London Hydro

25 February, 2012

**By RESS and Courier**

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: London Hydro Inc.**
**2011 IRM3 Electricity Distribution Rate Application**
**Reply Submission**
**Board File No: EB-2011-0181**

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Enclosed is the reply submission by London Hydro Inc. in response to written submissions received from Board Staff and Vulnerable Energy Consumers Coalition ("VECC"), issued and received on February 16th, 2012.

An electronic version of this final submission is being sent by e-mail and to be filed via the Board's RESS system. Two paper copies of the Final Submission will be delivered via courier to the Board, to the attention of the Board Secretary.

If you have any questions or concerns with the Final Submission, please do not hesitate to contact me at (519) 661-5800 Ext. 5750.

(Original signed by)

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cc Mr. Michael Buonaguro, VECC
Mr. Dave Williamson, London Hydro Inc.

**Response to Final Submission**
**London Hydro Inc.**
**2012 IRM3 Rate Application**
**EB-2011-0181**

## INTRODUCTION

London Hydro Inc. ("London Hydro") filed an application (the "Application") with the Ontario Energy Board (the "Board") on November 24, 2011, under section 78 of the *Ontario Energy Board Act, 1998,* seeking approval for changes to the rates that London Hydro charges for electricity distribution, to be effective May 1, 2012. The Application was filed in accordance with the Board's guideline for 3rd Generation Incentive Regulation.

On February 16th, 2012, Board staff and the Vulnerable Energy Consumers Coalition ("VECC"), filed submissions on the following matters:

- Review and Disposition of Deferral and Variance Accounts as per the *Electricity Distributions' Deferral and Variance Account Review Report* (The "EDDVAR Report");
- Smart Meter Funding Adder ("SMFA");
- Lost Revenue Adjustment Mechanism ("LRAM") Claim; and
- Payments in Lieu of Taxes ("PILs") – PILS 1562.

London Hydro provides the following responses with respect to the above matters:

### Review and Disposition of Deferral and Variance Accounts

In its submission, Board staff noted that London Hydro had requested the disposition of its December 31, 2010 balances of Group 1 Deferral and Variance account balances which, including interest as of April 30, 2012, amounts to a credit of $7,184,125; this is equivalent to a credit of $0.00209 per kWh and exceeds the present disposition threshold. Board staff noted that the requested disposition principal balances reconcile with the records of the Board. Further, Board staff takes no issue with London Hydro's request to dispose of its 2010 Deferral and Variance Account balances.

Board staff noted that London Hydro had requested a three-year disposition period in order to avoid erratic rate adjustments to customers that will occur by virtue of introducing a significant bill credit one year and removing in year two. It is further noted that London is extremely concerned with the cash flow impacts that would result from a shorter disposition period. However, Board staff has recommended that a two-year disposition period be adopted for all of Group 1 account balances. Board staff notes that using a disposition period of three years may exacerbation intergenerational inequalities.

In London's interrogatory responses, London submitted the bill impacts for one, two, and three disposition periods in the repayment of all Group 1 Accounts. In review of the bill impacts Board Staff note that the bill impact for the Residential class does not vary significantly between the two and three year scenarios (i.e. -1.9% and -1.7% respectively).

However, London Hydro requested for a disposition period of three years based on bill impact concerns of our other classed customers especially our Large User, General Service > 50 kW to 4,999 kW, and General Service > 50 kW to 4,999 kW (CoGeneration) class customers. The concerns as to erratic rate adjustments impacting our customers by imposing a two-year disposition period are still very much of a concern to London Hydro. Constant bill impact increases and decreases, lumpy rate changes, provide uneasiness for our customers towards our Industry, and in particular with our Industrial class customers who are in the manufacturing business. These customers often look for stability in their business environment and are adverse to spikes in any input, such as electricity, needed in their manufacturing concerns. London Hydro further makes mention that its next cost of service rate filing is expected to apply for 2013 rates.

Total bill impact differences between a disposition period of two years and three years are reflected in Table 1.

