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December 8, 2016

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2016-0091 - London Hydro 2017 Rates Rebasing Application – LPMA
Interrogatories**

Please find attached the interrogatories of the London Property Management Association in the above noted application.

Sincerely,

Randy Aiken

Randy Aiken
Aiken & Associates

Encl.

cc: David Arnold, London Hydro Inc. (e-mail)
Martin Benum, London Hydro Inc. (e-mail)
Andrew Taylor, The Energy Boutique (e-mail)
Intervenors (e-mail)

EB-2016-0091

Ontario Energy Board

London Hydro

**Application for electricity distribution rates beginning
May 1, 2017**

**INTERROGATORIES OF
LONDON PROPERTY MANAGEMENT ASSOCIATION
("LPMA")**

December 8, 2016

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1-LPMA-1

Ref: Exhibit 1, Tab 2, Schedule 1, Appendix A

Does London Hydro have a comparable 2015 Scorecard MD&A? If so, please file it. If not, when will it be available?

1-LPMA-2

Ref: Exhibit 1, Tab 3, Schedule 14

The evidence indicates that changes in Appendix A reflected changes in current labour and material rates in each of 2014, 2015 and 2016.

- a) Please provide a table that shows for each of 2013 through 2017 the labour and material rates used or forecast to be used.**
- b) Please provide the incremental revenue generated in each of 2014 through 2016 based on the changes made to labour and material rates.**
- c) Please explain why London Hydro is not proposing to change the current labour and material rates for 2017.**

1-LPMA-3

Ref: Exhibit 1, Tab 7, Schedule 1

Please update the table at the bottom of page 16 to include the figures for 2016 and 2017 based on the evidence in the application and any updates to the evidence, such as the cost of capital parameters issued on October 27, 2016.

1-LPMA-4

Ref: Exhibit 1, Tab 7, Schedule 1

- a) Please update the table in the middle of page 23 to include the figures for 2016 based on the bridge year evidence in the application.**
- b) Please confirm that the achieved return on equity shown in the table is calculated in the same manner as the allowed return on equity, including but not limited to the used of deemed equity, the calculation of PILs, the use of interest on deemed debt and the exclusion of any costs not allowed for regulatory purposes, such as donations.**

If this cannot be confirmed, please calculate the achieved return on equity that is consistent with the regulatory approach for each of 2011 through 2016.

EXHIBIT 2 – RATE BASE

2-LPMA-5

Ref: Exhibit 2, Tab 1, Schedule 2

How many months of actual data are included in the 2016 Bridge year column in Table 2-9?

2-LPMA-6

Ref: Exhibit 2, Tab 2, Schedule 3

On page 78, the “Ready for Service Date” is shown as December 15, 2016. Please confirm that this date is still the target. If this cannot be confirmed, please indicate the current “Ready for Service Date”.

2-LPMA-7

Ref: Exhibit 2, Tab 3, Schedule 1

- a) Please update Table 2-47 to reflect the most recent year to date actuals available for in-service additions and work in progress, along with the current forecast for the remainder of the year.**
- b) Based on the changes made to Table 2-47, please provide an updated Table 2-48.**
- c) For each of the three adjustments made to the depreciation expense shown in Table 2-48 (LH renewable generation, fully allocated depreciation, deferred revenue), please explain why the adjustment is made, whether the amount is included elsewhere in the revenue requirement, and if so, please show the breakdown, if applicable, between capital and OM&A.**
- d) Please indicate which line items in Table 2-48 are included in the fully allocated vehicle depreciation adjustment of \$1,076,551.**

2-LPMA-8

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-4

Please explain why London Hydro has used a stretch factor of 0.3% rather than 0.15% in the calculation of the threshold in the capital module.

2-LPMA-9

Ref: Exhibit 2, Tab 3, Schedule 1

- a) What is included in the “Other” line shown in Appendix 2-AB?
- b) Please update Appendix 2-AB to reflect year to date actuals for 2016 along with the forecast for the remainder of the year.
- c) What is the expected level of contributions (deferred revenue) to be received, on average over the 2018 to 2021 period?

