

# *Aiken & Associates*

578 McNaughton Ave. West  
Chatham, Ontario, N7L 4J6

Phone: (519) 351-8624

E-mail: [randy.aiken@sympatico.ca](mailto:randy.aiken@sympatico.ca)

Nov. 5, 2021

Christine Long  
Registrar  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Long,

**RE: EB-2021-0041 - London Property Management Association Interrogatories – London Hydro Inc.  
– Rates Effective May 1, 2022**

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

Yours very truly,

Randy Aiken  
Aiken & Associates

c.c. Martin Benum, London Hydro

**LONDON HYDRO INC.**

**Application for electricity distribution rates and other  
charges beginning May 1, 2022**

**INTERROGATORIES OF THE  
LONDON PROPERTY MANAGEMENT ASSOCIATION**

**1-LPMA-1**

Ref: Exhibit 1, page 22

- a) What is the typical cost of credit card payments, as percentage of the amount being invoiced?
- b) What is the annual cost to London Hydro of offering no-fee credit card payments?

**1-LPMA-2**

Ref: Exhibit 1, Table 1-4

Please provide all the data and calculations used in Table 1-4 to calculate the inflation and customer growth figure of \$4,914,185.

**1-LPMA-3**

Ref: Exhibit 1, page 92

What is London Hydro requesting when it states that it “requests that it be allowed to keep SR&ED for future innovation”?

**1-LPMA-4**

Ref: Exhibit 1, page 114

When does London Hydro expect to have actual 2021 data in order to provide an updated load forecast?

**1-LPMA-5**

Ref: Exhibit 1, Table 1-28

a) What is the difference in the increases in dollars shown in the Total Bill and C Plus RTSR columns?

b) Are the increases shown inclusive or exclusive of the impact on the HST?

**1-LPMA-6**

Ref: Exhibit 1, Tables 1-30, 1-31, 1-34, 1-35, 1-36

a) Please update the above noted tables to include actual data for 2020 or indicate where in the evidence the data for 2020 is located.

b) Table 1-36 includes the regulatory return on equity that is achieved. Based on the bridge year forecast as filed, what is the expected regulatory return on equity for 2021?

**1-LPMA-7**

Ref: Exhibit 1, page 171

Please explain the difference in the materiality thresholds of \$365,000 in line 7 and \$397,000 in Table 1-37.

**1-LPMA-8**

Ref: Exhibit 1, Appendix A

Please provide the 2020 OEB Scorecard.

**2-LPMA-9**

Ref: Exhibit 2, Table 2-7

Please reconcile the controllable expenses for 2022 of \$44,295,600 with the figures of \$42,415,600 for OM&A, \$1,753,200 for Cloud services and \$609,200 for property taxes shown in Table 4-1 that total \$44,778,000. Please confirm that the \$482,400 difference between these two figures is the vehicle and equipment depreciation that has been allocated to OM&A. If not confirmed, please explain the source of the difference.

**2-LPMA-10**

Ref: Exhibit 2, Appendix 2-AB

Please explain why the capital contributions shown for each of 2018 through 2021 are the same between the plan and actuals.

**2-LPMA-11**

Ref: Exhibit 2, Table 2-20

- a) Please provide a version of Table 2-20 that includes a column for the latest estimate available for 2021 that incorporates the most recent actual expenditures available. If any of the changes impact the 2022 test year figures, please update the 2022 column as well.
- b) Please indicate how many months of actual data is included in the 2021 estimate.
- c) Please provide an explanation for any significant changes in an investment category.

**2-LPMA-12**

Ref: Exhibit 2, Page 81

What is the status of the \$1,750,000 refund from Hydro One? Does London Hydro still expect to receive this in December, 2021?

**2-LPMA-13**

Ref: Exhibit 2, Page 84

The evidence states that no significant changes to the capitalization policy have been made since the 2017 rebasing. What changes have been made and when were these changes made?

**3-LPMA-14**

Ref: Exhibit 3, Table 3-1

- a) How many months of actual data are included in the 2021 bridge year forecast?
- b) Please update the 2021 bridge year forecast to reflect the most recent year-to-date information available for 2021.

**3-LPMA-15**

Ref: Exhibit 3, pages 9-10

- a) Please explain fully why London Hydro chose January, 2017 as the first data point to be used in the regression analysis. For example, why was January, 2016 or January, 2015, as examples, not chosen as the starting points?
- b) Please provide a version of Chart 3-1 that starts in 2011 (or as far back as London Hydro has the information, if information back to 2011 is not available).

c) How are the predicted values shown in Chart 3-1 calculated? Were they calculated using the regression analysis proposed in this proceeding?

