



February 1, 2012

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: London Hydro Inc.
Response to Board Staff Interrogatories
2012 Electricity Distribution Rate Application (EB-2011-0181)**

Please find attached the London Hydro Inc. response to Board Staff interrogatories regarding the above application.

Two copies of this letter and response to Board Staff interrogatories filing have been forwarded to your attention via courier.

If you require any additional information or clarification, please do not hesitate to contact either myself, at (519) 661-5800 Ext. 5750 or Dave Williamson at (519) 661-5800 Ext. 5745.

Yours truly,

Mike Chase, CMA. MBA
Director of Finance and Regulatory Compliance
London Hydro

EB-2011-0181

IN THE MATTER

of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), as amended;

AND IN THE MATTER OF an Application by
London Hydro Inc. for an order or orders
approving or fixing just and reasonable rates and other service
charges for the distribution of electricity, to be effective May 1, 2012.

Responses to Interrogatories

Ontario Energy Board Staff (Board Staff)

Filed: February 1, 2012

Contents

Responses to Board Staff Interrogatories
Attachment 1 – Revised 2004 SIMPIL model - excel

**London Hydro Inc.
 EB-2011-0181
 Responses to Board Staff Interrogatories**

Tax-Savings Workform

**Interrogatory #1
 Ref: Tax-Savings Workform, Tab 3**

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers	Re-based Billed kWh	Re-based Billed kW	Rate ReBal Base	Rate ReBal Base Distribution	Rate ReBal Base Distribution
				or Connections A	Billed kWh B	Billed kW C	Service Charge D	Volumetric Rate kWh E	Volumetric Rate kW F
RES	Residential	Customer	kWh	131,936	1,091,392,572		12.68	0.0143	
GSLT50	General Service Less Than 50 kW	Customer	kWh	12,349	422,161,110		30.34	0.0094	
GSGT50	General Service 50 to 4,999 kW	Customer	kW	1,595	1,651,048,316	4,093,815	289.12		1.6023
GSGT50	General Service 50 to 4,999 kW (CoGeneration)	Customer	kW	3	36,489,491	43,849	2,667.75		4.6542
SB	Standby Power	Connection	kW	0	0	154,800			2.3733
LU	Large Use	Customer	kW	3	200,485,379	383,763	17,479.04		1.9302
USL	Unmetered Scattered Load	Connection	kWh	1,581	5,326,529		1.13	0.0094	
Sen	Sentinel Lighting	Connection	kW	734	856,841	2,342	1.82		5.9054
SL	Street Lighting	Connection	kW	34,187	23,921,899	67,170	0.86		4.3630

Board staff notes that columns D, E and F do not match London's current Tariff of Rates and Charges.

- If London believes the above figures entered are correct, please confirm, and provide justification for these figures.
- If the answer to (A) is no, please confirm, and Board staff will update the workform using those numbers from London's current Tariff of Rates and Charges.

Tax-Savings Workform

Interrogatory #1

RESPONSES

- London Hydro acknowledges an error in transferring figures to the Tax-Savings Workform, Tab 3, and request Board Staff to make the relevant correction.

Our apologies for any inconveniences that might have occurred as a result of this error. In our original Application filing we were unable to identify guidance's for populating this segment of the model. We now understand that the figures that should have been used are our current Tariff of Rates and Charges (as per EB-2010-0097).

b) Please see above.

Revised Tax-Savings Workform, Tab 3

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers	Re-based	Re-based	Rate ReBal Base	Rate ReBal Base Distribution	Rate ReBal Base Distribution
				or Connections	Billed kWh	Billed kW	Service Charge	Volumetric Rate kWh	Volumetric Rate kW
				A	B	C	D	E	F
RES	Residential	Customer	kWh	131,936	1,091,392,572		12.61	0.0142	
GSLT50	General Service Less Than 50 kW	Customer	kWh	12,349	422,161,110		29.32	0.0091	
GSGT50	General Service 50 to 4,999 kW	Customer	kW	1,595	1,651,048,316	4,093,815	290.16		1.6081
GSGT50	General Service 50 to 4,999 kW (CoGeneration)	Customer	kW	3	36,489,491	43,849	2,276.36		3.9713
SB	Standby Power	Connection	kW	0	0	154,800			2.3733
LU	Large Use	Customer	kW	3	200,485,379	383,763	20,458.75		2.2593
USL	Unmetered Scattered Load	Connection	kWh	1,581	5,326,529		1.41	0.0117	
Sen	Sentinel Lighting	Connection	kW	734	856,841	2,342	3.11		10.0478
SL	Street Lighting	Connection	kW	34,187	23,921,899	67,170	1.38		7.0482

Interrogatory #2

Ref: Tax-Savings Workform, Tab 5

Board staff notes Tax Credits entered (i.e. \$58,000) and Regulatory Taxable Income entered (i.e. \$5,420,533) on tab 5 does not reconcile with London previous cost of service Revenue Requirement Work Form (EB-2008-0235).

Board staff notes that the approved amounts for Tax Credits were \$128,000 and \$5,808,413 for Regulatory Taxable Income.

- a) If London believes the figures entered are correct, please confirm, and provide evidence for the figures.
- b) If the answer to (A) is no, please confirm, and Board staff will make the necessary adjustments to the workform.

Tax-Savings Workform, Tab 5

Interrogatory #2

RESPONSES

- a) In preparing our response to this interrogatory, London Hydro has determined that, in error, Tax-Savings Workform, Tab 5 the amount of Tax Credits should be \$128,000 (as per Decision and Order EB-2008-0235).
- b) London Hydro acknowledges an error in transferring Tax Credit amount to the Tax-Savings Workform, Tab 3, and request Board Staff to make the relevant correction.

Revised Tax-Savings Workform, Tab 5

Summary - Sharing of Tax Change Forecast Amounts

For the 2009 year, enter any Tax Credits from the Cost of Service Tax Calculation (Positive #)	\$	128,000
1. Tax Related Amounts Forecast from Capital Tax Rate Changes		
	2009	2012
Taxable Capital	\$ 225,325,979	\$ 225,325,979
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	\$ 210,325,979	\$ 210,325,979
Rate	0.225%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ 473,233	\$ -
2. Tax Related Amounts Forecast from Income Tax Rate Changes		
	2009	2012
Regulatory Taxable Income	\$ 5,420,533	\$ 5,420,533
Corporate Tax Rate	33.00%	25.63%
Tax Impact	\$ 1,788,776	\$ 1,261,086
Grossed-up Tax Amount	\$ 2,669,815	\$ 1,695,609
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ 473,233	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 2,669,815	\$ 1,695,609
Total Tax Related Amounts	\$ 3,143,048	\$ 1,695,609
Incremental Tax Savings		-\$ 1,447,440
Sharing of Tax Savings (50%)		-\$ 723,720

Rate Generator

Interrogatory #3
Ref: Rate Generator Model, Tab 4

London has entered a sunset date for its “Service Charge” line item for all rate classes of April 30, 2012.

Board staff notes that on London’s current Tariff of Rates and Charges, the “Service Charge” is a standard on-going charge which does not have a sunset date.

- a) Please explain why London is proposing to establish a sunset date of April 30, 2012 for all rate classes.

Rate Generator Model, Tab 4

Interrogatory #3

RESPONSES

- a) London Hydro is not proposing to establish a sunset date for Service Charges for all rate classes. The sunset dates for the monthly fixed service charge for all customer classes were input in error. London Hydro requests if the Board Staff could make the necessary correction to the model.

The column title in question, as reflected in Rate Generator Model, Tab 4 is shown as “Effective Until Date”. The column title was incorrectly interpreted.

Interrogatory #4
Ref: Rate Generator Model, Tab 6

Board staff notes that a unit of measurement (i.e. kW or kWh) has not been selected for the Rate Rider for Tax Change for each rate class on tab 6 of the Rate Generator Model.

- a) If London agrees that a unit of measurement should be entered, please confirm, and Board staff will update the model with the units as found in London’s current Tariff of Rates and Charges.
- b) If the answer to (A) is no, please explain this discrepancy.

Rate Generator Model, Tab 6

Interrogatory #4

RESPONSES

- a) London Hydro agrees that a unit of measurement should be entered. Therefore, London Hydro respectfully requests Board Staff to enter a unit of measurement (kWh or kW) for each Rate Rider for Tax Change.

Revised Rate Generator Model, Tab 6

Rate Description	Unit	Amount	Effective Until Date
Residential			
Rate Rider for Tax Change	\$/kWh	(0.00030)	April 30, 2012
General Service Less Than 50 kW			
Rate Rider for Tax Change	\$/kWh	(0.00020)	April 30, 2012
General Service 50 to 4,999 kW			
Rate Rider for Tax Change	\$/kW	(0.02590)	April 30, 2012
General Service 50 to 4,999 kW (CoGen)			
Rate Rider for Tax Change	\$/kW	(0.05100)	April 30, 2012
Large Use			
Rate Rider for Tax Change	\$/kW	(0.03650)	April 30, 2012
Unmetered Scattered Load			
Rate Rider for Tax Change	\$/kWh	(0.00010)	April 30, 2012
Unmetered Scattered Load			
Rate Rider for Tax Change	\$/kW	(0.18980)	April 30, 2012
Sentinel Lighting			
Rate Rider for Tax Change	\$/kW	(0.13530)	April 30, 2012
Standby Power			
Rate Rider for Tax Change	\$/kW	(0.02080)	April 30, 2012

- b). See Above.