2-LPMA-10

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

In the Navigant study dated October 21, 2011 that was filed in EB-2012-0146 there was a separate line, as shown in Table 8 of that study for “Retailer Expenses”. This line item is not shown in Table 2 in the current study. Please explain where these retailer expenses are shown in the current Table 2.

2-LPMA-11

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

The billing lag is estimated to be 18.0 days in the current study, unchanged from the 18.0 days in the previous Navigant study filed in EB-2012-0146. In Appendix A of the Board’s letter of June 3, 2015 re: Allowance for Working Capital for Electricity Distribution Rate Applications, the billing lag is 17.5 days, based on the median of the observed range of 13.0 to 19.0 days.

- a) Please explain why London Hydro’s billing lag has not improved since the last Navigant study that took place in 2011.
- b) Please explain why London Hydro’s billing lag is at the high end of the range noted in the Board letter, relative to other distributors.

2-LPMA-12

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

a) What changes has London Hydro made that has reduced the collections lag from 30.29 days in the 2011 Navigant study to the current estimate of 26.35 days?

b) Has the movement of more customers to electronic and pre-authorized payments reduced the collections lag? Please explain fully.

2-LPMA-13

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

In Appendix A of the Board's June 3, 2015 letter, the collection lag was set as the minimum payment period plus allowances for payments by mail as specified in s. 2.6 of the Distribution System Code, which resulted in 22.0 days. The letter also indicated the observed sample range was 21.8 days to 29.1 days.

a) What is London Hydro's minimum payment period? If this is different than the 16.0 days noted in s. 2.6.3 of the Distribution System Code, please explain.

b) What proportion (in dollars) of retail revenues do payments made for bills sent by mail?

c) What proportion (in dollars) of retail revenues do payments made for bills sent by e-mail or for which an e-mail is sent to customers indicating their bill is available over the internet?

d) What proportion (in dollars) of retail revenues do payments made for bills sent by any other method? Please describe any other method used.

2-LPMA-14

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

Has London Hydro used the methodology described in s 2.6 of the Distribution System Code to calculate the collection lag, notably the times as specified in sections 2.6.3, 2.6.4, 2.6.5 and 2.6.7? If not, please explain why not.

2-LPMA-15

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

a) With respect to the calculation of the billing lag and collection lag, how has London Hydro/Navigant insured that the three day difference between when a bill is printed and when it is sent by mail has not been double counted as part of the billing lag and as part of the collection lag?

b) Based on the following example, please show the estimated billing and collection lags. The meter is read on July 8 and the bill was printed on July 26. The bill was mailed on July 29, and payment was received on August 28. Please assume all the dates are business days.

2-LPMA-16

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

Please provide the receivables aging data noted on page 7 that was used to estimate the collections lag. Please provide the data in a live Excel spreadsheet.

2-LPMA-17

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

a) Please provide the data used to calculate the payment processing lag of 1.25 days, showing the payment processing lag for each of the payment methods noted on page 7, along with the customer weights used.

b) Please explain why customer weights were used for the payment processing lag instead of dollar weights?

c) Please provide the weighted average payment processing lag if the weights used were dollars instead of customers. Please show all calculations and data used.

d) Were customer weights used in the calculation of the billing lag and/or collection lag? If yes, please explain fully.

2-LPMA-18

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

Please explain how the net payments to retailers (as noted on page 11) can be positive or negative.

2-LPMA-19

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

Please provide the data used and calculations that arrive at the expense lead time for each of the following, as shown in Table 11:

- a) Insurance,**
- b) Hardware and software prepayments, and**
- c) Other prepayments.**

2-LPMA-20

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

a) Please link the smart meter unsecured loan, unsecured loan and revolving loan payments shown in Table 14 of the Navigant report to the loan agreements shown in Appendix 2-OB in Exhibit 5. Are all three of these loans forecast to be in place for 2017?

b) Please provide the data and calculations used to calculate the expense lead time shown for each of the three loans noted in part (a) above.

