

**Error Checking Review
London Hydro Inc. (London Hydro)
EB-2021-0041**

Please reconcile or correct the following:

1. Per section 2.1.8 of the Chapter 2 Filing Requirements, distributors are expected to provide a forecast of its efficiency assessment using PEG's forecasting model for the test year. OEB staff is unable to find this forecast and discussion in the application. Please provide a reference to the test year efficiency forecast or the forecast itself.

LH Response

London Hydro has completed the OEB Benchmarking Spreadsheet Forecast Model (xlsx) (posted Sep 21-21) and filed a separate narrative discussing the forecast.

2. Pages 78 and 133 of Exhibit 1 note that only the Sentinel Lighting rate class has bill impacts that exceed 10%. However, page 135 and the Bill Impacts model indicate that the only rate class with bill impacts exceeding 10% is the Standby Power rate class.

LH Response

London Hydro's original rate impact analysis resulted in bill impacts being more than 10% however the final results showed they were less than 10%. The comments made were included in error.

London Hydro's Cogen class comprises two calculations to determine one bill. While the STANDBY POWER SERVICE CLASSIFICATION - Non-RPP (Other) rate is increasing more than 10% when combined GENERAL SERVICE 1,000 TO 4,999 KW (CO-GENERATION) SERVICE CLASSIFICATION - Non-RPP (Other) the combined customer bill impact is less than 10% hence London Hydro would suggest rate mitigation is not required.

3. The total amounts for 2022 OM&A in 2-JB and 2-JC are \$42,415,600 and do not match 2-JA, which is \$44,168,800. Please amend and reconcile 2-JB and 2-JC to 2-JA.

LH Response

The difference between 2-JB and 2-JC in comparison to 2-JA in the original filing of Appendix 2 relates to the segregation of Cloud Services for presentation purposes. Appendix 2 has now been revised to add Cloud Services to schedules 2-JB and 2-JC so that they now reconcile to schedule 2-JA.

4. The Fleet Service Program Delivery Costs in OM&A (Exhibit 4, page 253) are not shown in Appendix 2-JC. Please clarify where the OM&A portion of these costs are captured.

LH Response

Fleet Services has now been added to Appendix 2-JB. Fleet Services is a fully allocated cost centre through burden rates applied to OM&A, capital and billable services activities as vehicle costs.

5. Appendix 2-ZB, rows 39-60, the RTSR charges shown in columns E and I do not all match the proposed adjusted 2022 RTSR charges in the RTSR workflow.

LH Response

This has now been corrected in the revised Appendix 2 excel filed.

	A	B	C	D	E	F	G	H	I	J	K
37	Transmission - Network										
38	Class per Load Forecast										
39	Residential	1,258,425,191	1,258,425,191	0.0091	11,432,495			Volume	Rate	\$	Total
40	General Service Less Than 50 kW	377,005,042	377,005,042	0.0086	3,223,531						
41	General Service 50 to 4,999 kW	3,336,392	-	-	-			3,336,392	3.8259	12,764,572	
42	General Service 1,000 To 4,999 kW (co-generation)	72,330	-	-	-			72,330	4.4167	319,460	
43	Standby Power	172,800	-	-	-			172,800	4.4167	763,204	
44	Large Use	172,428	-	-	-			172,428	3.9192	675,774	
45	Street Lighting	41,823	-	-	-			41,823	2.6269	109,864	
46	Sentinel Lighting	1,248	-	-	-			1,248	2.6303	3,283	
47	Unmetered Scattered Load	5,491,088	5,491,088	0.0086	46,951						
48	SUB-TOTAL				14,702,976					14,636,157	29,339,133
50	Transmission - Connection										
51	Class per Load Forecast										
52	Residential	1,258,425,191	1,258,425,191	0.0066	8,311,223			Volume	Rate	\$	Total
53	General Service Less Than 50 kW	377,005,042	377,005,042	0.0059	2,213,259						
54	General Service 50 to 4,999 kW	3,336,392	-	-	-			3,336,392	2.9765	9,930,826	
55	General Service 1,000 To 4,999 kW (co-generation)	72,330	-	-	-			72,330	3.1485	227,735	
56	Standby Power	172,800	-	-	-			172,800	3.1485	544,069	
57	Large Use	172,428	-	-	-			172,428	2.9765	513,235	
58	Street Lighting	41,823	-	-	-			41,823	1.8808	78,661	
59	Sentinel Lighting	1,248	-	-	-			1,248	1.8834	2,351	
60	Unmetered Scattered Load	5,491,088	5,491,088	0.0059	32,236					11,296,876	21,853,594
61	SUB-TOTAL				10,556,718						