Interrogatory #5
Ref: Rate Generator Model, Tab 7 and 8

Board staff notes that units of measurement (i.e. kW or kWh) have not been selected for the Retail Transmission Rate - Network and Line and Transformation for each rate class on tabs 7 and 8 of the Rate Generator Model.

- a) If London agrees that units of measurement should be entered for each respective rate class, please confirm, and Board staff will update the model with the units as found in London's current Tariff of Rates and Charges.
- b) If the answer to (A) is no, please explain these discrepancies.

Rate Generator Model, Tab 7 and 8

Interrogatory #5

RESPONSES

a) London Hydro agrees that a unit of measurement should be entered for each respective rate class.

Therefore, London Hydro respectfully requests Board Staff to enter a unit of measurement (kWh or kW) for each rate class on tabs 7 and 8 of the Rate Generator Model.

Revised - Rate Generator Model, Tab 7

Rate Description	Unit	Amount
Residential		
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00620
General Service Less Than 50 kW		
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00580
General Service 50 to 4,999 kW		
Retail Transmission Rate – Network Service Rate	\$/kW	2.03640
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.61140
General Service 50 to 4,999 kW (CoGeneration)		
Retail Transmission Rate – Network Service Rate	\$/kW	3.01460
Large Use		
Retail Transmission Rate – Network Service Rate	\$/kW	2.67500
Unmetered Scattered Load		
Retail Transmission Rate – Network Service Rate	\$/kWh	0.00580
Sentinel Lighting		
Retail Transmission Rate – Network Service Rate	\$/kW	1.79550
Street Lighting		
Retail Transmission Rate – Network Service Rate	\$/kW	1.79310

b) See Above.

Interrogatory #6
Ref: Rate Generator Model, Tab 10

Board staff notes that Metered kWh for the General Service 50 to 4,999 kW rate class does not match the figure as found in London's previous cost of service Board approved load forecast (EB-2008-0235) and also differs from what London has entered in the Tax-Savings Workform (which does match London's previously approved load forecast).

- a) If London believes the figure entered is correct, please provide an explanation for this discrepancy.
- b) If London believes this figure needs adjustment, please confirm, and Board staff will update the model with the figure as found in the Tax-Savings Workform and London's previous Board approved load forecast.
- c) Board staff also cannot verify Metered kWh and Metered kW for the Standby Power rate class.
- d) Please confirm that the figures entered are the most recent 12-month actual data

Rate Generator Model, Tab 10

Interrogatory #6

RESPONSES

a) London Hydro acknowledges an error in transferring the amount for GS 50 to 4,999 kW rate class from the Board approved load forecast (EB-2008-0235). Corrections had been made to the re-filed model, and request Board staff to make the relevant correction. The corrected figure should be 1,651,046,316 kWh.

b) See Above

c) London Hydro acknowledges an error in transferring the amount for Standby Power rate class from the Board approved load forecast (EB-2008-0235). Corrections had been made to the re-filed model, and request Board staff to make the relevant correction. The corrected figure should be 0 kWh.

However, the kW figure of 154,800 is correct and can be referenced Appendix B, Page 35 in the Board's Draft Rate Order, delivered September 2, 2009 (EB-2008-0235). Copy of Draft Rate Order, Appendix B, Page 35 can be found below.

Board's Draft Rate Order, delivered September 2, 2009 (EB-2008-0235), Appendix B, Page 35.

REFERENCE - ARGUMENT-IN-CHIEF PAGE 26

2009 Distribution Revenue at Existing 2008 Rates

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Rate	Variable Rate	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Before Transformer Allowance	Transformer Discounts	Distribution Revenue After Discounts
Residential	1,091,392,572		1,583,238		\$ 11.75	\$ 0.0130	\$ 18,603,043	\$ 14,188,103	\$ 32,791,146	\$ -	\$ 32,791,146
GS <50 kW	422,161,110		148,186		\$ 32.05	\$ 0.0098	4,749,362	4,137,179	8,886,541	-	8,886,541
GS 50 to 4,999 kW	1,651,046,316	4,993,815	19,144		\$ 237.12	\$ 1.2912	4,539,361	5,285,934	9,825,295	(818,824)	9,006,471
GS 50 to 4,999 kW (Co-Generation)	36,489,491	43,849	36		\$ 3,005.36	\$ 4.5924	108,193	201,372	309,565	(26,309)	283,256
Standby Power	0	154,900	0		\$ -	\$ 2.2035	-	341,102	341,102	(92,880)	248,222
Large Use >5MW	200,485,379	383,763	36		\$ 13,420.78	\$ 1.4484	483,148	555,842	1,038,990	-	1,038,990
Street Light	23,921,899	67,170		410,240	\$ 0.28	\$ 1.4164	114,867	95,140	210,007	-	210,007
Sentinel	856,841	2,342		8,814	\$ 0.49	\$ 1.5896	4,319	3,723	8,042	-	8,042
Unmetered Scattered Load	5,326,529			18,976	\$ 0.42	\$ 0.0086	7,970	45,808	53,778	-	53,778
	3,431,680,137	4,745,739	1,750,639	438,030			\$ 28,610,263	\$ 24,654,203	\$ 53,464,466	\$ (938,013)	\$ 52,526,453

2009 Distribution Revenue at 2009 Rates

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Rate	Variable Rate	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Before Transformer Allowance	Transformer Discounts	Distribution Revenue After Discounts
Residential	1,091,392,572		1,583,238		\$ 12.68	\$ 0.0143	\$ 20,074,872	\$ 15,588,250	\$ 35,663,122	\$ -	\$ 35,663,122
GS <50 kW	422,161,110		148,186		\$ 30.34	\$ 0.0094	4,485,580	3,987,116	8,482,696	-	8,482,696
GS 50 to 4,999 kW	1,651,046,316	4,993,815	19,144		\$ 289.12	\$ 1.6023	5,534,757	6,559,366	12,094,123	(818,824)	11,275,299
GS 50 to 4,999 kW (Co-Generation)	36,489,491	43,849	36		\$ 2,867.75	\$ 4.6542	96,039	204,063	300,122	(26,309)	273,813
Standby Power	0	154,900	0		\$ -	\$ 2.3733	-	367,384	367,384	(92,880)	274,504
Large Use >5MW	200,485,379	383,763	36		\$ 17,479.04	\$ 1.9302	629,245	740,754	1,370,000	-	1,370,000
Street Light	23,921,899	67,170		410,240	\$ 0.86	\$ 4.3630	353,829	293,062	646,890	-	646,890
Sentinel	856,841	2,342		8,814	\$ 1.82	\$ 5.9054	16,044	13,831	29,874	-	29,874
Unmetered Scattered Load	5,326,529			18,976	\$ 1.13	\$ 0.0094	21,535	50,249	71,785	-	71,785
	3,431,680,137	4,745,739	1,750,639	438,030			\$ 31,221,902	\$ 27,804,094	\$ 59,025,996	\$ (938,013)	\$ 58,087,983

Note

Variance Distribution Revenue is gross revenue before deduction of transformer discounts.

Revised Rate Generator Model, Tab 10

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	Distribution Revenue ¹	1590 Recovery Share	1595 Recovery Share Proportion (2008) ²	1595 Recovery Share Proportion (2009) ²
Residential	\$/kWh	1,091,392,572		180,538,663	-	35,663,122	65%	0%	0%
General Service Less Than 50 kW	\$/kWh	422,161,110		101,996,655	-	8,482,697	13%		
General Service 50 to 4,999 kW	\$/kW	1,651,046,316	4,093,815	1,250,690,538	3,101,122	12,094,123	21%		
General Service 50 to 4,999 kW (CoGeneration)	\$/kW	36,489,491	43,849	-	-	300,122	0%		
Large Use	\$/kW	200,486,379	383,763	187,604,233	359,105	1,370,000	1%		
Unmetered Scattered Load	\$/kWh	5,326,529		29,143	-	71,785	0%		
Sentinel Lighting	\$/kW	856,841	2,342		-	29,877	0%		
Street Lighting	\$/kW	23,921,899	67,179	24,472,475	68,725	646,887	0%		
Standby Power	\$/kW	-	154,800		-	367,384	0%		
Total		3,431,681,137	4,745,748	1,745,331,707	3,528,951	59,025,997	100%	0%	0%

Total Claim (including Accounts 1521 and 1562)	-\$	6,945,031
Total Claim for Threshold Test (All Group 1 Accounts)	-\$	7,184,125
Threshold Test ³ (Total Claim per kWh)	-	0.00209

d) Claims figures as recorded on Rate Generator Model, Tab 10 are the most recent 12-month actual data.