2-LPMA-21

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-3

Please provide all assumptions and calculations used to calculate the HST lead times shown in Table 15.

2-LPMA-22

Ref: Exhibit 2, Tab 3, Schedule 1, Appendix 2-4

Please update the capital module to reflect the current IPI and stretch factors applicable to 2017, the updated cost of capital parameters and any other changes that result from the interrogatory responses.

EXHIBIT 3 – OPERATING REVENUE

3-LPMA-23

Ref: Exhibit 3

London Hydro has provided a live Excel model for the power purchase equation, but no live models have been provided that show the calculations for the customer additions, the adjustments made for the calculation of the billed kWh load forecast by rate class or the kW forecasts. Please provide the live Excel spreadsheets that include these calculations.

3-LPMA-24

Ref: Exhibit 3, Tab 1, Schedule 2

- a) At page 2 the evidence indicates an adjustment was made to the historical purchases for the loss of one large customer. Please confirm that this adjustment removed all of the consumption over this historical period associated with this customer. If this cannot be confirmed, please explain fully what the adjustment was.**
- b) Did London Hydro estimate the losses associated with the consumption of the large customer and remove these losses from the historical purchases? If yes, please explain how the losses were calculated. If no, please explain why not.**
- c) Please provide a live Excel spreadsheet that shows the calculation of the historical purchases used in the power purchase equation, including the adjustment for the one large user that has ceased operations and any other adjustments made to the historical data.**
- d) Please include in the above Excel spreadsheet the monthly consumption over the 2006 through 2015 period for the one large use customer that is now a GS>50 customer. Please confirm that these volumes were retained in the historical data used to estimate the power purchase equation.**
- e) Please also include in the above noted Excel spreadsheet the monthly data for the four WMP participants noted on page 17.**

3-LPMA-25

Ref: Exhibit 3, Tab 1, Schedule 2, page 6

Please explain what London Hydro means by “Normalized Value” in Table 3.1.2.1. In particular, are the figures shown the forecasted consumption figures based on actual weather or are they the forecasted consumption figures based on normal weather?

3-LPMA-26

Ref: Exhibit 3, Tab 1, Schedule 2, page 7

Please confirm that London Hydro used the average loss factor for 2006 through 2015, not 2007 through 2015 as stated in the evidence. If this cannot be confirmed, please explain why 2006 was omitted from the calculation of the average.

3-LPMA-27

Ref: Exhibit 3, Tab 1, Schedule 2, page 11

Please provide the actual number of customers/connections for each of the rate classes shown in Table 3.1.2.5 for the last month of actuals available for 2016 and the corresponding number of customers for the same month in 2015.

3-LPMA-28

Ref: Exhibit 3, Tab 1, Schedule 2, page 16

Please explain why London Hydro used 100% of the 2015 savings and 50% of the 2016 savings in Table 3.1.2.12 in the calculation of the 2017 load forecast adjustment rather than 50% of the 2015 savings (since 50% of the 2015 savings are already built into the regression equation) and 100% of the 2016 savings.

3-LPMA-29

Ref: Exhibit 3, Tab 1, Schedule 2, pages 9 & 17

a) Please explain how the geometric mean of 99.82% was calculated in Table 3.1.2.14. In particular, please explain how this figure can be less than 100% when the four years of data show an increase in kWh's.

b) The evidence indicates that the regression analysis to derive the forecasted purchased kWh inherently excludes the kWh related to the WMPs (page 17). The evidence also states that these customers were removed from the historical data since becoming WMPs in 2012 (page 9). Did London Hydro remove the historical data from the entire 2006 through 2015 period before using that data to estimate the power purchase equation? If not, please indicate in the response to 3-LPMA-24 part (e) above the kWhs included in the historical data used to estimate the power purchase equation and the kWhs removed from the historical data.

c) There is a reference to the “WMP” tab of the load forecast model (page 9) for a separate forecast of the WMP customers. This tab cannot be found. Please indicate where it is located, and which live Excel model it is included in.