	A	B	C	D	E	F	G	H	I	J	K
34	Unmetered Scattered Load	0	0	0	0	0	0				
35	SUB-TOTAL			0	0	0	0			67,696,604	\$ 67,696,604
37	Transmission - Network										
38	Class per Load Forecast										
39	Residential	1,258,425,191	1,258,425,191	0.0091	11,432,495			Volume	Rate	\$	Total
40	General Service Less Than 50 kW	377,005,042	377,005,042	0.0085	3,204,543						
41	General Service 50 to 4,999 kW	3,336,392	-	-	-			3,336,392	3.8253	12,762,700	
42	General Service 1,000 To 4,999 kW (co-generation)	72,330	-	-	-			72,330	4.4160	319,410	
43	Standby Power	172,800	-	-	-			172,800	4.4160	763,085	
44	Large Use	172,428	-	-	-			172,428	3.9186	675,676	
45	Street Lighting	41,823	-	-	-			41,823	2.6265	109,848	
46	Sentinel Lighting	1,248	-	-	-			1,248	2.6299	3,282	
47	Unmetered Scattered Load	5,491,088	5,491,088	0.0085	46,674						
48	SUB-TOTAL				14,683,712					14,634,002	29,317,714
50	Transmission - Connection										
51	Class per Load Forecast										
52	Residential	1,258,425,191	1,258,425,191	0.0066	8,311,223			Volume	Rate	\$	Total
53	General Service Less Than 50 kW	377,005,042	377,005,042	0.0059	2,213,259						
54	General Service 50 to 4,999 kW	3,336,392	-	-	-			3,336,392	2.9759	9,928,769	
55	General Service 1,000 To 4,999 kW (co-generation)	72,330	-	-	-			72,330	3.1479	227,688	
56	Standby Power	172,800	-	-	-			172,800	3.1479	543,957	
57	Large Use	172,428	-	-	-			172,428	2.9759	513,128	
58	Street Lighting	41,823	-	-	-			41,823	1.8804	78,644	
59	Sentinel Lighting	1,248	-	-	-			1,248	1.8830	2,350	
60	Unmetered Scattered Load	5,491,088	5,491,088	0.0059	32,236						
61	SUB-TOTAL				10,556,718					11,294,537	21,851,255

63 Wholesale Market Service

6. The OER is an 18.9% rebate on the total bill paid by RPP customers. In 2-ZB, this is typically accounted for by applying 18.9% to the subtotal of CoP attributable to RPP customers. However, London Hydro has applied 0.01745 to the total RPP volume – please explain this calculation, and revise if necessary.

LH Response

For purposes of consistency throughout the application London Hydro calculated and hardline set the cost of power in mid-June and determined to maintain the value of \$313,727,357. In order to maintain that value London Hydro used the OER as the balancing item to keep that value. London Hydro anticipates that changes will be made to the load forecast as the application progresses and that more updated values for CoP will be prepared at that time.

7. RRWF, Tab 3, under operating expenses, London Hydro has not filled in any amounts for “property taxes.” Further, the OM&A expenses do not match the 2022 OM&A as shown in Appendix 2-JA.

LH Response

The amount of \$609,200 for property taxes was included in the OM&A Expense amount in the original filing. This has now been reported separately in the RRWF and balances with the 2022 OM&A as shown in Appendix 2-JA.

	A	B	C	D	E	F	G
34							
35				Operating Expenses:			
36				OM+A Expenses	\$44,778,000		
37				Depreciation/Amortization	\$22,148,800		
38				Property taxes			
40				Other expenses			
41							

	A	B	C	D	E	F	G	H
34								
35				Operating Expenses:				
36				OM+A Expenses	\$44,168,800			
37				Depreciation/Amortization	\$22,148,800			
38				Property taxes	\$609,200			
40				Other expenses				
41								

	2017 Last Rebasing Year OEB Approved	2017 Last Rebasing Year Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year	
28								
29								
30	Operations ⁴	\$ 9,654,835	\$ 9,494,980	\$ 10,212,541	\$ 10,625,499	\$ 10,896,300	\$ 11,913,636	\$ 12,141,622
31	Maintenance ⁵	\$ 7,896,612	\$ 8,484,781	\$ 9,017,046	\$ 8,519,922	\$ 8,809,130	\$ 8,151,390	\$ 8,660,916
32	Billing and Collecting ⁶	\$ 5,313,923	\$ 5,491,793	\$ 4,969,448	\$ 5,417,318	\$ 5,220,512	\$ 5,934,959	\$ 6,324,404
33	Community Relations ⁷	\$ 225,974	\$ 160,968	\$ 180,706	\$ 209,510	\$ 122,746	\$ 160,800	\$ 171,600
34	Administrative and General ⁸	\$ 15,005,656	\$ 13,619,999	\$ 14,538,246	\$ 14,831,191	\$ 15,006,186	\$ 16,056,055	\$ 16,870,258
35	Total	\$ 38,097,000	\$ 37,252,521	\$ 38,917,988	\$ 39,603,441	\$ 40,054,874	\$ 42,216,840	\$ 44,168,800
36	%Change (year over year)		-2.2%	4.5%	1.8%	1.1%	5.4%	4.6%
37								