Interrogatory #7

Ref: A portion of the Rate Generator Model, Tab 10

Rate Class	Unit	Metered kWh	Metered kW	Billed kWh for Non-RPP Customers	Estimated kW for Non-RPP Customers	Distribution Revenue ¹
Residential	\$/kWh	1,091,392,572		180,538,663	-	35,663,122
General Service Less Than 50 kW	\$/kWh	422,161,110		101,996,655	-	8,482,697
General Service 50 to 4,999 kW	\$/kW	1,588,653,289	4,093,815	1,250,690,538	3,222,916	12,094,123
General Service 50 to 4,999 kW (CoGeneration)	\$/kW	36,489,491	43,849	-	-	300,122
Large Use	\$/kW	200,486,379	383,763	187,604,233	359,105	1,370,000
Unmetered Scattered Load	\$/kWh	5,326,529		29,143	-	71,785
Sentinel Lighting	\$/kW	856,841	2,342		-	29,877
Street Lighting	\$/kW	23,921,899	67,179	24,472,475	68,725	646,887
Standby Power	\$/kW		154,800		-	367,384
Total		3,431,681,137	4,745,748	1,745,331,707	3,650,745	59,025,997

Board staff cannot verify the figures entered for each rate class for the column "Distribution Revenue".

a) Please provide evidence for the figures entered for each rate class from London's previous cost of service Board approved Rate Order (EB-2008-0235).

- b) If adjustments are necessary, please confirm the correct figures, and Board staff will make the necessary adjustments to the model.

Rate Generator Model, Tab 10

Interrogatory #7

RESPONSES

- a) Evidence of the figures used in Rate Generator Model, Tab 10 can be referenced from Appendix B, Page 35 in the Board's Draft Rate Order, Delivered September 2, 2009 (EB-2008-0235). A copy of this page can be found below.

REFERENCE - ARGUMENT-IN-CHIEF PAGE 26

2009 Distribution Revenue at Existing 2008 Rates

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Rate	Variable Rate	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Before Transformer Allowance	Transformer Discounts	Distribution Revenue After Discounts
Residential	1,091,392,572		1,583,238		\$ 11.75	\$ 0.0130	\$ 18,603,043	\$ 14,168,103	\$ 32,791,146	\$ -	\$ 32,791,146
GS <50 kW	422,161,110		148,186		\$ 32.05	\$ 0.0098	\$ 4,749,362	\$ 4,137,179	\$ 8,886,541	-	\$ 8,886,541
GS 50 to 4,999 kW	1,651,046,316	4,093,815	19,144		\$ 237.12	\$ 1.2912	\$ 4,539,361	\$ 5,285,934	\$ 9,825,295	\$ (8,824)	\$ 9,806,471
GS 50 to 4,999 kW (Co-Generation)	36,499,491	43,849	36		\$ 3,005.36	\$ 4.5924	\$ 108,193	\$ 201,372	\$ 309,565	\$ (26,309)	\$ 283,256
Standby Power	0	154,800	0		\$ -	\$ 2.2035	\$ -	\$ 341,102	\$ 341,102	\$ (92,880)	\$ 248,222
Large Use >5MW	200,485,379	383,763	36		\$ 13,420.78	\$ 1.4484	\$ 483,148	\$ 555,842	\$ 1,038,990	-	\$ 1,038,990
Street Light	23,921,899	67,170		410,240	\$ 0.28	\$ 1.1164	\$ 114,867	\$ 95,140	\$ 210,007	-	\$ 210,007
Sentinel	856,841	2,342		8,814	\$ 0.49	\$ 1.5896	\$ 4,319	\$ 3,723	\$ 8,042	-	\$ 8,042
Unmetered Scattered Load	5,326,529			16,978	\$ 0.42	\$ 0.0088	\$ 7,970	\$ 45,608	\$ 53,578	-	\$ 53,578
	3,431,680,137	4,745,739	1,750,639	438,030			\$ 28,610,263	\$ 24,654,203	\$ 53,464,466	\$ (938,013)	\$ 52,526,453

2009 Distribution Revenue at 2009 Rates

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Rate	Variable Rate	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Before Transformer Allowance	Transformer Discounts	Distribution Revenue After Discounts
Residential	1,091,392,572		1,583,238		\$ 12.68	\$ 0.0143	\$ 20,074,872	\$ 15,588,250	\$ 35,663,122	\$ -	\$ 35,663,122
GS <50 kW	422,161,110		148,186		\$ 30.34	\$ 0.0094	\$ 4,495,580	\$ 3,987,116	\$ 8,482,696	-	\$ 8,482,696
GS 50 to 4,999 kW	1,651,046,316	4,093,815	19,144		\$ 289.12	\$ 1.6023	\$ 5,534,757	\$ 6,559,366	\$ 12,094,123	\$ (8,824)	\$ 11,275,299
GS 50 to 4,999 kW (Co-Generation)	36,499,491	43,849	36		\$ 2,667.75	\$ 4.6542	\$ 96,039	\$ 204,063	\$ 300,122	\$ (26,309)	\$ 273,813
Standby Power	0	154,800	0		\$ -	\$ 2.3733	\$ -	\$ 367,384	\$ 367,384	\$ (42,880)	\$ 274,504
Large Use >5MW	200,485,379	383,763	36		\$ 17,479.04	\$ 1.9302	\$ 629,246	\$ 740,754	\$ 1,370,000	-	\$ 1,370,000
Street Light	23,921,899	67,170		410,240	\$ 0.86	\$ 4.3630	\$ 353,829	\$ 293,062	\$ 646,890	-	\$ 646,890
Street Light	23,921,899	67,170		410,240	\$ 0.86	\$ 4.3630	\$ 353,829	\$ 293,062	\$ 646,890	-	\$ 646,890
Sentinel	856,841	2,342		8,814	\$ 1.82	\$ 5.9054	\$ 16,044	\$ 13,831	\$ 29,874	-	\$ 29,874
Unmetered Scattered Load	5,326,529			16,978	\$ 1.13	\$ 0.0094	\$ 21,535	\$ 50,249	\$ 71,785	-	\$ 71,785
	3,431,680,137	4,745,739	1,750,639	438,030			\$ 31,221,902	\$ 27,804,094	\$ 59,025,996	\$ (938,013)	\$ 58,087,983

Note
 Variance Distribution Revenue is gross revenue before deduction of transformer discounts.

EB-2008-0235
 London Hydro Inc.
 Filed: September 4, 2009
 Appendix B
 Page 35 of 40

- b) The Distribution Revenue figures that are entered in the Rate Generator Model, Tab 10 are referenced from Appendix B, Page 35 in the Board's Draft Rate Order, Delivered September 2, 2009 (EB-2008-0235). No adjustments are being requested by the Applicant.

Interrogatory #8
Ref: Manager's Summary, Page 22
Ref: Rate Generator, Tab 12

London has requested to dispose of all its Group 1 Deferral and Variance Accounts over a 3 year period to help avoid erratic rate adjustments.

- a) Please provide alternative calculations of rate riders and bill impacts, for all Group 1 Accounts, representing a disposition period of 1 and 2 years.
- b)

Manager's Summary, Page 22

Interrogatory #8

RESPONSES

- a) Alternative calculations of rate riders and bill impacts for all Group 1 Deferral and Variance Accounts, representing a disposition period of 1, 2, and 3 years.

1 Year

Rate Class	Consumption kWh	Demand kW	Current \$	Proposed \$	Difference \$	Total Bill Impact
RESIDENTIAL	800	-	\$ 106.93	\$ 104.30	\$ (2.64)	-2.5%
GENERAL SERVICE LESS THAN 50 KW	2,000	-	\$ 260.32	\$ 255.93	\$ (4.39)	-1.7%
GENERAL SERVICE > 50 KW to 4,999 KW	995,000	2,480	\$ 34,750.76	\$ 33,191.22	\$ (1,559.54)	-4.5%
GENERAL SERVICE > 50 KW to 4,999 KW (CoGeneration)	995,000	2,480	\$ 41,513.77	\$ 37,921.65	\$ (3,592.12)	-8.7%
LARGE USER	5,600,000	10,700	\$ 175,892.26	\$ 161,786.22	\$ (14,106.04)	-8.0%
UNMETERED LOADS (SCATTERED)	2,000	-	\$ 235.45	\$ 232.11	\$ (3.35)	-1.4%
SENTINEL LIGHTS	180	0.50	\$ 12.60	\$ 12.27	\$ (0.34)	-2.7%
STREET LIGHTING	37	0.10	\$ 3.22	\$ 3.15	\$ (0.07)	-2.2%

2 Year

Rate Class	Consumption kWh	Demand kW	Current \$	Proposed \$	Difference \$	Total Bill Impact
RESIDENTIAL	800	-	\$ 106.93	\$ 104.93	\$ (2.00)	-1.9%
GENERAL SERVICE LESS THAN 50 KW	2,000	-	\$ 260.32	\$ 257.58	\$ (2.74)	-1.1%
GENERAL SERVICE > 50 KW to 4,999 KW	995,000	2,480	\$ 34,750.76	\$ 34,061.20	\$ (689.56)	-2.0%
GENERAL SERVICE > 50 KW to 4,999 KW (CoGeneration)	995,000	2,480	\$ 41,513.77	\$ 39,711.28	\$ (1,802.50)	-4.3%
LARGE USER	5,600,000	10,700	\$ 175,892.26	\$ 168,875.12	\$ (7,017.14)	-4.0%
UNMETERED LOADS (SCATTERED)	2,000	-	\$ 235.45	\$ 233.80	\$ (1.66)	-0.7%
SENTINEL LIGHTS	180	0.50	\$ 12.60	\$ 12.41	\$ (0.19)	-1.5%
STREET LIGHTING	37	0.10	\$ 3.22	\$ 3.18	\$ (0.04)	-1.3%

3 Year

Rate Class	Consumption kWh	Demand kW	Current \$	Proposed \$	Difference \$	Total Bill Impact
RESIDENTIAL	800	-	\$ 106.93	\$ 105.14	\$ (1.79)	-1.7%
GENERAL SERVICE LESS THAN 50 KW	2,000	-	\$ 260.32	\$ 258.13	\$ (2.19)	-0.8%
GENERAL SERVICE > 50 KW to 4,999 KW	995,000	2,480	\$ 34,750.76	\$ 34,351.19	\$ (399.57)	-1.1%
GENERAL SERVICE > 50 KW to 4,999 KW (CoGeneration)	995,000	2,480	\$ 41,513.77	\$ 40,307.82	\$ (1,205.95)	-2.9%
LARGE USER	5,600,000	10,700	\$ 175,892.26	\$ 171,238.08	\$ (4,654.17)	-2.6%
UNMETERED LOADS (SCATTERED)	2,000	-	\$ 235.45	\$ 234.36	\$ (1.10)	-0.5%
SENTINEL LIGHTS	180	0.50	\$ 12.60	\$ 12.46	\$ (0.15)	-1.2%
STREET LIGHTING	37	0.10	\$ 3.22	\$ 3.19	\$ (0.03)	-1.0%

Interrogatory #9

Ref: Rate Generator Model, Tab 14, Tab 15 and Tab 16

London has not selected the units of measurement (i.e. kW or kWh) for each rate class for the proposed rate riders (tab 14), the Retail Transmission Rate – Network (tab 15) and the Retail Transmission Rate – Line and Transformation Connection (tab 16) into the model.