3-LPMA-30

Ref: Exhibit 3, Tab 1, Schedule 2, page 7

a) Please explain why the population variable has been retained in the equation, even though it is not significant at an 80% level of confidence.

b) In the previous COS application, the equation included the number of customers. Please explain why this variable was not tried in the current equation.

c) Please provide a live Excel spreadsheet that includes both historical (2006 through 2015) and forecast (for 2016 and 2017) data for Ontario Real GDP and the number of customers in addition to the variables used in the power purchased forecast model.

3-LPMA-31

Ref: Exhibit 3, Tab 3, Schedule 1

Please update the table on page 7 to reflect actual data for 2016. If actual data for all of 2016 is not yet available, please provide the most recent year-to-date actual revenues in the same level of detail as found in the table, along with the corresponding figures for 2015.

3-LPMA-32

Ref: Exhibit 3, Tab 3, Schedule 1 & Exhibit 4, Tab 1, Schedule 5

For each of the test year cost recoveries shown in Table 4-93, please indicate where they are included in the table on page 7 of Exhibit 3, Tab 3, Schedule 1. For any cost recovery shown in Table 4-93 that is not included in the other operating revenue table, please confirm that the revenues are used as offsets to various OM&A accounts. If this cannot be confirmed, please explain fully.

EXHIBIT 4 – OPERATING EXPENSES

4-LPMA-33

Ref: Amendment to 2017 Cost of Service Application dated December 2, 2016

- a) Please provide an updated live Excel spreadsheet that reflects the increase of \$300,000 in billing and collecting expenses as noted in the Amendment.
- b) Please provide the basis, assumptions and calculations to support the calculations of the reduction in the value of the service provided by London Hydro of \$300,000 (page 2) and the incremental annual expenses and potential losses of \$425,000 (page 3).
- c) Please explain how the following paragraph, taken from the conditions of service is compliant with the distribution system code:
“In the event of partial payments, payments shall be allocated to the competitive and non-competitive electricity costs based on the ratio of the amounts billed for each category.”
In particular, please explain the relationship between competitive electricity costs, non-competitive electricity costs and the electricity charges and charges for other goods and services as noted in section 2.2.6 of the distribution system code.
- d) Please break down the \$425,000 figure noted on page 3 into the incremental annual expense and the potential losses.
- e) Prior to the change in the distribution system code, who was responsible for the bad debt and collection expenses associated with the non-electric charges?
- f) Based on the changes in the distribution system code, who is responsible for the bad debt and collection expenses associated with the non-electric charges?
- g) Please break out the collection and bad debt expense associated with the non-electric charges based on the current distribution system code and on the allocation that previously existed.

4-LPMA-34

Ref: Exhibit 4, Tab 1, Schedule 5, page 16

- a) Are the number of FTE's and number of customers shown in Table 4-3 calculated in the same manner as the figures provided in the corresponding table (Appendix 2-L) provided in EB-2012-0146? If no, please explain any change in the calculation methodology.
- b) Please provide the corresponding 2012 figures for the number of FTE's and number of customers.

4-LPMA-35

Ref: Exhibit 4, Tab 1, Schedule 5, page 18

- a) Please explain the type of computer hardware that is not required as the result of cloud services.**
- b) Are there any increases in computer hardware costs as a result of the movement to cloud services?**
- c) Please split the computer hardware and software depreciation costs shown in Table 4-5 into two components – hardware and software.**
- d) What is the associated increase in OM&A expenses related to the use of cloud services?**
- e) What is the associated reduction in capital expenditures related to computer hardware and software as a result of the use of cloud services?**