8. Exhibit 3, Tables 3-2 and 3-4 indicate different coefficients for the explanatory variables.

LH Response

London Hydro would suggest that Table 3-2 was from a preliminary calculation and should have been updated to values in Table 3-4. For purposes of the application London Hydro advises that Table 3-2 should be ignored.

TABLE 3-2: London Hydro Model

	<i>Coefficients</i>
WHSL_kWh	143,775,785
N10HDD18	57,990
N10CDD18	770,714
StatDays	3,673,671
MonthDays	4,561,586
PeakDays	1,064,388
OntarioGDP	38,277,551
LondonPop	(113,579,761)

TABLE 3-4: T-Statistics for Accepted Variables

SUMMARY OUTPUT						
<i>Regression Statistics</i>						
Multiple R	0.95					
R Square	0.90					
Adjusted R Square	0.89					
Standard Error	9,192,671					
Observations	48					
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
WHSL_kWh	145,644,351	84,228,987	1.73	0.09	(24,588,782)	315,877,484
N10HDD18	58,260	8,061	7.23	0.00	41,969	74,551
N10CDD18	771,852	48,672	15.86	0.00	673,482	870,223
StatDays	4,102,706	2,786,514	1.47	0.15	(1,529,049)	9,734,462
MonthDays	4,533,571	2,240,851	2.02	0.05	4,641	9,062,501
PeakDays	1,084,346	1,643,563	0.66	0.51	(2,237,418)	4,406,111
OntarioGDP	48,981,582	71,490,862	0.69	0.50	(95,506,841)	193,470,004
LondonPop	(126,649,975)	71,888,791	(1.76)	0.09	(271,942,641)	18,642,691

9. RRWF, Tab 11, cells G62-G70 do not match the Cost Allocation model, Tab O1 Revenue to cost |RR worksheet, row 23. Similarly, RRWF, Tab 11, cells K62-K70 do not match Cost Allocation model, Tab O1 Revenue to cost|RR worksheet row 19.

LH Response

This has been corrected in revised RRWF

B) Calculated Class Revenues

Name of Customer Class	Load Forecast (LF) X current approved rates (7B)	LF X current approved rates X (1+d) (7C)	LF X Proposed Rates (7D)	Miscellaneous Revenues (7E)
1 Residential	\$ 46,839,758	\$ 51,897,138	\$ 52,382,750	\$ 4,131,684
2 General Service Less Than 50 kW	\$ 9,527,811	\$ 10,556,547	\$ 10,488,856	\$ 677,170
3 General Service 50 to 4,999 kW	\$ 12,150,624	\$ 13,524,473	\$ 13,436,853	\$ 999,543
4 General Service 1,000 To 4,999 kW (cc)	\$ 493,871	\$ 551,549	\$ 297,362	\$ 11,793
5 Standby Power	\$ 464,642	\$ 626,005	\$ 532,379	\$ 22,333
6 Large Use	\$ 671,680	\$ 744,202	\$ 672,253	\$ 33,108
7 Street Lighting	\$ 1,175,963	\$ 1,302,933	\$ 1,260,063	\$ 105,302
8 Sentinel Lighting	\$ 48,116	\$ 53,311	\$ 69,370	\$ 4,596
9 Unmetered Scattered Load	\$ 157,755	\$ 174,788	\$ 191,060	\$ 13,739
Total	\$ 71,530,218	\$ 79,330,946	\$ 79,330,946	\$ 5,999,088

A	B	C	D	E	F	G	H	I	J	K	L	X
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Sheet O1 Revenue to Cost Summary Worksheet - Original Application

Instructions:
Please see the first tab in this workbook for detailed instructions