**Table 1 – Bill Impact Comparison: Deferral and Variance Disposition between Period of Two and Three Years**

| Rate Class | Consumption kWh | Demand kW | Disposition Period 2 Year | Disposition Period 3 Year |
|---|---|---|---|---|
| RESIDENTIAL | 800 | - | -1.9% | -1.7% |
| GENERAL SERVICE LESS THAN 50 KW | 2,000 | - | -1.1% | -0.9% |
| GENERAL SERVICE >50 KW to 4,999 KW | 995,000 | 2,480 | -2.0% | -1.1% |
| GENERAL SERVICE >50 KW to 4,999 KW (CoGeneration) | 995,000 | 2,480 | -4.3% | -2.9% |
| LARGE USER | - | - | -4.0% | -2.6% |
| UNMETERED LOADS (SCATTERED) | 2,000 | | -0.7% | -0.1% |
| SENTINEL LIGHTS | 180 | 0.50 | -1.5% | 1.2% |
| STREET LIGHTING | 37 | 0.10 | -1.3% | -1.0% |

While London Hydro acknowledges Board staff's desire to not exacerbation intergenerational inequalities, it is felt that a three-year disposition is in the best interests for our customers by permitting some stability in rates.

London Hydro respectfully submits that the $7,184,125 amount should be disposed of over a three-year period as originally requested in its Application.

**Smart Meter Funding Adder ("SMFA")**

In its application London Hydro requested to the Board the approval for the continuation of the existing approved SMFA of $1.46 per metered customer per month until April 30th, 2012 or until such time as a Smart Meter Cost Recovery Application is filed by London and approved by the Board. Although London will be seeking a May 1, 2012 implementation for its smart meter costs recoveries, in the event that a Board decision cannot be rendered for a May 1, 2012 implementation of a SMIRR and SMDR, the Applicant is requesting for the continuation of the existing SMFA.

London Hydro's request for continuation of the SMFA, the amount of $1.46 per metered customer per month, is based on avoidance of confusion to our customers and erratic rate adjustments from the removal of the SMFA on May 1, 2012 followed by possible implementation of a revised approved adder or rate rider shortly after. As noted by Board staff London Hydro is expected to rebase its rates through a cost of service application for the 2013 rate year. In addition, the Board staff also noted that London Hydro has not yet completed the deployment of all its smart meters and still has remaining deployment costs to incur.

Board staff has submitted that London's request is reasonable. That they are of the view that establishing a termination date of April 30, 2013 for the SMFA, or until such time as a final smart meter recovery is approved, should give London enough time to complete its smart meter program.

London Hydro appreciates Board staff comments that this will allow sufficient time for the utility to prepare and file for deposition of its smart meter costs in accordance with the guideline and model, and as part of London's expected 2013 cost of service application to rebase its rates.

London Hydro agrees with the Board staff submission and submits for the continuation of the SMFA, in the amount of $1.46 per metered customer per month, with a termination date of April 30, 2013 or until such time as a final smart meter recovery is approved.

**Lost Revenue Adjustment Mechanism ("LRAM") Claim**

In its Application, London Hydro requested the recovery of its LRAM saving resulting from forgone volumes applicable to Ontario Power Authority ("OPA") CDM programs implemented in 2009 and 2010. The total amount of $291,455 was originally applied for in the Application, based on OPA final 2009 program results for London Hydro, and estimated 2010 OPA CDM results. An estimation of 2010 OPA CDM results were applied for in this Application due to the unavailability of the final 2010 OPA CDM report when the original evidence was prepared. However, after many requests to the OPA, the Applicant was able to obtain a copy of the OPA final 2010 program results for London Hydro just before filing the response to Board staff interrogatories. London Hydro, in its response to interrogatories revise our LRAM request for OPA CDM programs implemented in 2009 and 2010 for an amount of $355,473.45, including carrying charges.

In association with London Hydro's background for LRAM and SSM recoveries, London Hydro has never filed an application for forgone volumes or recoveries of LRAM or SSM. London Hydro's last cost of service in 2009 (EB-2008-0235), London never included in its cost of service application a claim for lost revenues (whether LRAM or SSM). Only during the cost of service rate application intervener process a question was asked as to London Hydro's intensions to file for future LRAM or SSM recoveries. As referenced in Appendix E - London Hydro IRM2012 LRAM Recovery – letter, page one of its Application London Hydro states,

"…the London Hydro 2009 Cost of Service Rate Application, London Hydro forwarded to the OEB that London Hydro would not be seeking LRAM or SSM dispositions for programs in the years 2006, 2007, and 2008. Therefore, this Application will *not include any recoveries for lost distribution revenues for either due to CDM programs funded from 3rd tranche MARR funding, or 2006, 2007, and 2008 CDM programs that were funded by the OPA."*

