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BY E-MAIL

April 23, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Ste. 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: London Hydro Inc.
2012 Distribution Rate Application
Comments on Draft Rate Order
Board File No. EB-2011-0181**

Please find attached Board Staff's comments on the draft Rate Order filed by London Hydro Inc. on April 16, 2012. Please forward the comments to London Hydro Inc. and to all other registered parties to this proceeding.

Sincerely,

Original signed by

Georgette Vlahos
Analyst – Applications & Regulatory Audit

Encl.

**London Hydro Inc. (“London Hydro”)
2012 IRM Application (EB-2011-0181)**

Board Staff Comments on Draft Rate Order

On April 4, 2012, the Board issued its Decision on London Hydro’s rate application. The Decision required the Applicant to submit its draft Rate Order within seven days of the issuance of the Decision.

On April 6, 2012, London Hydro filed a letter requesting an extension to the filing due date of its draft Rate Order to April 16, 2012. On April 10, 2012, the Board issued a Procedural Order approving London Hydro’s request and cancelled the filing dates as established in the Decision and Order. The Board established new deadlines for the filing of Board staff and intervenor comments on the draft Rate Order and London Hydro’s response to any comments received.

London Hydro submitted its draft Rate Order and supporting documentation on April 16, 2012.

Board staff accepts London Hydro’s revised Account 1562 Deferred PILs balance of a credit of \$539,195 and agrees that London Hydro has appropriately reflected the Board’s findings in all areas of the Decision except for the matters discussed below.

Tariff of Rates and Charges

Board staff notes that the Tariff of Rates and Charges provided by London Hydro in its draft Rate Order lists the line item “Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings”, for all rate classes, to the fifth decimal point. Board staff notes that the standard practice of the Board is to list these rate riders to four decimal places, unless there is sufficient justification to defer from this standard and the Board has approved such a deviation.

Board staff accepts the use of five decimal places for the LRAM rate riders given that the Board has approved this approach in instances where the use of four decimal places will result in the utility forgoing the recovery of a Board approved amount. Board staff notes that for the Residential service class, the LRAM rate rider does not generate a rate to four decimal places. Board staff also notes that unlike deferral and variance accounts, there is no true up for residual LRAM.

In its reply comments, London Hydro may wish to confirm for the Board's consideration whether or not its billing system has the capability to bill the LRAM rate rider to the fifth decimal point.

Board staff also notes the following rates on the Tariff of Rates and Charges provided by London Hydro in its draft Rate Order are listed to the 3rd decimal point only:

- Residential rate class – line items “Rate Rider for Deferral/Variance Account Disposition (2012)” and “Retail Transmission Rate – Network Service Rate”.
- General Service Less than 50 kW rate class – line item “Rate Rider for Deferral/Variance Account Disposition (2012)”.
- Large Use rate class – line item “Rate Rider for Global Adjustment Sub-Account (2012) – Applicable only for Non-RPP Customers”.
- Sentinel Lighting rate class – line item “Retail Transmission Rate – Line and Transformation Connection Service Rate”.

Board staff notes that all variable rate riders should be shown to the 4th decimal point, even if a change in value does not occur as has been the Board's practice.

Board staff submits that the rates should show as follows:

Line Items	As per London's DRO	Board staff Comment on DRO
Residential: Rate Rider for Deferral/Variance Account Disposition (2012)	(0.001)	(0.0010)
Residential: Retail Transmission Rate – Network Service Rate	0.007	0.0070
GS <50 kW: Rate Rider for Deferral/Variance Account Disposition (2012)	(0.001)	(0.0010)
Large Use: Rate Rider for Global Adjustment Sub-Account (2012) – Applicable only for Non-RPP Customers	(0.197)	(0.1970)
Sentinel Lighting: Retail Transmission Rate – Line and Transformation Connection Service Rate	1.514	1.5140

Board staff also notes that, for all applicable rate classes, a sunset date has not been entered for the following rate riders: “Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings”, “Rate Rider for Deferral/Variance Account Disposition (2012)” and “Rate Rider for Global Adjustment Sub-Account (2012) – Applicable only for Non-RPP Customers”. Board staff notes that for clarity, sunset dates should be entered for all rate riders for which a sunset date has been approved by the Board. Board staff submits that the rate riders for LRAM should show a sunset date of April 30, 2013 and the rate riders for Deferral/Variance Account disposition and Global Adjustment Sub-Account disposition should show a sunset date of April 30, 2014.

- All of which is respectfully submitted -