- a) Please confirm that London wishes for Board staff to update the model with all of the respective units of measurement as found on London’s current Tariff of Rates and Charges.

Rate Generator Model, Tab 14, Tab 15, and Tab 16

Interrogatory #9

RESPONSES

- a) London Hydro respectfully requests Board Staff to enter a unit of measurement (kWh or kW) for each rate class for Tab 14, Tab 15, and Tab 16.

Revised Rate Generator Model, Tab 14

Rate Description	Unit	Proposed Amount	Effective Until Date
Residential			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2012)	\$/kWh	0.00010	April 30, 2013
Rate Rider for Tax Change	\$/kWh	-0.00030	April 30, 2013
General Service Less Than 50 kW			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2012)	\$/kWh	0.00030	April 30, 2013
Rate Rider for Tax Change	\$/kWh	-0.00030	April 30, 2013
General Service 50 to 4,999 kW			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2012)	\$/kW	0.00690	April 30, 2013
Rate Rider for Tax Change	\$/kW	-0.04740	April 30, 2013
General Service 50 to 4,999 kW (CoGeneration)			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2012)	\$/kW	0.00000	April 30, 2013
Rate Rider for Tax Change	\$/kW	-0.09340	April 30, 2013
Large Use			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2012)	\$/kW	0.00400	April 30, 2013
Rate Rider for Tax Change	\$/kW	-0.06680	April 30, 2013
Unmetered Scattered Load			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2012)	\$/kWh	0.00000	April 30, 2013
Rate Rider for Tax Change	\$/kWh	-0.00030	April 30, 2013
Sentinel Lighting			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2012)	\$/kW	0.00000	April 30, 2013
Rate Rider for Tax Change	\$/kW	-0.34780	April 30, 2013
Street Lighting			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2012)	\$/kW	0.00000	April 30, 2013
Rate Rider for Tax Change	\$/kW	-0.24760	April 30, 2013
Standby Power			
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2012)	\$/kW	0.00000	April 30, 2013
Rate Rider for Tax Change	\$/kW	-0.03800	April 30, 2013

Special Purpose Charge (“SPC”) – Account 1521

Interrogatory #10

Ref: Manager’s Summary, Pages 24-25

- a) Please provide a copy of the original invoice of the amount London paid with respect to the SPC Assessment.
- b) Please confirm London’s beginning and ending billing dates to customers for the SPC Assessment.
- c) Please complete the following table related to the SPC.

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying Charges for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charges Balance	Amount recovered from customers in 2011	Carrying Charges for 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted December 31, 2011 Year End Carrying Charges Balance	Carrying Charges
------------------------------------	---	---------------------------	--	---	---	---------------------------	---	--	------------------

Rate Manager’s Summary

Interrogatory #10

RESPONSES

- a) Please see Appendix A. Special Purchase Charge. Copy of invoice from the Ministry of Energy and Infrastructure, Invoice 50044, dated April 10, 2010.
- b) The Special Purpose Charge to our customers was in effect from May 1, 2010 until April 30, 2011.
- c) **London Hydro Special Purpose Charge Table**

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying Charges for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charges Balance	Amount recovered from customers in 2011	Carrying Charges for 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted December 31, 2011 Year End Carrying Charges	Carrying Charges for 2012 (Jan 1 to April 30)	Total Disposition (Principal & Interest)
\$1,282,220.00	-\$806,215.51	\$3,463.92	\$476,004.49	\$3,463.92	-\$573,695.15	\$614.06	-\$97,690.66	-\$828.07	-\$474.76	-\$98,993.49

Smart Meter Funding Adder (“SMFA”)

Interrogatory #11

Ref: EB-2011-0181, Manager’s Summary, Page 26

At the above reference, London states that it is requesting approval for the continuation of the existing SMFA of \$1.46 until April 30, 2012 or until such time as a Smart Meter Cost Recovery Application is filed by London Hydro and approved by the Board. London also states that this smart meter application is scheduled to be filed in December 2011 or January 2012 with a request for approved rates to be effective May 1, 2012.

- a) Please provide information on the status of London’s smart meter program. For example, has London completed its smart meter deployment? If it has not completed smart meter deployment please explain.
- b) Please provide an update with respect to the status of London’s stand-alone smart meter application.

Smart Meter Funding Adder (“SMFA”)

Interrogatory #11

RESPONSES

- a) As at December 31, 2011, London Hydro has completed the installation of 99.96% of our Residential class customers and 98.47% of our 50 <kW class customers. The remaining Residential smart meters installations are expected to be completed during early 2012. The remaining GS < 50 kW smart meters installations are expected to be 99.3% complete by the end of 2012.

London Hydro is diligent in trying to install remaining meters. Delays in the installation of the small number smart meters that remain, are for the most part, as a result of customer locations in which the meter is difficult to access.

Smart Meter Implementation

Customer Class	2009 Audited	2010 Audited	2011 Actual	Total to December 31, 2011	2012 Forecast	Total	Total Customer Count December 31, 2011	% of Total Customer Count
Residential	7,462	125,078	2,118	134,658	62	134,720	134,714	100.0%
General Service Less Than 50 kW	5	4,892	6,882	11,779	100	11,879	11,962	99.3%
Total	7,467	129,970	9,000	146,437	162	146,599		

* Differences in Smart Meter Installs and Customer Counts associated with inactive accounts, new service changes, and customer locations in which most part meter is inaccessible (at this point in time).

b) London Hydro intends to file a stand-alone smart meter application before mid- February 2012.

Lost Revenue Adjustment Mechanism (“LRAM”)

Interrogatory #12

Ref: Manager’s Summary, Page 15-18

London has requested an LRAM recovery associated with 2009 and 2010 CDM programs for a total amount of \$291,445.

- a) Please confirm that London has used final 2010 program evaluation results from the OPA to calculate its LRAM amount.
- b) If London did not use final 2010 program evaluation results from the OPA, please explain why and update the LRAM amount accordingly.
- c) Please provide a table that shows the LRAM amounts London has collected historically.
- d) Please confirm that London has not received any of the lost revenues requested in this application in the past. If London has collected lost revenues related to programs applied for in this application, please discuss the appropriateness of this request.
- e) Please identify the CDM savings that were proposed to be included in London’s last Board approved load forecast for CDM programs deployed from 2006-2009 inclusive.
- f) Please provide a table that shows the LRAM amounts requested in this application by the year they are associated with and the year the lost revenues took place, divided by rate class within each year. Use the table below as an example and continue for all the years LRAM is requested:

London Hydro Inc. Board Staff Interrogatories EB-2011-0181 Page 6 Program Years (Divided by rate class)	Years that lost revenues took place			
	2008	2009	2010	2011
2008	\$xxx	\$xxx	\$xxx	\$xxx
2009	\$xxx	\$xxx	\$xxx	\$xxx
2010	\$xxx	\$xxx	\$xxx	\$xxx

Lost Revenue Adjustment Mechanism (“LRAM”)

Interrogatory #12

RESPONSES

- a) The final OPA 2010 CDM program evaluation results (Summary) were provided to London Hydro on January 23rd, 2012. This after repeated requests to the OPA to obtain a copy of the report. Therefore, the following tables and narrative reflect incorporation of the OPA 2010 Final CDM Results: Summary.

In order to proceed with this Application, London Hydro is requesting for a revised LRAM recovery of \$355,473.45, including carrying charges, based on replacing proxy amounts made in original application filing for 2010 final CDM results and replacing with data as contained in the actual OPA 2010 CDM Final Results report. A copy of the OPA 2010 CDM Final Results (Summary) report is found on Page 20. Further, a revised spreadsheet for OPA CDM Program Load Impacts and Forgone Revenues by Program and Rate Class is found on Page 21. The spreadsheet has been revised to include actual 2010 results.

Actual OPA 2010 CDM Final Results (Summary) report

2010 Final CDM Results: Summary

LDC: London Hydro Inc.

This report provides an estimated allocation of 2010 OPA-funded conservation and demand management (CDM) program results for each LDC's service territory. A full, detailed report will be available in late September/early October.