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets	Total	1 Residential	2 GS <50	3 GS > 50 to 4,999	4 CoGen	5 Standby	6 Large Use >5MW	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
crov Distribution Revenue at Existing Rates	\$71,530,218	\$46,839,758	\$9,527,811	\$12,150,624	\$493,871	\$464,642	\$671,680	\$1,175,963	\$48,116	\$157,755
mi Miscellaneous Revenue (mi)	\$5,999,088	\$4,116,530	\$675,509	\$1,014,391	\$11,894	\$23,652	\$34,717	\$104,422	\$4,456	\$13,518
Miscellaneous Revenue Input equals Output										
Total Revenue at Existing Rates	\$77,529,305	\$50,956,288	\$10,203,319	\$13,165,015	\$505,764	\$488,294	\$706,396	\$1,280,384	\$52,571	\$171,273
Factor required to recover deficiency (1 + D)										
Distribution Revenue at Status Quo Rates	\$79,330,946	\$51,947,868	\$10,566,866	\$13,475,710	\$547,730	\$515,313	\$744,930	\$1,304,207	\$53,363	\$174,959
Miscellaneous Revenue (mi)	\$5,999,088	\$4,116,530	\$675,509	\$1,014,391	\$11,894	\$23,652	\$34,717	\$104,422	\$4,456	\$13,518
Total Revenue at Status Quo Rates	\$85,330,034	\$56,064,398	\$11,242,375	\$14,490,102	\$559,624	\$538,966	\$779,646	\$1,408,629	\$57,818	\$188,477
Expenses										
di Distribution Costs (di)	\$18,915,855	\$11,979,598	\$2,213,498	\$3,873,045	\$67,307	\$160,463	\$226,452	\$320,531	\$18,400	\$56,570
cu Customer Related Costs (cu)	\$7,992,000	\$6,793,507	\$716,136	\$457,620	\$17,075	\$0	\$4,340	\$0	\$1,928	\$1,393

B) Calculated Class Revenues

Name of Customer Class	Load Forecast (LF) X current approved rates (7B)	LF X current approved rates X (1+d) (7C)	LF X Proposed Rates (7D)	Miscellaneous Revenues (7E)
1 Residential	\$ 46,839,758	\$ 51,947,868	\$ 52,382,750	\$ 4,116,530
2 General Service Less Than 50 kW	\$ 9,527,811	\$ 10,566,866	\$ 10,488,856	\$ 675,509
3 General Service 50 to 4,999 kW	\$ 12,150,624	\$ 13,475,710	\$ 13,436,853	\$ 1,014,391
4 General Service 1,000 To 4,999 kW (cc)	\$ 493,871	\$ 547,730	\$ 297,362	\$ 11,894
5 Standby Power	\$ 464,642	\$ 515,313	\$ 532,379	\$ 23,652
6 Large Use	\$ 671,680	\$ 744,930	\$ 672,253	\$ 34,717
7 Street Lighting	\$ 1,175,963	\$ 1,304,207	\$ 1,260,063	\$ 104,422
8 Sentinel Lighting	\$ 48,116	\$ 53,363	\$ 69,370	\$ 4,456
9 Unmetered Scattered Load	\$ 157,755	\$ 174,959	\$ 191,060	\$ 13,518
Total	\$ 71,530,218	\$ 79,330,946	\$ 79,330,946	\$ 5,999,088

10. Exhibit 7, pages 14-15, Tables 7-8, 7-9 and 7-10 appear to have inconsistencies and do not match with each other. Nor do they match RRWF, Tab 11.

LH Response

London Hydro has redrafted and filed an amended Exhibit 7.

11. RTSR model, Tab 3 – the GS 50 to 4,999kW (non-interval metered) rate class has 0 for metered kW and metered kWh. Please confirm that London Hydro has had 0 consumption and demand for the GS 50 to 4,999kW non-interval metered rate class.

LH Response

London Hydro proposes to discontinue GS 50 to 4,999kW (non-interval metered) rate class application of transmission network and connection charges. This is as a result of the completion of the OEB AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE BOARD FILE NO.: EB-2013-0311 wherein DSC 5.1.3 states that “For the purposes of measuring energy delivered to the customer, a distributor shall: “...” b) have until August 21, 2020 to install a MIST meter on any existing installation that has a monthly average peak demand during a calendar year of over 50 kW.”

London Hydro has completed the installation of MIST meters to the entire GS 50 to 4,999kW rate class and therefore no longer requires bifurcation between interval and non-interval meters.

London Hydro has amended Appendix 2-A List of Requested Approvals for the following.

74									
75									
	19								
76									
77									

London Hydro herein request to discontinue Retail Transmission Rate - Network Service Rate -Non-Interval Metered and Retail Transmission Rate - Line and Transformation Connection Service Rate - Non-Interval Metered for GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

12. Appendix 2-OB has not been completed for the historical years or the bridge year and does not match the tables provided in Exhibit 5. Please complete Appendix 2-OB.

LH Response

This has now been corrected in the revised Appendix 2 excel filed.

13. Exhibit 9, page 65 – London Hydro is requesting a new variance account related to Ontario’s Broadband and Cellular Action Plan. Please provide a draft accounting order for this proposed account.

LH Response

London Hydro has provided a draft accounting order as a separate for our proposed variance account with respect to the Ontario’s Broadband and Cellular Action Plan