**3-LPMA-16**

Ref: Exhibit 3, page 16

What forecast, if any, has London Hydro included in its overall forecast for the large use customer that is expected to come on line in the summer of 2022?

**3-LPMA-17**

Ref: Exhibit 3, Table 3-9

Please confirm that the WMP kWh forecast are not included in the cost of power component of the calculation of the working capital requirement. If this cannot be confirmed, please explain.

**3-LPMA-18**

Ref: Exhibit 3, page 9

Please confirm that London Hydro's 2017 cost of service application was EB-2016-0091, not EB-2012-0146, as stated on line 11.

**3-LPMA-19**

Ref: Exhibit 3, Pages 15-16

- a) Does London Hydro believe that the lower rate of customer additions in 2021 for the residential, GS<50 and GS>50 rate classes was related to the COVID-19 pandemic? If not, please explain fully.
- b) Please provide a line addition to Table 3-7 that shows the geomean from 2017 through 2019 for the three rate classes noted above.
- c) Please provide a version of Table 3-8 that uses the geomean for 2017 through 2019 for the residential, GS<50 and GS>50 rate classes in forecasting the 2021 and 2022 figures for those rate classes.
- d) Please provide the actual number of customers/connections for the latest month currently available for 2021. Please also provide the corresponding numbers for the same month in 2020.

**3-LPMA-20**

Ref: Exhibit 3, Pages 19-21

- a) Does London Hydro believe that the increase in residential average use per customer and the decrease in GS<50 and GS>50 average use per customer shown in Table 3-12 for 2020 was related to COVID-19? If no, please explain fully.
- b) Does London Hydro believe that COVID-19 had an impact on average use in the Co-Gen and/or large use rate classes? If yes, please explain fully.
- c) Please provide a version of Table 3-13 that includes a line for the residential, GS<50 and GS>50 rate classes where the geomean is calculated over the 2017 through 2019 period.
- d) Please provide versions of Tables 3-9, 3-10, 3-14 & 3-15 that use the 2017 through 2019 geomean of average use for the residential, GS<50 and GS>50 rate classes.
- e) Please provide versions of Tables 3-17, 3-18, 3-19 & 3-20 that reflect the results from Table 3-15.

### **3-LPMA-21**

Ref: Exhibit 3, Table 3-23

Please provide a version of Table 3-23 that reflects the changes to the GS<50 class of using the 2017 through 2019 geomean growth rate in average use per customer.

### **3-LPMA-22**

Ref: Exhibit 3, Tables 3-24 & 3-25

Please provide versions of Table 3-24 and 3-25 that reflect the use of a 2017 through 2019 geomean for the residential, GS<50 and GS>50 rates classes for both the number of customers and the average change in use per customer.

### **3-LPMA-23**

Ref: Exhibit 3, Tables 3-30 & 3-31

- a) Please provide a version of Table 3-30 that reflects the changes based on the use of the 2017 through 2019 geomean for the change in customers and the change in average use for the residential, GS<50 and GS>50 rates classes requested in the previous interrogatories.
- b) Please provide a version of Table 3-31 that includes an additional column based on current rates that reflects the use of the 2017 through 2019 geomean for the change in

customers and the change in average use for the residential, GS<50 and GS>50 rate classes requested in the previous interrogatories.

**3-LPMA-24**

Ref: Exhibit 3, Table 3-31 & RRWF

Please explain the difference between the 2022 Change of \$7,800,728 shown in Table 3-31 and the figure of \$8,004,231 in the Revenue Deficiency/Sufficiency sheet of the RRWF on line 25 of the At Current Approved Rates column.

**3-LPMA-25**

Ref: Exhibit 3, Table 3-2

- a) Which variables included in Table 3-2 were also used in the 2017 COS application and which ones included in Table 3-2 were not used in the 2017 COS application?
- b) What variables, if any, were used in the 2017 COS application, but are not used in the current application.
- c) Please add a column to Table 3-2 that shows the coefficients that were estimated and used in the 2017 COS application for each coefficient that is used in both cases.

**3-LPMA-26**

Ref: Exhibit 3, Table 3-2

Please explain the large negative coefficient on LondonPop. Does this mean that electricity sales decrease as the population increases? If so, does this make intuitive sense? Please explain fully.

