$0***	***$105,042***	***$693,353***
	Working Capital	**$37,203,328**	**$13,293,578**	**$4,826,931**	**$16,327,119**	**$0**	**$0**	**$2,231,267**	**$289,649**	**$4,742**	**$110,284**	**$0**	**$15,756**	**$104,003**
	Total Rate Base	**$199,762,942**	**$105,959,368**	**$24,458,899**	**$54,823,536**	**$0**	**$0**	**$6,980,017**	**$4,984,685**	**$256,037**	**$737,700**	**$0**	**$1,112,947**	**$449,752**
		Rate Base Input equals Output												
	Equity Component of Rate Base	**$89,893,324**	**$47,681,716**	**$11,006,504**	**$24,670,591**	**$0**	**$0**	**$3,141,008**	**$2,243,108**	**$115,217**	**$331,965**	**$0**	**$500,826**	**$202,389**
	Net Income on Allocated Assets	**$8,481,996**	**$7,932,766**	**$3,025,431**	**($1,465,770)**	**$0**	**$0**	**($294,699)**	**($862,451)**	**($48,436)**	**($44,630)**	**$0**	**$81,166**	**$158,621**
	Net Income on Direct Allocation Assets	**($299,738)**	**($50,956)**	**($47,958)**	**($200,825)**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Net Income	**$8,182,258**	**$7,881,811**	**$2,977,473**	**($1,666,595)**	**$0**	**$0**	**($294,699)**	**($862,451)**	**($48,436)**	**($44,630)**	**$0**	**$81,166**	**$158,621**
	RATIOS ANALYSIS													
	REVENUE TO EXPENSES %	100.17%	110.65%	129.17%	71.23%	0.00%	0.00%	61.99%	17.26%	14.68%	58.25%	0.00%	108.73%	239.71%
	EXISTING REVENUE MINUS ALLOCATED COSTS	$91,858	$3,341,433	$1,993,402	($3,659,927)	$0	$0	($525,819)	($1,090,956)	($60,666)	($75,166)	$0	$27,766	$141,793
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.10%	16.53%	27.05%	-6.76%	0.00%	0.00%	-9.38%	-38.45%	-42.04%	-13.44%	0.00%	16.21%	78.37%

VECC IR # 26

Forecast Normalized Class Revenues for 2009 Test Year Based on Existing Rates

	Forecast 2009 Volumes By Class				2008 Rates		Fixed / Variable Revenue						
Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed	Variable	Fixed Distribution Revenue	% Fixed	Variable Distribution Revenue	% Var	Dist. Rev. Including Transformer Allowance	Transformer Discounts	Distribution Revenue After Discounts
Residential	1,084,746,791		1,583,238		$ 11.75	$ 0.0130	$ 18,603,043	57%	$ 14,101,708	43%	$ 32,704,751	$ -	$ 32,704,751
GS <50 kW	419,590,459		148,186		32.05	0.0098	4,749,362	54%	4,111,986	46%	8,861,349	-	8,861,349
GS 50 to 4,999 kW	1,654,665,168	4,102,788	19,144		237.12	1.2912	4,539,361	46%	5,297,520	54%	9,836,880	(820,618)	9,016,262
GS 50 to 4,999 kW (Co-Generation)	37,425,572	48,946	36		3,005.36	4.5924	108,193	32%	224,777	68%	332,970	(29,367)	303,603
Standby Power	0	154,800	0		-	2.2035	-	0%	341,102	100%	341,102	(92,880)	248,222
Large Use >5MW	205,146,878	392,686	36		13,420.78	1.4484	483,148	46%	568,767	54%	1,051,915	-	1,051,915
Street Light	23,921,899	67,170		410,240	0.28	1.4164	114,867	55%	95,139	45%	210,006	-	210,006
Sentinel	856,841	2,342		8,814	0.49	1.5896	4,319	54%	3,723	46%	8,042	-	8,042
Unmetered Scattered Load	5,326,529			18,976	0.42	0.0086	7,970	15%	45,808	85%	53,778	-	53,778
	3,431,680,138	**4,768,732**	**1,750,639**	**438,029**			**$ 28,610,262**		**$ 24,790,531**		**$ 53,400,793**	**$ (942,866)**	**$ 52,457,928**

Fixed vs Variable Revenue Splits	**Gross**	**53.58%**	**46.42%**
	Net	**54.54%**	**45.46%**

VECC IR # 26

Transformer Ownership Allowance
London Hydro Inc.