In both the Board staff and VECC submissions, London Hydro was invited to provide responses to both the 2010 LRAM programs, and the Persisting Impacts of 2009 Programs and 2009 Lost Revenues. London's response is as follows:

***2010 programs***

Both the Board staff and VECC have submitted to approving of the 2010 lost revenues, as requested by London Hydro. Board staff notes that the lost revenues were applied for in an IRM year and are consistent with 2012 IRM decisions on applications for Horizon (EB-2011-0173), Hydro One Brampton (EB-2011-0174), and Whitby Hydro (EB-2011-0206). VECC also submits their support for the approval of lost revenues in 2010 from 2010 CDM program results in 2010, as these savings occurred post rebasing (during an IRM year).

While London Hydro accepts the approval of the requested recoveries for 2010 lost revenues amounts, the Applicant is also requesting the approval of the Board as to its application for full recovery of 2009 lost revenues, as identified in the next section of this submission reply.

***Persisting impacts of 2009 programs and 2009 lost revenues***

In the Application, London requested the recovery of LRAM that includes revenues in 2009 for 2009 CDM programs and the persisting lost revenues for 2009 CDM programs.

Both the Board staff and VECC have stated similar in that they both do not support the claim for lost revenues relating to 2009 for 2009 CDM programs, or the persisting lost revenues from 2009 CDM programs in 2010 as these amounts should have been built into London's last approved load forecast.

In the Board staff's submission, is stated:

"*In cases in which it was clear in the application or settlement agreement that an adjustment for CDM was not being incorporated into the load forecast specifically* *because of an expectation that an LRAM application would address the issue, and if this approach is was accepted by the Board, <u>then Board staff would agree that an LRAM application is appropriate.</u> London may want to highlight in its reply whether the issue of an LRAM application was addressed in its cost of service application"*

In their interrogatories, Board staff requested that London Hydro 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. London Hydro response was that the last Board approved load forecast was in its 2009 Cost of Service rate application. Those Board Staff interrogatories in the 2009 Cost of Service (EB-2008-0235) IR #34: 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 <u>did not include any adjustments or proxies for CDM programs initiated after 2007</u>."

London Hydro feels if there was a suggestion that it was appropriate to adjust its load forecast for the 2009 Cost of Service rate application for CDM programs in 2009, it would not have deemed it to be appropriate to adjust for CDM that were based on "planned 2009" figures. Section 5.3 of the Guidelines for Electricity Distributor Conservation and Demand Management (EB-2007-0037), issued March 28, 2008 (the "2008 CDM Guidelines") states that,

"When applying for LRAM, a distributor should ensure that sufficient time has passed to ensure that the information needed to support the application is available".

For London Hydro to apply any adjustments to its load forecast for the 2009 cost of service application, to suggest adjusting for planned and not realized 2009 CDM programs, was thought to be inappropriate based on 2008 CDM Guidelines. Further, London's 2009 load forecast was strongly evidenced in its 2009 Application and was tested thoroughly by a considerable multitude of interrogatories from both Board staff and Interveners throughout the 2009 rate application proceedings. We are not aware of any interrogatories or discussions throughout that proceeding from the Board or Interveners with respect to asking London Hydro to either include or quantify the load forecast adjustments pertaining to 2009 CDEM programs yet to be undertaken.

In developing the load forecast in its 2009 cost of service application, London Hydro used a multiple regression approach whereby a mathematical relationship was developed between various historical input parameters and kWh load. While London Hydro now understands some LDCs in their applications, specifically lower their load forecast in the test year and in subsequent years to include expected future reductions due to their adoption of CDM initiatives, London Hydro did not take this approach; rather, London Hydro's forecast was developed in full expectation of making LRAM claims in future years to compensate it for any subsequent CDM initiatives it undertook.

The Guidelines for Electricity Distributors Conservation and Demand Management (the "2012 CDM Guidelines"), issued January 5, 2012 do state:

*"In the situation where the distributor has not included CDM impacts in its load forecast, the distributor is expected to make it clear in their rate application that CDM impacts have not been included, why they have not been included, and whether the distributor intends to address CDM impacts through an LRAM".*

However, London Hydro relied on the <u>2008 CDM Guidelines</u> when filing its 2009 rate application. The above reference from the 2012 CDM Guidelines was simply not found in the 2008 CDM Guidelines.