4-LPMA-36

Ref: Exhibit4, Tab 1, Schedule 5, page 39

- a) Please break out the bad debt expense shown into bad debt related to electric services and bad debt related to other goods or services.**
- b) What is the collection cost included in the revenue requirement associated with the collection of overdue payments related to charges for other goods or services?**

4-LPMA-37

Ref: Exhibit 4, Tab 1, Schedule 5, page 333

- a) Please update Table 4-60 to reflect actual data for 2016. If actual data for 2016 is not yet available, please update the 2016 bridge year forecast to reflect the most recent year-to-date actuals available, along with the current forecast for the remainder of the year.**
- b) If actual 2016 data is not yet available for the entire year, please provide the most recent year-to-date actuals available in the same level of detail as shown in Table 4-60 for 2016, along with the corresponding period in 2015.**

4-LPMA-38

Ref: Exhibit 4, Tab 1, Schedule 5, page 334

a) Please update Table 4-61 to reflect the most recent year-to-date actuals for 2016 along with the current forecast for the remainder of 2016, consistent with the update for the bridge year requested in the previous interrogatory.

b) Are there any one-time expenditures that are included in the 2013 to 2016 cost drivers that are not expected to occur in 2017? If yes, please identify and quantify the one-time expenditure(s) and the years in which those expenditures took place.

c) Are there any one-time expenditures included in the 2017 forecast? If yes, please identify and quantify the one-time expenditure(s).

4-LPMA-39

Ref: Exhibit 4, Tab 1, Schedule 5, pages 338-339

How does London Hydro account for revenues and costs associated with billable activities? Are the costs recorded in OM&A accounts and the revenues recorded in other revenue accounts; is the revenue recorded in other revenue accounts and the costs recorded in account 4380; or is the revenue received used as an offset to the OM&A costs directly?

4-LPMA-40

Ref: Exhibit 4, Tab 1, Schedule 5, page 341

Please add two lines to Table 4-64 that shows the total compensation (salary, wages, benefits) that are included in OM&A and the amount that is capitalized. If these two figures do not add up to the totals shown in Table 4-64, please add a third throw and explain where these costs are included in the revenue requirement.

4-LPMA-41

Ref: Exhibit 4, Tab 1, Schedule 5, page 386

Do the cost recoveries shown in Table 4-93 represent the recovery of only OM&A costs, or do they also recover costs such as depreciation, PILs and return on capital associated with the assets used to perform the services, such as water billing? If not, please explain why these capital related costs are not recovered.

4-LPMA-42

Ref: Exhibit 4, Tab 1, Schedule 5, page 440

Are the figures shown for 2015 and 2016 in Table 4-119 and the costs shown for 2014, 2015 and 2016 in Table 4-120 related to costs that are being amortized over 5 years beginning in 2017 included in the OM&A figures shown in Tables 4-3 or 4-4? For example, is the \$38,964 shown in Table 4-119 as consultants' costs for regulatory matters in 2015 included in the 2015 total actual OM&A figure of \$35,098,651 in Table 4-3?

4-LPMA-43

Ref: Exhibit 4, Tab 1, Schedule 5, page 441

Please provide the amounts for the OEB cost assessment fees for the July through September, 2016 period and, if available, the October through December, 2016 period.

4-LPMA-44

Ref: Exhibit 4, Tab 1, Schedule 5, page 403

Please explain the facilities restorations deductions shown in Table 4-104, along with the corresponding reduction in CCA additions of the same amounts shown in the CCA schedules in Appendix 4-4 and Appendix 4-5.

4-LPMA-45

Ref: Exhibit 4, Tab 1, Schedule 5, page 406

a) Please explain why London Hydro has used the average of 2012 through 2015 to estimate the SR&ED income tax credit in Table 4-107, rather than the average of 2013 through 2015.

b) The adjusted SR&ED income tax credits have grown each year over the 2012 through 2015 period. Please explain fully why this trend is not expected to continue in 2016 and 2017.

EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE

5-LPMA-46

Ref: Exhibit 5, Tab 1, Schedule 1

Please reconcile the \$23.5 million smart meter loan noted at lines 15-22 of page 2 with the \$20.5 million smart meter loan described at lines 5-11 of page 4.

5-LPMA-47

Ref: Exhibit 5, Tab 1, Schedule 1

After borrowing \$20 million in 2017, the actual long term debt will be just under \$110 million, while the deemed long term debt is just under \$170 million. Please explain why London Hydro continues to be underleveraged relative to its deemed capital structure.

5-LPMA-48

Ref: Exhibit 5, Tab 1, Schedule 1

a) What is the forecasted term of the future debt forecast for July, 2017 of \$20 million?

b) Does London Hydro propose to have this debt mature at the same time as the Royal Bank loan of \$85 million which matures in 2022?

EXHIBIT 6 - CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

6-LPMA-49

Ref: Exhibit 6, Tab 1, Schedule 1

Based on any corrections, changes or updates, please:

- a) Provide updated Tables 6.1.1.1 through 6.1.1.10,
- b) Provide an updated RRWF that includes the appropriate and necessary entries in the Tracking Form indicating the interrogatory response which is the basis for the change made. Please also provide the RRWF in electronic form.

6-LPMA-50

Ref: Exhibit 6, Tab 1, Schedule 1, Attachment 2

a) Please update the cost of power calculates based on the October 14, 2016 Regulated Price Plan Price Report and any other changes (such as rural rate protection or wholesale market service rates) that have changed since the calculation was done. Please provide an updated Attachment 2 that reflects the changes.

b) Please explain how the loss adjusted kWh's shown in the pass-thru revenue table are related to the kWh's shown in the first table of Attachment 2 and the requested loss factors to be applied.

c) Please explain the difference in the kWh's shown in Attachment 2 with the figures shown Exhibit 3, Tab 1, Schedule 2, Attachment 1. For example, the residential kWh's are shown as 1,084,665,529 in the first table in Attachment 2 and 1,102,334,960 in the second table in Attachment 2, while the corresponding figure in Attachment 1 of Exhibit 3, Tab 1, Schedule 2 is 1,068,671,798.

EXHIBIT 7 – COST ALLOCATION

7-LPMA-51

Ref: Amendment to 2017 Cost of Service Application dated December 2, 2016

Please explain why the status quo ratios shown in the top table on page 7 of 11 in the Amendment do not match the ratios calculated in the updated cost allocation model that was also filed on December 2, 2016.

7-LPMA-52

Ref: Exhibit 7, Tab 1, Schedule 1

Please provide a live excel spreadsheet that contains the proposed demand allocators for each rate class (i.e. the figures in Sheet I8 in the cost allocation model), the demand allocators that would be in Sheet I8 if London Hydro did not use the load profiles based on updated comprehensive hourly load data but continued to use the load profiles from the previously approved cost allocation model, scaled to meet the current forecast and a third version of Sheet I8 that shows the difference between the two sets of figures calculated above.

7-LPMA-53

Ref: Exhibit 7, Tab 1, Schedule 1

On page 7 it is stated that for the largest customers, London Hydro is using load profiles derived in the same manner as in previous cost of service applications.

a) Which rate classes are these largest customers in? In particular are these customers those in the GS>50 class that have demand meters?

b) Please provide a description of the methodology used to derive the load profiles of these customers if this is different than the methodology described on page 8 for the GS>50 demand meter customers.

7-LPMA-54

Ref: Exhibit 7, Tab 1, Schedule 2

At page 2, the evidence states that the actual monthly load factor for the GS<50 class is about 10% lower than in the statistical province-wide sample used previously, which results in a higher cost allocation to that class compared to the 2013 cost of service application.

a) What does London Hydro mean by “load factor”?

b) Please reconcile the statement that there is a higher allocation of costs to the GS<50 class with the higher revenue to cost ratio shown in Table 7.1.2.2 shown for 2017 that would imply lower costs have been allocated to this rate class.

