PEG FORECAST MODEL

LHI's historical and forecasted efficient assessment for the 2020 to 2022 period, using the OEB's benchmarking Forecast Model, is shown below:

Performance Trend – PEG Model

Cost Benchmarking Summary	2020 (History)	2021 (Bridge)	2022 (Test Year)
Actual Total Cost	91,223,121	94,212,398	97,369,139
Predicted Total Cost	97,162,098	99,140,241	101,604,665
Difference	(5,938,977)	(4,927,844)	(4,235,526)
Percentage Difference (Cost Performance)	**-6.3%**	**-5.1%**	**-4.3%**
Three-Year Average Performance			-5.2%
Stretch Factor Cohort			
Annual Result	3	3	3
Three Year Average			3

LHI's inputs to the PEG Model remain relatively stable year-over-year however, the trending in cost performance provides useful insight into whether LHI's cost efficiency is improving over time. The trend indicates that LHI is remaining as efficient over the time period covered by its past and current DSPs. Annual variations in the results can be caused by one-time capital additions.

According to the 2020 PEG report, LHI continues to perform well with a "cost per customer" of $562, which is ranked 13th lowest in the province and a cost per kilometer of line at $29,714, which is ranked 29th lowest in the province. London's efficiency rating in 2020 was -5.9% and London had been assigned to Cohort 3. Assuming the OM&A and capital costs in this application, LHI's overall cohort ranking will be Cohort 3.