Therefore, London Hydro submits that its LRAM application is indeed appropriate, that London Hydro did not include in the approved load forecast for its 2009 Cost of Service application any reductions for losses attributable to 2009 CDM programs. That London

Hydro complied with 2008 CDM Guidelines that were applicable for the 2009 cost of service rate application. In addition London Hydro had full expectations, in not including reductions in its load forecast, that it would be able to use actual OPA verified results to put forward a LRAM claim in the future.

London Hydro submits that the LRAM claim as filed is both appropriate and requests that the Board approve the full applied LRAM claim of $355,473.45.

***Board Staff Request for LRAM Model Input Changes***

As per Staff request, London Hydro provides an updated LRAM amount that only includes lost revenues from 2010 CDM programs in the year 2010, and subsequent rate riders being requested. London Hydro wishes to again express that not only is London Hydro requesting recoveries for LRAM for its 2010 CDM programs, but as well as 2009 programs, in both 2009 and 2010, and resulting carrying charges.

## Table 2 – LRAM from 2010 CDM Programs in Year 2010

Forgone Revenue by Program and Class
(2009-2010 OPA Programs Only)
Revise To Board Staff Submission Request - Only Includes 2010 CDM Prgrams in Year 2010.
*London Hydro is not requesting LRAM /SSM for Programs in 2006, 2007, and 2008

| | | 2010 | | | | Total Revenue | Carrying Charges | Total | 2010 Billing Determinate | Rate Rider |
|---|---|---|---|---|---|---|---|---|---|---|
| Class/ Program | Year Program Implimented | Load Impact | kWh or kW | Rate per Unit | Revenue | | | | | |
| **RESIDENTIAL** | | | | | | | | | | |
| Great Refrigerator Roundup | 2010 | 1,272,000 | kWh | $ 0.0142 | $ 18,062.40 | $ 18,062.40 | | | | |
| Cool Savings Rebate | 2010 | 1,223,000 | kWh | $ 0.0142 | $ 17,366.60 | $ 17,366.60 | | | | |
| Every Kilowatt Counts Power Savings Event | 2010 | 539,000 | kWh | $ 0.0142 | $ 7,653.80 | $ 7,653.80 | | | | |
| **Residential Total** | | 3,034,000 | | | $ 43,082.80 | $ 43,082.80 | $ 844.42 | $ 43,927.22 | 1,146,514,255 | $ 0.00004 |
| **General Service < 50 kW** | | | | | | | | | | |
| OPA Energy Retrofit Incetive Program (ERIP) | 2010 | 116,414 | kWh | $ 0.0091 | $ 1,059.36 | $ 1,059.36 | | | | |
| High Performance New Construction | 2010 | 839,000 | kWh | $ 0.0091 | $ 7,634.90 | $ 7,634.90 | | | | |
| Power Savings Blitz | 2010 | 7,467,000 | kWh | $ 0.0091 | $ 67,949.70 | $ 67,949.70 | | | | |
| Multifamily Energy Efficency Rebates | 2010 | 1,244,000 | kWh | $ 0.0091 | $ 11,320.40 | $ 11,320.40 | | | | |
| **Total General Service < 50 kW** | | 9,666,414 | | | $ 87,964.36 | $ 87,964.36 | $ 1,724.10 | $ 89,688.46 | 407,620,994 | $ 0.00022 |
| **General Service 50 kW to 4,999 kW** | | | | | | | | | | |
| OPA Energy Retrofit Incetive Program (ERIP) | 2010 | 210 | kW | $ 1.6052 | $ 337.82 | $ 337.82 | | | | |
| Demand Response 1 | 2010 | 0 | kW | $ 1.6052 | $ - | $ - | | | | |
| Demand Response 2 | 2010 | 3,391 | kW | $ 1.6052 | $ 5,442.52 | $ 5,442.52 | | | | |
| Demand Response 3 | 2010 | 7,171 | kW | $ 1.6052 | $ 11,511.62 | $ 11,511.62 | | | | |
| Loblaw & York Region Demand Response | 2010 | 832 | kW | $ 1.6052 | $ 1,335.93 | $ 1,335.93 | | | | |
| **Total General Service 50 to 4,999 kW** | | 11,605 | | | $ 18,627.90 | $ 18,627.90 | $ 365.11 | $ 18,993.01 | 3,944,476 | $ 0.00482 |
| **Large User** | | | | | | | | | | |
| OPA Energy Retrofit Incetive Program (ERIP) | 2010 | 19 | kW | $2.2552 | $ 42.96 | $ 42.96 | | | | |
| **Large User** | | 19 | | | $ 42.96 | $ 42.96 | $ 0.84 | $ 43.80 | 402,894 | $ 0.00011 |
| **Total Forgone Revenue OPA programs** | | 12,712,037 | | | $ 149,718.02 | $ 149,718.02 | $ 2,934.47 | $ 152,652.49 | | |

