

**Ontario Energy
Board**

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**Commission de l'énergie
de l'Ontario**

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BY E-MAIL

June 14, 2018

Martin Benum
Director of Regulatory Affairs
London Hydro Inc.
111 Horton Street
P.O. Box 2700
London, ON N6A 4H6

Dear Mr. Benum:

**Re: London Hydro Inc.
Green Button Application
Ontario Energy Board File No.: EB-2018-0118**

This is in respect of your application for an authorization under subsection 71(4) of the *Ontario Energy Board Act, 1998* to carry on Green Button (GB) services other than through an affiliate.

An employee of the Ontario Energy Board (OEB), to whom authority has been delegated under section 6 of the Act, intends to make a decision on your application without holding a hearing. However, in order to make a decision, some additional information is required.

Please file responses to the following questions within 21 days:

1. Please provide the calculations of London Hydro's materiality threshold based on current parameters.
2. Are the estimated GB services' annual costs material in any year of its incubation period forecast?
3. Tables 3, 4 and 5 provide pro-forma income statements for various business scenarios. For each year in each scenario, please provide the expected regulatory net income for London Hydro prior to ring fencing any GB platform-related revenues. Please also identify whether in any year, London Hydro's regulatory net income, prior to ring-fencing any GB platform-related revenues,

falls outside the 300 basis point deadband above or below the target return on equity reflected in London Hydro's approved rates.

4. On what basis did London Hydro determine not to run GB services through an affiliate? Please explain what analysis was undertaken, including any analysis of the comparative cost of using an affiliate.
5. The application outlines a proposal to utilize London Hydro's GB platforms and applications for commercial purposes. The application also states that the costs of developing these assets were partly recovered from London Hydro customers through rates [Exhibit: 1, Tab: 1, Schedule: 5, Page: 1]. Please confirm if there is a plan to reimburse London Hydro customers for the use of these assets when used for commercial purposes during the incubation period. If so, please describe how any reimbursement will be calculated.
6. Please confirm whether there are any circumstances in which London Hydro intends to file a rebasing application before the expiry of its current rate plan.
7. Please quantify how much London Hydro has spent to date in the development of GB for its own customers. Please indicate how this amount compares with London Hydro's expected costs of expanding GB.
8. Has London Hydro conducted an assessment of the legal risks associated with providing the GB services (e.g. potential exposure to litigation from GB clients inside and outside Ontario)?
9. Please identify the governance practices and oversight measures London Hydro will apply to business activities beyond Ontario's borders with specific regard to a) the potentially heightened legal risks that may accompany conduct in deregulated, competitive markets where London Hydro has no experience to date, and b) the fact that London Hydro customers are exposed to those risks when the line of business is held within the distribution company.
10. Page 6 of the application notes that London Hydro wishes to begin providing expanded GB services to its own distribution customers, services related to other utilities such as natural gas and water, and identifies these GB services as those enumerated in schedule 5. Please discuss in more detail what offering of service or information will be made to London Hydro customers regarding water and other utility services, and to what extent such an offer is contingent on the activities or participation of the utilities which provide these services.

Your responses will be added to the public record of this proceeding. All filings to the OEB must quote the file number EB-2018-0118, and be made in searchable / unrestricted PDF format electronically through the OEB's web portal.

If you have any questions, please contact the Case Manager, Michael Bell at Michael.Bell@oeb.ca or 416-440-7688.

Yours truly,

Original Signed By

Theodore Antonopoulos
Vice President (Acting) of Applications