**3-LPMA-27**

Ref: Exhibit 3, Page 11 and Excel Model

The growth in the London population variable on page 11 is forecast as 0.59% in 2021 and 0.78% in 2022. However, in the Excel model, on the Normalized Monthly Data sheet, the growth rate applied to 2021 and 2022 is 1.59% and 1.78%, respectively.

- a) Which set of figures is correct?
- b) If the 1.59% and 1.78% used in the model are not correct, please provide a revised forecast for 2022 based on the correct forecast of the London population growth to replace the 3,130,563,323 shown in Table 3-3.

c) If the volume forecast from part (b) is used, what is the impact on revenues at existing rates (following the process shown in Exhibit 3 of normalizing the volumes, etc.)?

### **3-LPMA-28**

Ref: Exhibit 3, Table 3-4 & Excel Model

The T-statistics for a number of the variables that are accepted in the model indicate that the variables are either not significant at a level of confidence of 90% (StatDays, PeakDays, OntarioGDP), or have the wrong sign (LondonPop).

a) Please rerun the regression analysis excluding all of the variables noted above and adding a dummy variable that has a value of 1 in each of March, April and May, 2020 and 0 in all other months (this dummy variable represents the months in 2020 when many business were required to be shut due to COVID-19 restrictions). Please provide the live Excel model spreadsheet that contains this regression.

b) Please provide revised tables for Tables 3-2 through 3-25 that are impacted by the change in regression analysis requested above.

c) Please provide a revised Chart 3-2 based on the requested regression analysis.

d) Please provide a version of Table 3-31 that includes an additional column based on current rates that reflects the results of the requested regression analysis.

### **3-LPMA-29**

Ref: Exhibit 3 & Interrogatories 3-LPMA-23 & 3-LPMA-28

Please provide a version of Tables 3-30 and 3-31 that reflect the impact of both the change in the geomean used in 3-LPMA-23 and the regression analysis results in 3-LPMA-28.

### **3-LPMA-30**

Ref: Exhibit 3, Page 34

London Hydro is not proposing any changes to specific service charges which are designed to recover the costs of the services.

a) Do any of the specific services includes costs related to wages and benefits of London Hydro employees? If yes, please provide a list of the specific services that include such costs.



b) Given the forecasted increase in labour costs, why is London Hydro not proposing to increase the specific service charges that are supposed to recover the costs of the services?

c) How are the costs allocated to the specific service charges allocated to rate classes and is this allocation the same as the allocation of the revenues generated by the specific service charges?

### **3-LPMA-31**

Ref: Exhibit 3, Table 3-34

a) The evidence states that revenue from billable services relates to cost recoveries associated with work performed by London Hydro for third parties. Please explain why revenues from billable services shown in Table 3-34 are negative.

b) Is the reduction in miscellaneous service revenues related to billable services reflected as a reduction in OM&A expenses? If yes, please identify where this reduction is reflected in the OM&A evidence and tables.

### **3-LPMA-32**

Ref: Exhibit 3, Table 3-32

a) How many months of actual data are included in the 2021 bridge year forecast shown in Table 3-32?

b) Please provide the most recent actual year-to-date revenue in the same level of detail as shown in Table 3-32. Please also provide the year-to-date revenue for the same period in 2020.

### **3-LPMA-33**

Ref: Exhibit 3, Pages 39 - 40

a) What is the current number of retailers and retail customers?

b) What is the forecast for the 2021 and 2022 number of retailers and retail customers that the forecasts are based on?

c) The evidence indicates that since 2019 the charges have increased based on an annual inflationary factor. What factor was used for 2020 and 2021 and what factor is proposed for 2022?

### **3-LPMA-34**

Ref: Exhibit 3, Page 41

The evidence states that pole rental rates will nearly double in 2022 (from \$21.35 to \$44.50). Please explain why the pole rental revenue only increased by about 60% (from \$495,000 to 793,000).

**3-LPMA-35**

Ref: Exhibit 3, Page 41

- a) Does the 2020 late payment charge of \$2,154,521 shown in Table 3-32 include the portion that has been captured in USoA 1509?
- b) How much of the 2020 late payment charge has been included in USoA 1509?

**3-LPMA-36**

Ref: Exhibit 3, Page 43

With respect to the cellular meter read fee, please provide the following:

- a) the actual number of customers using this service in each of 2017 through 2020;
- b) the forecasted number of customers using this service in 2021;
- c) the actual number of customers using this service as of the most recent month available for 2021;
- d) the actual number of customers using this service for the corresponding month in 2020; and
- e) the forecast number of customers using this service for 2022.