The results provided in this report are in accordance with OPA practices and policies for reporting. Demand Response initiatives, for example, have been reported based on the total DR resources that were available (based on contracted nameplate capacity) rather than the actual demand reduction which occurred at the one-hour system peak in a given year.

The OPA welcomes inquiries regarding the determination of these province-wide CDM program results and/or allocation of these results to individual LDC territories. Please direct any questions to kics.support@powerauthority.on.ca. The OPA is unable to provide any technical or regulatory advice to LDCs regarding specific treatment of these OPA-funded CDM program savings for the purposes of Lost Revenue Adjustment Mechanism or other filings by LDCs to the OEB. Such inquiries should be directed to the OEB.

All results are incremental savings in 2010 presented at the end-user level

Program	Initiative	Activity Unit	London Hydro Inc.				Province-Wide					
			Activity Level	Net Summer Peak Demand Savings (MWh)	Net Energy Savings (MWh)	Gross Summer Peak Demand Savings (MW)	Gross Energy Savings (MWh)	Activity Level	Net Summer Peak Demand Savings (MWh)	Net Energy Savings (MWh)	Gross Summer Peak Demand Savings (MW)	Gross Energy Savings (MWh)
Consumer	Cool Savings Rebate	Rebates	5,474	0.81	1223	1.82	2842	136,626	20.72	31,117	46.01	72,821
Consumer	Every Kilowatt Counts Power Savings Event	Products purchased	17,296	0.05	539	0.11	1165	613,248	1.70	19,100	4.00	41,300
Consumer	Great Refrigerator Roundup	Appliances	2,198	0.19	1272	0.38	2395	67,822	5.96	39,290	11.64	73,912
Consumer	peaksover*	Devices installed	0	0.00	0	0.00	0	36,507	20.44	81	22.49	89
Business	Toronto Comprehensive	Projects	0	0.00	0	0.00	0	730	17.70	114,600	37.50	281,200
Business	Electricity Retrofit Incentive Program	Projects	19	0.25	1420	0.48	2798	1,532	19.80	111,740	37.82	220,230
Business	High Performance New Construction*	Projects	8	0.37	839	0.53	1198	288	12.91	29,433	18.44	42,048
Business	Hydro Ottawa peaksover* Small Commercial Pilot	Devices installed	0	0.00	0	0.00	0	939	0.80	2,500	0.88	2,750
Business	Multifamily Energy Efficiency Rebates	Projects	22	0.11	1244	0.14	1689	970	4.55	53,700	5.95	72,900
Business	peaksover*	Devices installed	0	0.00	0	0.00	0	243	0.09	2	0.17	2
Business	Power Savings Blitz	Projects	2,790	2.44	7467	2.46	7485	48,274	42.30	129,200	42.60	129,500
Business, Industrial	Demand Response 3	Facilities	7	7.17	141	7.17	141	246	251.70	4,932	251.70	4,932
Business, Industrial	Loblaw & York Region Demand Response*	Facilities	0	0.83	0	0.83	0	2	29.21	0	29.21	0
Industrial	Demand Response 2	Facilities	0	3.39	3963	3.39	3963	3	119.00	139,100	119.00	139,100
Total				15.6	18,108	17.3	23,675		546.3	674,795	627.4	1,080,783

Program	Initiative	Allocation Methodology	Notes
Consumer	Cool Savings Rebate	Actual LDC specific results	
Consumer	Every Kilowatt Counts Power Savings Event	Measure level allocation based on 2010 Residential Energy Throughput	
Consumer	Great Refrigerator Roundup	Actual LDC specific results	
Consumer	peaksover*	Actual LDC specific results	
Business	Toronto Comprehensive	Program run exclusively in Toronto Hydro-Electric System Ltd. service territory	
Business	Electricity Retrofit Incentive Program	LDC's respective proportion of province-wide reported gross demand savings.	
Business	High Performance New Construction	Initiative level allocation based on 2010 non-residential energy throughput by LDCs	Evaluation not yet complete; Updates expected in October/November
Business	Hydro Ottawa peaksover* Small Commercial Pilot	Program run exclusively in Hydro Ottawa service territory	
Business	Multifamily Energy Efficiency Rebates	LDC's respective proportion of province-wide reported gross demand savings.	
Business	peaksover*	Actual LDC specific results	
Business	Power Savings Blitz	LDC's respective proportion of province-wide reported gross demand savings.	
Industrial	Demand Response 2	Initiative level allocation based on 2010 non-residential energy throughput by LDCs	1) Although the program is managed internally and actual participant data is available, the small participant population can lead to participant confidentiality issues if disclosed on an actual LDC share basis.
Business, Industrial	Demand Response 3	Initiative level allocation based on 2010 non-residential energy throughput by LDCs	
Business, Industrial	Loblaw & York Region Demand Response*	Initiative level allocation based on 2010 non-residential energy throughput by LDCs	2) Program results are based on contracted nameplate capacity at the end of the calendar year and not actual summer coincident peak demand reduction.

* Initiative is not evaluated

Revised Board's Prescribed Interest Rates and Calculated Interest

London Hydro Inc.
 Revised OPA CDM Program Load Impacts (Actual 2009 and 2010 Results)

Boards's Prescribe Interest Rates and Calculated Interest

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	4 Months to April 30, 2012	Total
%	0.55	0.55	0.89	1.2	1.47	1.47	1.47	1.47	1.47	
Residential (\$)	\$ 66	\$ 66	\$ 107	\$ 145	\$ 509	\$ 509	\$ 509	\$ 509	\$ 678	\$ 3,098.33
GS < 50 kW (\$)	\$ 53	\$ 53	\$ 86	\$ 117	\$ 604	\$ 604	\$ 604	\$ 604	\$ 806	\$ 3,533.40
GS 50 to 4,999 kW (\$)	\$ 31	\$ 31	\$ 51	\$ 68	\$ 159	\$ 159	\$ 159	\$ 159	\$ 212	\$ 1,029.67
GS 1,000 to 4,999 kW Co Gen(\$)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Large User (\$)	\$ 1	\$ 1	\$ 2	\$ 2	\$ 6	\$ 6	\$ 6	\$ 6	\$ 8	\$ 37.31

Revised proposed LRAM Rate Riders

London Hydro Inc.
 OPA CDM Program Load Impacts (Actual for 2009 and 2010)



Revised LRAM Rate Riders

Class	Units	LRAM	Carrying Charges	Total	2010 Billing Determines	Rate Rider
Residential	kWh	\$ 138,447	\$ -	\$ 138,447	1,146,514,255	\$ 0.0001
GS < 50 kW	kWh	\$ 164,460	\$ -	\$ 164,460	407,620,994	\$ 0.0004
GS 50 to 4,999 kW	kW	\$ 43,258	\$ -	\$ 43,258	3,944,476	\$ 0.0110
GS 1,000 to 4,999 kW Co Gen	kW	\$ -	\$ -	\$ -	36,305	\$ -
Large User	kW	\$ 1,609	\$ -	\$ 1,609	402,894	\$ 0.0040

Billing Determinates used 2010 Distribution Energy Quantities (Actual)

- b) London Hydro is requesting LRAM recoveries using actual 2009 and 2010 OPA CDM results (and as evidenced by OPA reports contained in this Application). The revised LRAM Tables are reflected on Pages 20, 21, and 22.**

The report for London Hydro has been reviewed and found to be missing significant 2010 evaluation results, especially associated with ERIP/ Retrofit. For instance ERIP Program for London were in total 258 in 2010 (with energy savings of 3.9 MW), and yet the OPA credits

London Hydro for a total of 19 (energy savings of 0.25 MW). However, London Hydro wishes to proceed with the Application using the OPA Evaluation report as given.

Therefore, London Hydro is requesting for a revised LRAM recovery of \$355,473.45, including carrying charges

- c) London Hydro has never collected any LRAM amounts historically or currently.
- d) London Hydro confirms that it has not received any of the lost revenues requested in this application in the past and London Hydro has not collected lost revenues related to programs applied for in this application.
- e) London Hydro's last Board approved load forecast was for its 2009 Cost of Service rate application.

In response to Board Staffs IR #34 EB-2008-0235: London Hydro provided an estimate of the CDM energy savings that occurred for programs undertaken in 2005, 2006 and 2007. The load forecast for 2009 incorporated the impacts of these CDM programs for 2005, 2006 and 2007. The 2009 Board Approved load forecast did not include any adjustments for CDM programs initiated after 2007.

The following worksheet is the response that was provided to the Board in Board Staffs IR #34 EB-2008-0235.