Description	2006 Actual		2007 Actual		2008 Forecast		2009 Test	
	kW	$	kW	$	kW	$	kW	$
General Service:								
GS 50 to 4,999 kW	1,303,809	($782,285.47)	1,315,071	($789,042.38)	1,344,619	($806,771.53)	1,367,697	($820,618.25)
GS 50 to 4,999 kW (Co-Generation)	32,470	($19,481.88)	48,943	($29,365.98)	48,946	($29,367.30)	48,946	($29,367.30)
Standby Power	155,066	($93,039.60)	154,800	($92,880.00)	154,800	($92,880.00)	154,800	($92,880.00)
Large Use >5MW	438,386	($263,031.81)	421,485	($252,891.13)	392,686	($235,611.80)	392,686	$0.00
Total	**1,929,731**	**($1,157,838.76)**	**1,940,299**	**($1,164,179.49)**	**1,941,051**	**($1,164,630.63)**	**1,964,129**	**($942,865.55)**

Transformer Allowance rate $0.60

VECC IR # 33

Bill Impacts by Consumption — DISTRIBUTION COMPONENT ONLY

Class	Consumption kWh	Consumption kW	Consumption Transf Disc kW	Consumption Standby kW	Connections #	*2008 Bill Distribution*	*2009 Bill Distribution*	*Difference $*	*Bill Impact %*	*Max*	*Min*
Residential	250	0				$15.27	$17.78	$2.51	16.5%	16.5%	14.2%
	500	0				$18.52	$21.43	$2.91	15.7%		
	600	0				$19.82	$22.88	$3.06	15.5%		
	750	0				$21.77	$25.07	$3.30	15.2%		
	1,000	0				$25.02	$28.71	$3.69	14.8%		
	1,500	0				$31.52	$36.00	$4.48	14.2%		
General Service	2,000	0				$51.92	$55.98	$4.06	7.8%	7.8%	5.6%
Less Than 50 kW	4,000	0				$71.52	$76.50	$4.98	7.0%		
	10,000	0				$130.32	$138.07	$7.75	5.9%		
	12,500	0				$154.82	$163.72	$8.90	5.7%		
	15,000	0				$179.32	$189.37	$10.05	5.6%		
General Service	20,000	75				$334.23	$380.34	$46.11	13.8%	13.8%	8.3%
50 to 4,999 kW	40,000	100				$366.51	$411.58	$45.07	12.3%		
Non-interval metered	60,000	125				$398.79	$442.83	$44.04	11.0%		
	80,000	150				$431.07	$474.07	$43.00	10.0%		
	100,000	199				$494.34	$535.31	$40.97	8.3%		
General Service	100,000	250	0			$560.19	$599.05	$38.86	6.9%	6.9%	-3.9%
50 to 4,999 kW	200,000	500	0			$882.99	$911.50	$28.51	3.2%		
Interval metered	500,000	1,500	0			$2,174.19	$2,161.30	-$12.89	-0.6%		
	1,000,000	2,000	2,000			$1,619.79	$1,586.20	-$33.59	-2.1%		
	1,600,000	4,000	4,000			$3,002.19	$2,885.81	-$116.38	-3.9%		
General Service	520,000	680	2,830	2,150		$9,167.18	$9,484.18	$317.00	3.5%	5.1%	3.5%
50 to 4,999 kW	1,560,000	2,039	8,489	6,450		$21,490.29	$22,582.00	$1,091.71	5.1%		
Co-Generation	1,040,000	1,360	5,660	4,300		$15,328.74	$16,033.09	$704.35	4.6%		
Large Use	2,850,000	5,500	5,500			$18,087.25	$23,482.25	$5,395.00	29.8%	38.5%	29.8%
	5,700,000	11,000	11,000			$22,753.45	$30,722.79	$7,969.34	35.0%		
	8,550,000	16,500	16,500			$27,419.65	$37,963.32	$10,543.67	38.5%		
Street Lighting	1,993,000	6,000			34,000	$18,018.40	$58,332.01	$40,313.61	223.7%	223.7%	223.7%
Sentinel Lighting	100	0			1	$0.97	$3.81	$2.84	293.8%	293.9%	293.8%
	1,000	3			10	$9.67	$38.07	$28.40	293.8%		
	19,400	54.00			200	$183.84	$724.20	$540.36	293.9%		
	35,700	100.00			367	$338.91	$1,335.02	$996.11	293.9%		
Unmetered	2,800				10	$28.28	$38.50	$10.22	36.2%	36.2%	36.2%
& Scattered Load	56,000				200	$565.60	$770.08	$204.48	36.2%		
	140,000				500	$1,414.00	$1,925.21	$511.21	36.2%		