**3-LPMA-37**

Ref: Exhibit 3, Page 43

- a) How is the revenue generated from the cellular meter read fee allocated to the rate classes? Is it all allocated to the GS>50 class? If not, please explain why not.
- b) Is the cellular meter read service available for any other rate class, other than the GS>50 class? If yes, please provide details.

**3-LPMA-38**

Ref: Exhibit 3, Table 3-36

Please explain the \$100,000 decrease in bank deposit interest forecast for 2022 compared to 2021. Please provide the forecasted bank balances and the forecasted interest rates for 2021 and 2022.

### **3-LPMA-39**

Ref: Exhibit 3, Table 3-32

- a) Where has London Hydro included revenues from the Graduated Apprenticeship Grant for Employers (“GAGE”)?
- b) Please provide the amount included for GAGE in for each of the years shown in Table 3-32.

### **4-LPMA-40**

Ref: Exhibit 4, Table 4-5

- a) Please provide the cost of cloud services included in each of the years (including 2017 BA).
- b) Are the actual/forecast property taxes shown in Table 4-59 included in any of the total recoverable OM&A figures shown? If yes, please indicate which figures in Table 4-59 are included in Table 4-5.
- c) Do the actual/forecast total recoverable OM&A costs shown in Table 4-5 include accrued OPEBs, consistent with the inclusion of these costs in the 2017 Board Approved figure of \$38,097,000 as illustrated in Table 4-4? If not, please provide the actual/forecasted figures for 2017 through 2022 for the total recoverable OM&A that include the accrued OPEB costs.

### **4-LPMA-41**

Ref: Exhibit 4, Page 7

Please provide an estimate of the COVID-19 related cost reductions in 2020 noted at lines 5 – 10.

### **4-LPMA-42**

Ref: Exhibit 4, Table 4-5

- a) Are there any COVID-19 related costs included in the 2020 total recoverable OM&A figure of \$40,054,874? If yes, please quantify and confirm that these costs are not included in Account 1509 and for which London Hydro is seeking recovery of in this proceeding.
- b) Please reconcile the COVID-19 related costs included in 2020 actuals with the adjustments shown in Table 9-27 for Account 1509.

#### **4-LPMA-43**

Ref: Exhibit 4, Table 4-32

Please add a line to the table that shows the actual/forecast net labour costs that are included in the OM&A forecast for each of the columns shown in the table.

#### **4-LPMA-44**

Ref: Exhibit 4, Table 4-39 & Table 4-5

a) Are any of the costs shown in Table 4-39 for 2019-2020 actual (\$132,700) or 2021 bridge year (\$270,300) been included in the actual historical or forecast bridge OM&A costs shown in Table 4-5?

b) Has the \$135,000 shown in Table 4-39 for the 2022 cost been included in OM&A in Table 4-5 or has this been replaced with the amortized figure of \$107,600?

#### **4-LPMA-45**

Ref: Exhibit 4, page 352

With respect to the prescribed tables variance explanation, please provide a summary table that shows the total depreciation expense based on use of the half year rule, the actual depreciation expense based on the London Hydro methodology and the difference for the years 2017 through 2020.

#### **6-LPMA-46**

Ref: RRWF

a) Please explain why the Distribution Revenue shown on line 2 of the Revenue Deficiency/Sufficiency sheet of the RRWF shows \$71,530,217 in the At Current Approved Rates but only \$68,440,836 in the At Proposed Rates Column. What is this difference of more than \$3 million related to?

b) The income tax shown on the Revenue Deficiency/Sufficiency sheet of the RRWF does not match the information shown on the Taxes/PILS sheet. Please correct, if necessary, the RRWF.

#### **6-LPMA-47**

Ref: Exhibit 6 & RRWF

Please update all relevant tables in Exhibit 6 and the Revenue Requirement Workform to reflect the 2022 cost of capital parameters issued by the OEB on October 28, 2021. If any corrections are required to the RRWF, please include these corrections in the response.

**7-LPMA-48**

Ref: Exhibit 7, Table 7-8

a) Please explain why London Hydro is proposing to reduce the revenue to cost ratio for the GS 50 to 4,999 class from the status quo figure of 97.6% to the proposed figure of 96.4%.

b) Please explain why London Hydro is proposing to reduce the revenue to cost ratio for the large use class from the status quo figure of 101.0% to the proposed figure of 91.6%.

**9-LPMA-49**

Ref: Exhibit 9, Page 30

Please provide a copy of the March 27, 2020 correspondence from the OEB referenced on line 8.