Estimate Lost Revenue Calculations

	2005	2006	2007	Cummulative
<u>Energy Saved</u>				
Residential Kw'hs	1,489,352	19,170,528	18,019,872	38,679,752
Commercial Kw'hs	305,292	475,406	10,014,887	10,795,585
Traffic signals Kw'hs	289,504	134,009	136,129	559,641
Streetlight Kw'hs	3,735,900	3,891,395	3,889,275	11,516,571
<u>Demand Saved</u>				
Residential Kw's	170	836	2,817	3,823
Commercial Kw's	58	90	2,782	2,930
Traffic signals Kw's	33	15	31	80
Streetlight Kw's	427	445	889	1,760
<u>Distribution Rates - Energy</u>				
Residential	\$ 0.0110	\$ 0.0130	\$ 0.0131	
Commercial	\$ 0.0083	\$ 0.0097	\$ 0.0098	
Traffic signals	\$ 0.0083	\$ 0.0085	\$ 0.0086	
Streetlight	n/a	n/a	n/a	
<u>Distribution Rates - Demand</u>				
Residential	n/a	n/a	n/a	
Commercial	\$ 1.0952	\$ 1.2894	\$ 1.2977	
Traffic signals Kw's	n/a	n/a	n/a	
Streetlight Kw's	\$ 1.1951	\$ 1.4144	\$ 1.4235	
<u>Lost Revenue - Energy</u>				
Residential	\$ 16,383	\$ 249,217	\$ 236,060	\$ 501,660
Commercial	\$ 2,534	\$ 4,611	\$ 98,146	\$ 105,291
Traffic signals	\$ 2,403	\$ 1,139	\$ 1,171	\$ 4,713
Streetlight	\$ -	\$ -	\$ -	\$ -
	\$ 21,320	\$ 254,967	\$ 335,377	\$ 611,664
<u>Lost Revenue - Demand</u>				
Residential	\$ -	\$ -	\$ -	\$ -
Commercial	\$ 64	\$ 116	\$ 3,610	\$ 3,790
Traffic signals	\$ -	\$ -	\$ -	\$ -
Streetlight	\$ 510	\$ 629	\$ 1,265	\$ 2,405
	\$ 574	\$ 745	\$ 4,876	\$ 6,194
Total Lost Revenue	\$ 21,893	\$ 255,712	\$ 340,252	
Cummulative Lost Revenue		\$ 277,606	\$ 617,858	\$ 617,858

Lost Revenue - By Customer Class	2005	2006	2007	Cummulative
Residential	\$ 16,383	\$ 249,217	\$ 236,060	\$ 501,660
Commercial	\$ 2,597	\$ 4,727	\$ 101,756	\$ 109,081
Traffic signals	\$ 2,403	\$ 1,139	\$ 1,171	\$ 4,713
Streetlight	\$ 510	\$ 629	\$ 1,265	\$ 2,405
	\$ 21,893	\$ 255,712	\$ 340,252	\$ 617,858

The following table lists the Board Approved 2009 load forecast values, and the subsequent actual values for 2009 to 2011.

	2009 Board Approved	2009 Actual	2010 Actual	2011 Projected
Total kWh	3,431,680,138	3,315,882,997	3,428,161,401	3,408,371,209
Total kW	4,590,939	4,347,021	4,606,743	4,499,202

f) LRAM Program Year Table

Program Years (Divided by rate class)	Years that lost revenues took place			
	2008	2009	2010	2011 *
2008	\$0.00	\$0.00	\$0.00	\$0.00
Residential	\$0.00	\$48,248.20	\$47,115.60	n/a
General Service Less Than 50 kW	\$0.00	\$38,868.28	\$37,627.80	n/a
General Service 50 to 4,999 kW	\$0.00	\$22,797.92	\$1,832.41	n/a
Large Use	\$0.00	\$722.43	\$844.07	n/a
2009	\$0.00	\$110,636.83	\$87,419.88	\$0.00
Residential	\$0.00	\$0.00	\$43,082.80	n/a
General Service Less Than 50 kW	\$0.00	\$0.00	\$87,964.36	n/a
General Service 50 to 4,999 kW	\$0.00	\$0.00	\$18,627.90	n/a
Large Use	\$0.00	\$0.00	\$42.96	n/a
2010	\$0.00	\$0.00	\$149,718.02	\$0.00

* London Hydro is not applying for 2011 LRAM in this application.

Payments in Lieu of Taxes (“PILS”) – Account 1562

Interrogatory #13

Ref: Account 1562 Continuity and PILs recovery 2001 to 2012.XLS

Ref: PILs Recoveries

In Table 8 which appears on page 13 of the paper evidence and in tab ‘AC 1562 Continuity Sched’ column G and H list the PILs proxies by period compared to the amounts recovered for the same periods. Ontario distributors generally show a trend where the amounts recovered from customers are greater than the proxies for the same period. Excluding 2002 which was a partial recovery year, the 2004 period of April 1st to December 31st shows the opposite trend. The proxy for the period is shown as \$4,962,092 and the amount recovered was only \$4,315,067. The April through June 2004 recoveries shown in Table 8.2 seem to be extremely low.

In the table below Board Staff has compared the volumetric billing determinants for the twelve months of 2004 compared with the 2004 statistics included in London’s 2006 EDR application in tab ‘6-2 DEMAND, RATES (input)

Customer Class	Billing Parameter	Table 9.1 Billed & Unbilled Consumption Jan 1/04 to Mar 31/04	Table 9.2 Billed Consumption Apr 1/04 to Dec 31/04	Total Actual 2004	2004 Statistics Filed in 2006 EDR
Residential	kWh's	406,330,276	658,880,860	1,065,211,136	1,112,109,365
General Service < 50 KW	kWh's	147,147,549	263,390,177	410,537,726	429,496,209
General Service > 50 KW	kW's	631,713	1,226,357	1,858,070	3,722,088
General Service > 50 KW - TOU	kW's		584,266	1,288,418	1,872,685
Large User - TOU	kW's	130,336	294,933	425,269	420,543
Cogeneration < 1MW - incremental	kW's	3,253	8,023	11,276	15,431
Cogeneration < 1MW - standby	kW's reserved	51,600	99,700	151,300	?
Streetlight - TOU	kW's	20,448	41,175	61,623	61,695
Sentinel Lights	kW's	841	1,636	2,477	2,471
Unmetered Loads < 50 KW	kWh's	2,917,303	5,877,791	8,795,094	8,759,094

The 2003 billing determinants for the twelve months of 2003 as shown in Table 9.1, when compared with the 2003 statistics included in London's 2006 EDR application, display material differences as well.

- a) Please explain why the amount recovered in the period April 1st to December 31st 2004 is so much lower than the proxy.
- b) Please explain why the statistics for 2004 in the recovery calculations are different from the actual statistics for 2004 provided in the 2006 EDR application.
- c) Please explain why the statistics for 2003 in the recovery calculations are different from the actual statistics for 2003 provided in the 2006 EDR application.
- d) In more recent cost of service applications, distributors provided several years of billing determinants in order to develop a load forecast. Are the 2001 to 2006 statistics used for PILs recoveries the same statistics as were used for London's load forecast in its most recent cost of service application?
- e) Did London have billing system problems in 2004?
- f) Did London replace its billing system in 2004?

Payments in Lieu of Taxes (“PILS”) – Account 1562

Interrogatory #13

RESPONSES

- a) **Effective April 1, 2004 the PILs proxy amount was based solely on a rate that applied to variable consumption only. Prior to that time frame, the rate was applied to both fixed and variable charges.**

In the process of responding to this interrogatory and in reexamining the detailed statistics that support the recovery of the PILs amounts, it has come to the attention of London Hydro that during the switch over on April 1, 2004 from a PILs rate rider that applied to both fixed and variable rates, London Hydro’s billing statistics did not produce a calculation of prorated or unbilled fixed charge statistics necessary to determine the recoveries relating to the prorated unbilled fixed charges outstanding as at March 31, 2004. Recoveries were properly calculated on the unbilled energy quantities but were not calculated on the unbilled fixed charge portion.

As a result of the discovery of this omission, London Hydro has recalculated the total recovery amounts for the calendar year of 2004 and those calculations are provided in the attached tables.

The omitted recoveries for PILs on pro-rated fixed charge amounts billed after March 31, 2004 were calculated using the same %’s that resulted from prorated energy and demand. Thus, in April 2004, 93% of energy and demand billed was consumed prior to April 1, 2004 and therefore 93% of fixed charges billed in April 2004 were included in the pro-rated calculation. The values for May 2004 were 20% and no further amounts resulted in the June to December 2004 time frame.

These adjustments result in an increase in recoveries for the 2004 calendar year of \$283,377.

The balances in account 1562 have been recalculated as indicated in the revised table 8, with the resulting balance in account 1562 being revised from a recoverable balance of \$338,275 to a balance refundable to customers of \$26,624.

Recalculated balance in account 1562 with corrected recovery amounts for 2004 .