7-LPMA-55

Ref: Exhibit 7, Tab 1, Schedule 3 & Dec. 2, 2016 Amendment

Please explain why London Hydro has proposed a four year phase-in period.

7-LPMA-56

Ref: Exhibit 7, Tab 1, Schedule 3 & Dec. 2, 2016 Amendment

a) What is the total bill impact for each of the rate classes that are below the floor in the target ranges for the revenue to cost ratios based on the London Hydro proposal in the test year?

b) What is the total bill impact for each of the rate classes that are below the floor in the target ranges for the revenue to cost ratios if they are increased to the floor in the test year?

c) Please explain why London Hydro is increasing only the GS>50 revenue to cost ratio to offset the revenue shortfall from those classes that are below the floor when the GS 1,000 to 4,999 ratio is less than that of the GS>50 class.

d) Please explain why London Hydro is not reducing the revenue to cost ratio for the GS<50 class down to the top of the approved range (120%) in the test year.

7-LPMA-57

Ref: Exhibit 7, Tab 1, Schedule 3

a) Please calculate the resulting revenue to cost ratios for the various classes in 2017 if the following changes are made: GS<50 reduced to 120%, street lighting reduced to 120%, sentinel lighting increased to 70%, USL increased to 80%, no change to the residential or large use ratios and the ratio is set equal to one another for the remaining rate classes.

b) Based on the above approach, what is the total bill impact for each rate class?

c) What is the maximum revenue to cost ratio that can be used in 2017 for each of the classes that are below the floor of the target range that results in a maximum 10% increase in the total bill?

EXHIBIT 8 - RATE DESIGN

8-LPMA-58

Ref: Exhibit 8, Tab 1, Schedule 1

Please provide versions of Tables 8.14.1.3 through 8.14.1.6 for the levels of consumption shown for residential customers only, if the monthly fixed charge were set at the ceiling of \$17.02, as shown in Table 8.1.1.6.

8-LPMA-59

Ref: Exhibit 8, Tab 1, Schedule 1

a) Please explain why London Hydro is proposing to put microFIT and FIT customers in the GS<50 and GS>50 rate classes, rather than maintaining the existing rate classes as they are and directly allocating the \$200,000 in costs associated with the microFIT and FIT customers to them?

b) Has London Hydro engaged any of the microFIT and FIT customers to get their feedback on the proposed changes to their rates?

EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS

9-LPMA-60

Ref: Exhibit 9, Tab 1, Schedule 10

Please confirm that in the EB-2016-0058 Decision and Order the Board approved a settlement proposal wherein the following was agreed to by Brantford Power Inc. ("BPI") and the intervenors:

The Parties agree that BPI will not establish a Cap and Trade Variance Account as requested in the Application. The Parties acknowledge that the Test Year Revenue Requirement does not specifically include any provision for increased costs associated with the implementation of Ontario's Cap and Trade Program. The Parties agree that, should the OEB make a generic variance account available to capture the costs of Cap and Trade for which BPI would normally qualify, nothing in this agreement will prevent BPI from using such a variance account and disposing of the balances in that variance account.

Does London Hydro agree that the cap and trade variance account should not be established as part of this application, but if the OEB were to make a generic variance account available to capture the cost of cap and trade for which London Hydro would normally qualify, nothing would prevent London Hydro from using such a variance account and disposing of the balances in the variance account. If not, please explain why not.

9-LPMA-61

Ref: Exhibit 9, Tab 1, Schedule 10

What is the expected revenue requirement associated with expenditures that would be included in the climate change action plan deferral account?

9-LPMA-62

Ref: Exhibit 9, Tab 1, Schedule 10

- a) Please provide the bad debt write-off expense included in the test year revenue requirement.**
- b) Please provide the bad debt write-off amounts for each of 2013, 2014, 2015 and the forecast based on as many months of actual data as are available for 2016.**