### *VECC – Input Assumptions*

In reply to VECC submission and Input Assumptions (OPA Funded Programs) item 2.8, VECC identifies that London Hydro was not able to be provided by the OPA the 2010

OPA Program Results report in detail (on input assumptions at the measured level). Although VECC acknowledges our many requests to the OPA for the detailed OPA program report, VECC asks that London Hydro indicate the impact of this additional information on its LRAM claim in its reply submissions.

At the time of filing of this reply submission, London Hydro has yet to be provided a copy of the detailed OPA program report for 2010. This is after again repeated requests to the OPA to supply the report. London Hydro requests VECC understanding as to this matter in that the Applicant has been aggressive in trying to obtain the report in question and would like to have all parties, including VECC and London Hydro, the opportunity to review the report. However, although London Hydro does not expect any material discrepancies in OPA Program results between the summary and the detailed report, London Hydro cannot confirm.

**Payments in Lieu of Taxes ("PILS") – PILS 1562**

In their final submission, Board staff raised concerns with respect to the determination of PILs recovery amounts specifically for the 2004 calendar year.

Board staff stated that the trend for the majority of distributors is that the PILs recoveries exceed the proxies for the full years of 2003, 2004 and 2005. Staff stated that PILs rates slivers were derived in 2002 using billing determinants estimated for the 2001 fiscal year. As demand and population grew, the PILs dollar amounts recovered were higher than the proxy set using 2001 billing determinants.

Board staff provided a table in their final submission that illustrated London Hydro's PILs proxies and recoveries for 2003, 2004 and 2005 and requested that London provide an explanation for this different trend in 2004, or provides a revised calculation of recoveries.

In Table 2 below, London Hydro has recreated the table provided by Board Staff.

**Table 2 - London Hydro PILS Recoveries versus Proxies**

| PILS Recoveries vs Proxies | | | | | | |
|---|---|---|---|---|---|---|
| | | 2003 | | 2004 | | 2005 |
| PILS proxies in rates | $ | 8,708,534 | $ | 2,177,089 | $ | 1,654,031 |
| | | | | 4,962,092 | | 4,239,022 |
| | $ | 8,708,534 | $ | 7,139,181 | $ | 5,893,053 |
| | | | | | | |
| PILS Recoveries Calculations | | | | | | |
| | | 2003 | | 2004 | | 2005 |
| | $ | 9,028,302 | $ | 2,212,052 | $ | 1,757,990 |
| | | | | 4,763,376 | | 4,368,295 |
| | $ | 9,028,302 | $ | 6,975,428 | $ | 6,126,285 |
| | | | | | | |
| Difference | $ | (319,768) | $ | 163,753 | $ | (233,232) |

A review of the energy quantity data utilized in the 2004 RAM model to calculate the variable PILs rate sliver that became effective on April 1, 2004 indicates that the energy quantities used were the uplifted values that are utilized for energy commodity billing. The values that should have been used are the values used for billing variable distribution revenue, which are the values before uplift for systems losses. The difference in these 2 values is approximately 4%.

The impact of this error in the 2004 RAM model is that the energy quantities used to recover the rate would be approximately 4% lower than the quantities used to calculate the rate.

Under recoveries resulting from this difference in quantities are offset by quantity growth related to customer growth, but initially in 2004, this error combined with a change in recovery mechanism that removed the fixed recovery component and placed all recoveries on the variable component resulted in an under recovery for London Hydro in 2004 as indicated above.