TABLE 8

Summary of Board approved PILs rate recoveries - recalculated amounts											
Period	Annualized Amount	LCT Credit Adjustment	Mthly Amt	# of Months	Approved Total	Amount Recovered	True-up Adjustments	Interest Rate	Interest	Balance	Date
Oct to Dec 2001	\$ 2,092,231		\$ 697,410	3	\$ 2,092,231	\$ -	\$ -	7.00%	\$ 12,305	\$ 2,104,536	31-Dec-01
2002	6,616,123		551,344	12	6,616,123	(6,216,185)	15,545	7.00%	222,441	2,742,461	31-Dec-02
2003	8,708,354		725,696	12	8,708,354	(9,028,302)	(353,632)	7.00%	148,530	2,217,411	31-Dec-03
Jan to Mar 2004	8,708,354		725,696	3	2,177,089	(2,212,052)	-	7.00%	32,209	2,214,656	31-Mar-04
Apr to Dec 2004	6,616,123		551,344	9	4,962,092	(4,763,376)	(491,848)	7.00%	78,163	1,999,688	31-Dec-04
Jan to Mar 2005	6,616,123		551,344	3	1,654,031	(1,757,990)	-	7.00%	25,369	1,921,098	31-Mar-05
Apr to Dec 2005	5,652,029		471,002	9	4,239,022	(4,368,295)	(1,033,624)	7.00%	33,260	791,460	31-Dec-05
Jan to Apr 2006	5,652,029	(185,811)	455,518	4	1,822,073	(1,910,401)	-	7.00%	3,743	706,875	30-Apr-06
May to June 2006	-		-	2	-	(503,565)	(151,568)	4.14%	(461)	51,280	30-Jun-06
July to Dec 2006	-		-	6	-	(2,332)	-	4.59%	(11,685)	37,263	31-Dec-06
Jan to Sept 2007	-		-	9	-	-	-	4.59%	(17,392)	19,870	30-Sep-07
Oct to Dec 2007	-		-	3	-	-	-	5.14%	(6,563)	13,307	31-Dec-07
Jan to Mar 2008	-		-	3	-	-	-	5.14%	(6,421)	6,886	31-Mar-08
Apr to June 2008	-		-	3	-	-	-	4.08%	(5,153)	1,733	30-Jun-08
Jul to Dec 2008	-		-	6	-	-	-	3.35%	(8,555)	(6,822)	31-Dec-08
Jan to Mar 2009	-		-	3	-	-	-	2.45%	(3,060)	(9,883)	31-Mar-09
Apr to June 2009	-		-	3	-	-	-	1.00%	(1,263)	(11,146)	30-Jun-09
Jul to Dec 2009	-		-	6	-	-	-	0.55%	(1,405)	(12,551)	31-Dec-09
Jan to June 2010	-		-	6	-	-	-	0.55%	(1,382)	(13,932)	30-Jun-10
July to Sept 2010	-		-	3	-	-	-	0.89%	(1,136)	(15,069)	30-Sep-10
Oct to Dec 2010	-		-	3	-	-	-	1.20%	(1,532)	(16,601)	31-Dec-10
Jan to June 2011	-		-	6	-	-	-	1.47%	(3,693)	(20,294)	30-Jun-11
July to Dec 2011	-		-	6	-	-	-	1.50%	(3,831)	(24,125)	31-Dec-11
Jan to Apr 2012	-		-	4	-	-	-	1.50%	(2,498)	(26,623)	30-Apr-12
					\$ 32,271,014	\$(30,762,498)	\$ (2,015,127)		\$ 479,987	\$ (26,624)	

London Hydro Inc.
 Responses to Board Staff Interrogatories
 EB-2011-0181
 Filed: February 1, 2012

Calculation of previously omitted fixed charge PILs amounts based on energy proration %'s.

RECALCULATED CALENDAR YEAR 2004 PILS RECOVERIES

Customer Class Desc	Billing Determ	PILS Rate 2001 Component	PILS Rate 2002 and 2003 Component	PILS Rate 2004	Distribution Rate	YTD 2004	1ST Quarter	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
						Recoveries	Recoveries	Recoveries at 93%	Recoveries at 20%	Recoveries at 0%	Recoveries at 0%	Recoveries at 0%	Recoveries at 0%	Recoveries at 0%	Recoveries at 0%	Recoveries at 0%

Distribution Revenue - Fixed

Residential	customer	\$ 0.55750	\$ 1.73290	\$ -	11.48	\$ 1,160,098	\$ 854,757	\$ 252,474	\$ 52,867							
General Service < 50 KW	customer	\$ 1.56220	\$ 0.48559		31.79	99,648	72,840	22,162	4,646							
General Service > 50 KW	customer	\$ 15.26920	\$ 47.46330		250.21	338,545	246,928	75,781	15,836							
General Service > 50 KW Time of Use	customer	\$ 15.26920	\$ 47.46330		250.21	42,821	42,821	-	-	No unbilled in this category as meters read and billed at each month end						
Large User	customer	\$ 775.46800	\$ 2,410.49000		13795.56	39,474	28,674	8,889	1,912							
Cogeneration < 1MW	customer	\$ 110.72780	\$ 344.19020		2754.29	7,515	5,459	1,692	364							
Streetlight - Time of Use	connection	\$ 0.01330	\$ 0.04140		0.27	7,008	5,086	1,582	341							
Sentinel Lights - Non time of use	connection	\$ 0.02430	\$ 0.07540		0.48	326	243	75	8							
Unmetered Loads < 50 KW	connection	\$ 0.02430	\$ 0.07540		0.48	610	461	141	9							
Recalculated fixed charge recoveries						\$ 1,696,046	\$ 1,257,268	\$ 362,797	\$ 75,981	-	-	-	-	-	-	-

Distribution Revenue - Variable

Residential	kWh's	0.000457	0.001422	0	0.0093	\$ 763,495	\$ 584,051	\$ 150,704	\$ 29,146	\$ (161)	\$ (83)	\$ (71)	\$ (58)	\$ (37)	\$ (10)	\$ 13
General Service < 50 KW	kWh's	0.000333	0.001036	0	0.0070	201,445	149,839	42,945	8,892	(62)	(23)	(42)	(32)	(68)	(4)	-
General Service > 50 KW	kWh's	0.048680	0.151320	0	0.9587	126,343	92,645	27,937	5,702	59	-	-	-	-	-	-
General Service > 50 KW TOU	kWh's	0.048680	0.151320	0	0.9587	116,853	87,138	29,715	-	-	-	-	-	-	-	-
Large User	kWh's	0.056373	0.175232	0	1.0958	30,186	22,617	7,570	-	-	-	-	-	-	-	-
Cogeneration < 1MW - incremental	kWh's	0.155763	0.484179	0	3.2492	2,082	1,821	260	-	-	-	-	-	-	-	-
Cogeneration < 1MW - standby	kWh's	0.065905	0.204862	0	2.1146	13,972	10,479	3,493	-	-	-	-	-	-	-	-
Cogeneration > 1 MW - incremental	kWh's	0.155763	0.484179	0	3.2492	-	-	-	-	-	-	-	-	-	-	-
Cogeneration > 1MW - standby	kWh's	0.065905	0.204862	0	2.1146	-	-	-	-	-	-	-	-	-	-	-
Streetlight - Time of Use	kWh's	0.048296	0.150124	0	0.9928	4,057	3,041	1,016	-	-	-	-	-	-	-	-
Sentinel Lights - Non time of use	kWh's	0.050601	0.157290	0	1.1027	175	133	42	1	4	(4)	-	-	-	-	(0)
Unmetered Loads < 50 KW	kWh's	0.000333	0.001036	0	0.0070	3,994	3,018	972	0	4	-	-	-	-	-	-
Recalculated variable charge recoveries						\$ 1,262,601	\$ 954,782	\$ 264,653	\$ 43,740	\$ (155)	\$ (110)	\$ (112)	\$ (90)	\$ (105)	\$ (14)	\$ 13

Distribution Revenue - Variable

Residential	kWh's	0	0	0.003599	0.0100	\$ 2,371,312	\$ -	\$ 21,609	\$ 229,420	\$ 284,353	\$ 294,944	\$ 337,798	\$ 314,781	\$ 304,004	\$ 287,375	\$ 297,029
General Service < 50 KW	kWh's	0	0	0.002553	0.0082	672,435	-	5,570	65,032	84,268	85,639	89,237	90,429	86,252	83,023	82,985
General Service > 50 KW	kWh's	0	0	0.316098	1.6229	387,649	-	2,670	36,653	52,506	50,932	51,240	49,556	49,911	48,766	45,415
General Service > 50 KW TOU	kWh's	0	0	0.316098	1.6229	407,266	-	-	47,899	51,782	53,761	52,945	51,891	53,017	48,011	47,961
Large User	kWh's	0	0	0.351788	1.9808	103,754	-	-	11,342	13,040	13,677	13,291	13,478	14,115	13,083	11,728
Cogeneration < 1MW - incremental	kWh's	0	0	1.152076	3.8221	9,243	-	-	874	1,301	1,803	3,138	1,284	3,744	(4,772)	1,872
Cogeneration < 1MW - standby	kWh's	0	0	0.326667	2.2396	32,569	-	-	4,214	4,214	4,214	4,214	4,214	3,071	4,214	4,214
Streetlight - Time of Use	kWh's	0	0	0.408531	1.6555	16,821	-	-	2,094	2,094	2,100	2,101	2,103	2,106	2,111	2,112
Sentinel Lights - Non time of use	kWh's	0	0	0.442255	1.7297	723	-	7	48	128	86	91	91	89	93	89
Unmetered Loads < 50 KW	kWh's	0	0	0.002553	0.0082	15,006	-	87	979	2,758	1,836	1,908	1,905	1,778	1,973	1,781
Recalculated variable charge recoveries						\$ 4,016,780	\$ -	\$ 29,943	\$ 398,556	\$ 496,443	\$ 508,993	\$ 555,964	\$ 529,732	\$ 518,086	\$ 483,877	\$ 495,186

Total recalculated recoveries for 2004

\$ 6,975,427	\$ 2,212,051	\$ 657,392	\$ 518,277	\$ 496,288	\$ 508,882	\$ 555,851	\$ 529,642	\$ 517,981	\$ 483,864	\$ 495,199
---------------------	---------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

Amounts reported in continuity schedule

\$ 6,692,050	\$ 2,376,983	\$ 294,605	\$ 433,334	\$ 496,324	\$ 502,206	\$ 562,582	\$ 529,663	\$ 518,004	\$ 483,875	\$ 494,474
---------------------	---------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

Period Jan 1 to Mar 31, 2004	\$ 2,376,983
Period Apr 1 to Dec 31, 2004	4,315,067
Total recoveries reported for 2004	\$ 6,692,050
Adjustment for additional recoveries	\$ 283,377

b) The statistics for 2004 in the recovery calculations are different from the actual statistics for 2004 provided in the 2006 EDR application for the following reasons:

- The statistics for energy quantities (kWh's) that London Hydro provided in the 2006 EDR application which agree to the values indicated in Board Staffs table for this IR are the uplifted energy quantities utilized for commodity billing purposes. Additionally, these quantities have been adjusted for the differences in opening and closing unbilled amounts, to reflect the actual consumption for the year versus the amounts billed for the year.

In hindsight, it appears that the values in the 2006 EDR for energy quantities should have been the values before uplift for system losses since the model would have utilized those values to derive a variable distribution revenue rate, and the rate in turn would have been lower than if quantities before uplift had been used.

- The energy quantities (kWh's) indicated in the recovery calculations are billed quantities unadjusted for year-end unbilled differences and before the uplift for system losses has been applied. The PILs recovery rate riders were billed as a distribution rate, and distribution rates are applied only to the quantities before uplift. Adjustments for unbilled amounts are not applicable since recoveries do not occur until the customer is billed.
- Values reported for kW's agree to those reported in the 2006 EDR filing due to the fact that there is no uplift factor applied to kW's.

The following table illustrates the variances and their causes.

2004 Statistics by Class - Dec 31,2004	Units	Actual Consumption 2004 - Per 2006 EDR Stats	Unbilled Consumption Dec 31/2003	Actual Billings 2004	Unbilled Consumption Dec 31/2004
RESIDENTIAL CLASS	kWh's	1,112,109,365	(98,609,973)	1,110,179,252	100,540,086
GENERAL SERVICE <50 KW CLASS	kWh's	429,496,209	(34,375,764)	428,282,712	35,589,261
Unmetered Loads<50 kW	kWh's	8,759,094	(701,055)	8,734,346	725,803
		438,255,303	(35,076,819)	437,017,058	36,315,064
GENERAL SERVICE >50 KW NON TOU	kW's	1,849,403	(281,522)	1,858,070	272,855
GENERAL SERVICE >50 KW TOU	kW's	1,872,685	-	1,872,685	-
		3,722,088	(281,522)	3,730,755	272,855
LARGE USER CLASS	kW's	420,543	(32,255)	425,269	27,529
COGENERATION < 1MW - incremental	kW's	15,431	(299)	11,276	4,454
COGENERATION < 1MW - standby	kW's	149,332	(12,781)	151,300	10,813
STREET LIGHTING CLASS	kW's	61,695	(5,098)	61,623	5,169
SENTINEL LIGHTS	kW's	2,470	(204)	2,477	197

2004 Statistics by Class - Dec 31,2004	Units	2004 Uplifted Billing Amounts in 2006 EDR Stats	2004 Billed Amounts Before Uplift Per PILs Recovery Worksheets	Variance	Uplift for Loss Factor	Uplifted Energy Quantities	Variances after uplift adjustment
RESIDENTIAL CLASS	kWh's	1,110,179,252	1,065,211,136	(44,968,116)	104.22%	1,110,163,046	(16,206)
GENERAL SERVICE <50 KW CLASS	kWh's	428,282,712	410,537,726	(17,744,986)			
Unmetered Loads<50 kW	kWh's	8,734,346	8,795,094	60,748			
		437,017,058	419,332,820	(17,684,238)	104.22%	437,028,665	11,607
GENERAL SERVICE >50 KW NON TIME OF USE	kW's	1,858,070	1,858,070	(0)			
GENERAL SERVICE >50 KW TIME OF USE	kW's	1,872,685	1,872,685	0			
		3,730,755	3,730,755	0			
LARGE USER CLASS	kW's	425,269	425,269	(0)			
COGENERATION < 1MW - incremental	kW's	11,276	11,276	0			
COGENERATION < 1MW - standby	kW's	151,300	151,300	-			
STREET LIGHTING CLASS	kW's	61,623	61,623	(0)			
SENTINEL LIGHTS	kW's	2,477	2,477	(0)			

- c) The statistics for 2003 in the recovery calculations are different from the actual statistics for 2003 provided in the 2006 EDR application for the same reasons as detailed in the response to section b) for this interrogatory.
- d) 2001 to 2006 and all other applicable years of energy quantities before uplift for system losses were utilized in the development of the 2009 weather normalized load forecast to develop the variable distribution rates. The PIL's recovered for the period 2001 to 2006 were billed to and recovered from customers based upon the energy quantities billed before uplift was applied.
- e) No, London Hydro did not have billing system problems in 2004.
- f) No, London Hydro did not replace its billing system in 2004.

Interrogatory #14
Ref: 2004 SIMPIL Model

In the 2004 SIMPIL model, London added back \$25,600 on sheet TAXREC and also on sheet TARXEC3 for non-deductible meals. Taxable income does not balance to the tax return. In the 2005 SIMPIL model, London disclosed the addition for non-deductible meals on TAXREC3.

- a) Please remove one of the additions so that the SIMPIL model balances to the tax return and correct the continuity schedule.

Interrogatory #14
Ref: 2004 SIMPIL Model

Response

- a) In the 2004 SIMPIL model, the amount of \$25,600 on sheet TAXREC for non-deductible meals has been removed as instructed. The revised taxable income amount for 2004 of \$8,843,403 is now in balance with the tax return. This adjustment did not change the true up amount for 2004 and thus not corrections were required to the continuity schedule.

The revised 2004 SIMPIL model is being filed with the responses these Board Staff interrogatories.

Interrogatory #15
Ref: Interest Expense

When the actual interest expense, as reflected in the financial statements and tax returns, exceeds the maximum deemed interest amount approved by the Board, the excess amount is subject to a claw-back penalty and is shown in sheet TAXCALC as an extra deduction in the true-up calculations.

For the tax years 2001 to 2005:

- a) Did London have interest expense related to liabilities other than debt that is disclosed as interest expense in its financial statements?
- b) Did London net interest income against interest expense in deriving the amount it shows as interest expense in its financial statements and tax returns? If yes, please provide details to what the interest income relates.
- c) Did London include interest expense on customer security deposits in interest expense for purposes of the interest true-up calculation?
- d) Did London include interest income on customer security deposits in the disclosed amount of interest expense in its financial statements and tax returns?
- e) Did London include interest expense on IESO prudentials in interest expense?
- f) Did London include interest carrying charges on regulatory assets or liabilities in interest expense?

- g) Did London include the amortization of debt issue costs, debt discounts or debt premiums in interest expense? If the answer is yes, did London also include the difference between the accounting and tax amortization amounts in the interest true-up calculations? Please explain.
- h) Did London deduct capitalized interest in deriving the interest expense disclosed in its financial statements? If the answer is yes, did London add back the capitalized interest to the actual interest expense amount for purposes of the interest true-up calculations? Please explain.
- i) Please provide London's views on which types of interest income and interest expense should be included in the excess interest true-up calculations.
- j) Please provide a table for the years 2001 to 2005 that shows all of the components of London's interest expense and the amount associated with each type of interest.

Interrogatory #15

Ref: Interest Expense

For the tax years 2001 to 2005

Response

- a) Yes – Interest expense on customer deposits is also included in interest expense.
- b) No, London did not net interest income against interest expense in deriving the amount it shows as interest expense in its financial statements and tax returns.
- c) Yes, London included interest expense on customer security deposits in interest expense for purposes of the interest true-up calculation.
- d) No, London did not include interest income on customer security deposits in the disclosed amount of interest expense in its financial statements and tax returns.
- e) No, London did not include interest expense on IESO prudentials in interest expense.
- f) No, London did not include interest carrying charges on regulatory assets or liabilities in interest expense.

- g) No, London did not include the amortization of debt issue costs, debt discounts or debt premiums in interest expense.
- h) No, London did not deduct capitalized interest in deriving the interest expense disclosed in its financial statements.
- i) Our view is that the purpose of the interest true-up was to compare deemed interest in rate base to actual interest on rate base and adjust for any excess interest above the deemed amount. With that understanding our view is that only interest on long and short term debt should be included in these calculations. Interest on customer deposits, regulatory assets and liabilities and other amounts not related to rate base should be excluded from the calculations for true up purposes.
- j) The following table for the years 2001 to 2005 shows all of the components of London's interest expense as reflected in the financial statements..

Components of Interest Expense					
	2001	2002	2003	2004	2005
Int on Customer Deposits	280,599	169,513	258,515	255,252	200,289
Interest on Short Term Debt	-	315,248	55,426	18,233	95,919
Interest on Long Term Debt	-	123,498	2,390,445	4,200,000	4,200,000
TOTAL INTEREST EXPENSE	280,599	608,259	2,704,387	4,473,485	4,496,208

Interrogatory #16
Ref: 2001 to 2005 Tax Returns
Ref: Tax Years – Statute-barred

a) Please confirm that all tax years from 2001 to 2005 are now statute-barred.

Interrogatory #16
Ref: 2001 to 2005 Tax Returns
Ref: Tax Years – Statute-barred

Response

a) We confirm that all tax years from 2001 to 2005 are now statute-barred.