In Board Staffs submission, a table of billing determinates were presented and London Hydro was invited to consider the implications of the data in the PILs recoveries. Board Staffs table of data, reference as Table 3, is illustrated below.

**Table 3 – Board Staff Table of Data (for Disposition of PILS Account 1562)**

| - 10 - Board Staff Submission London Hydro Inc. 2012 IRM3 Application **EB-2011-0181** **Customer Class** | **Billing Parameter** | **Billing Determinants for 1999 from 2002 RAM Base Rates** | **Billing Determinants for 2001 from 2002 RAM PILs** | **Billing Determinants for 2002 from 2004 RAM** | **Billing Determinants for 2003 from 2005 RAM** | **Total Actual 2004 IRRs page 31** |
|---|---|---|---|---|---|---|
| Residential | kWh's | 1,010,154,173 | 1,022,356,811 | 1,126,683,291 | 1,117,118,053 | 1,065,211,136 |
| General Service < 50 KW | kWh's | 353,514,874 | 396,733,285 | 455,884,258 | 442,893,345 | 410,537,726 |
| Unmetered Loads < 50 KW | kWh's | | | - | - | 8,795,094 |
| | | 353,514,874 | 396,733,285 | 455,884,258 | 442,893,345 | 419,332,820 |
| General Service > 50 KW | kW's | 3,933,244 | 3,173,866 | 3,652,083 | 1,770,051 | 1,858,070 |
| General Service > 50 KW - TOU | kW's | | | | 1,929,241 | 1,872,685 |
| | | 3,933,244 | 3,173,866 | 3,652,083 | 3,699,292 | 3,730,755 |
| Large User - TOU | kW's | 539,441 | 440,191 | 376,632 | 441,848 | 425,269 |
| Cogeneration < 1MW - incr. | kW's | 14,487 | 15,017 | 29,809 | 30,491 | 11,276 |
| Cogeneration < 1MW - standby | kW's res. | 126,600 | 181,300 | 154,799 | 154,681 | 151,300 |
| Streetlight - TOU | kW's | 56,685 | 58,106 | 59,788 | 60,493 | 61,623 |
| Sentinel Lights | kW's | 2,561 | 2,586 | 2,745 | 2,590 | 2,477 |

The data in the above table confirms the explanations given by London Hydro for the shortfall in recoveries in 2004. The energy quantities shown in the table for the “billing determinates for 2002 from 2004 RAM” are the values that were used to calculate the PILs sliver that became effective on April 1, 2004. These values were the uplifted energy values, whereas the values from the “total actual 2004 IRRs” column above are the values before uplift that are used to bill the PILs rate slivers to customers.

Board staff submitted that London Hydro revised its calculation of recoveries for the January 1 to March 31, 2004 time frame but did not file the active Excel workbook for staff to determine what method London followed.

London Hydro is attaching a copy of that live excel workbook as requested by Board staff, reference Appendix A -PILS Feb 27, 2004.

Board staff submitted that there may be a problem with London’s analysis because of the logic in the 2004 RAM application model. Staff stated that In order to maintain the fixed charge at the same amount as the prior rate order, sheet #9 was inserted into the 2004 RAM. This sheet adjusted the decline that would have occurred in the fixed charge rate by reducing the volumetric rate by class. PILs from April 1, 2004 were recovered using only the volumetric rate. The PILs slivers were calculated on sheet #7 before this downward adjustment to the variable rate on sheet #9.

Distributors should use the PILs rate slivers from sheet #7 of the 2004 RAM in order to calculate the PILs recoveries.

London Hydro has confirmed that the correct PILs slivers from sheet #7 of the 2004 RAM model have been used in their calculation of recovery amounts.

London Hydro has reviewed its calculations of the 2004 PILs recoveries using the PILs rate slivers from the 2002 and 2004 RAM models and the billing determinants for the discrete periods of January 1 to March 31, 2004 and from April 1 to December 31, 2004.

Active Excel worksheets to support these calculations have been included with this reply submission.

London Hydro respectfully submits that PILs recovery amounts, including the previously noted revisions for 2004 have been accurately accounted for.

**Conclusion**

London Hydro submits that the relief requested in this Application, as provided in its Reply Submission, is just and reasonable, and requests that the Board direct London Hydro to prepare a draft Rate Order that implements the requested relief with an effective date of April 1, 2012.

All of which is respectfully submitted