November 5, 2021

Christine Long
Registrar
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms Long:

EB-2021-0041 – London Hydro Inc. – 2022 Distribution Rates

Please find, attached, interrogatories on behalf of the Consumers Council of Canada for London Hydro Inc. pursuant to the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All parties

INTERROGATORIES FOR LONDON HYDRO INC.

FROM THE CONSUMERS COUNCIL OF CANADA

RE: EB-2021-0041

2022 DISTRIBUTION RATES

EXHIBIT 1

CCC-1
Re: Ex. 1

Please provide all documents provided to London Hydro's Board of Directors related to this rate application.

CCC-2
Re: Ex. 1/p. 18

Please provide a copy of the work produced by the 3rd party consultant from the Infrastructure Health & Safety Association. Please provide a list of the initiatives that were undertaken in response to that work. What was the cost of the work and how was that cost recovered?

CCC-3
Re: Ex. 1

London Hydro has referred to the increased adoption of paperless e-billing and how it helps with online digital engagement with customers while helping to achieve sustainability goals of reduced paper as well as financial goals of reduced mailing and postage costs. What is the current uptake of e-billing for London Hydro customers? What is the expected uptake throughout the years 2022-2026? What are the expected annual savings in each year?

CCC-4
Re: Ex. 1/p. 28

London Hydro has participated in and produced several EV adoption reports and studies. Please provide copies of these reports. What are the costs of these studies and how have they been funded?

CCC-5
Re: Ex. 1/pp. 31-33

Please provide a description of all contractual relationships London Hydro has with Sifton Properties Inc. and s2e Technologies Inc. regarding the West 5 Project. Please provide all forecast costs (Capital and OM&A) associated with the West5 project for the years 2022-2026 Please explain London Hydro's involvement in the development of the Sifton Centre. What is the role and level of funding provided by NRCAN? What arrangements does London Hydro, Sifton Properties Inc. and s2e Technologies Inc. have with NRCAN? What NRCAN Program is providing the funding?

CCC-6
Re: Ex. 1/p. 33

London Hydro has chosen to own and operate its own Regional Network Interface and mart-Meter head-end system. London Hydro's evidence is that this approach has avoided an estimated $610,000 per year as part of this in-sourcing arrangement. Please provide a detailed breakdown of this calculation. In addition, please explain how the $415,000 in commercial customer community cost savings were derived.

CCC-7
Re: Ex. 1/p. 41

Please explain the current services provided to London Hydro's customers through its Green Button Program. What are the current costs of that program and how are they recovered? Please describe how London Hydro proposes to "ring fence" the costs and revenues from its Green Button Program. What are the expected costs and revenues related to the program for the period May 1, 2022 to May 1, 2027? Please explain the nature and form of the annual reporting. Please explain how London Hydro's customers have used the Green Button Platform. Please indicate how many customers have used the Green Button platform.

CCC-8
Re: Ex. 1/p. 55

What has been the annual cost of the School Programs? Are they funded with ratepayer funds? What is projected cost for 2022?

CCC-9
Re: Ex. 1/p. 55

London Hydro refers to a Targeted Net Income of $15 million. Is this an annual target? How was it developed? Pleased provide the Board Approved and Actual ROEs for the period 2017-2021. Please explain how the mark to market adjustment on the interest rate swap impacted the ROE in each year.

CCC-10
Re: Ex.1/p. 55

Please provide the 2020 Scorecard results.

CCC-11
Re: Ex. 1/p. 69

What were the costs of the Simul Corporation customer satisfaction survey and how are those costs recovered? Was this work subject to n RFP process? If not, why not?

CCC-12
Re: Ex. 1/p. 112

What is the current state of the two Custom CDM Programs? Is London still offering these programs?

CCC-13
Re: Ex. 1/p. 114

Then evidence states that London Hydro intends to update its load forecast – before a decision is rendered on this Application – once full 2021 data is available and may consider adjustments if they are material. When is this update expected? What process does London Hydro propose regarding the update and how any adjustments would impact its proposed rates?

CCC-14
Re: Ex. 1/p. 120

With respect to the CIS/CRM transformation program what were the forecast costs for 2021? What are the actual 2021 costs incurred to date?

CCC-15
Re: Ex. 1/p. 126

London Hydro's evidence is that although cloud computing is the best option for customers in most cases, choosing cloud-based solutions has the outcome of driving up OM&A costs since this is where cloud costs are captured for ratemaking. Please provide evidence to demonstrate London Hydro's decision to move to cloud computing represents the best option for its customers. Has London Hydro benchmarked its cloud computing costs with other LDCs? If not, why not? If so, please provide the results of that benchmarking.

CCC-16
Re: Ex. 1/p. 135

London Hydro is proposing to increase its residential rates, through this Application by 9.7% (including DVA clearances). Other customer classes are experiencing even higher distribution

rate increases. Please explain the extent to which London Hydro discussed the proposed level of distribution increases (the part of the bill that London Hydro is responsible for) during its customer engagement activities with its customers. Did London Hydro ever discuss with its customers the fact that embedded in rates is an ROE that exceeds 8%? If not, why is this not relevant information and context for London Hydro's customer engagement?

CCC-17
Re: Ex. 1/pp. 136-147

What are the total Customer Engagement costs included in the forecast 2022 OM&A costs? Please provide all details.

EXHIBIT 2

CCC-18
Re: EB-2016-0091 London Hydro_Settlement Proposal_Chapter 2 Appendices_20170209 Appendix 2-AA

Please add two columns to Appendix 2-AA, 2016 and 2017 actuals, and provide an excel version of the table.

CCC-19
Re: EB-2016-0091 Ex. 2 T3 S1 App. 2-6/p. 96-98 Section 3.1.4 Capital Projects by Category

London Hydro provides tables that summarize the total capital cost for the forecast period (2017 to 2021) of the capital projects and Programs, sorted by category.

a) Please add 2017 to 2021 actuals to the table and the forecasts for the period 2022 to 2026.

b) Please provide an excel spreadsheet of the table.

CCC-20
Re: Appendix 2-AA

a) Please update the forecast for 2021.

b) The average annual spend for Subdivision Rebuilds over the 2017 to 2020 period is $5,816,839. Please explain in detail what is driving the increase in spending to $8,720,000 in 2022.

c) The average spend for Overhead Line Work the 2017 to 2020 period is $3,964,338. Please explain in detail what is driving the increase in spending to $5,290,000 in 2022.

d) Please add the years 2023 to 2026 to Appendix 2-AA.

e) Please identify the projects where London Hydro has increased the scope/asset replacement rate as a result of Kinectrics' Asset Condition Assessment (ACA), compared to the historical asset replacement quantities.

f) Please provide an excel version of Appendix 2-AA incorporating parts (a) and (e).

CCC-21
Re: Ex. 2 App. 2-7/p. 128

Over the five-year period from 2017 to 2021, the expected spending will exceed Planned spending by 25%. The primary driver of this is a higher than expected amount of customer driven work (System Access), asset replacements (System Renewal) and General Plant. A more detailed review by Category is provided in the next section. With respect to System Renewal, the variance is $9.94 million (12.37%).

As part of the historical variances by category, London Hydro provides the following information regarding System Renewal.

System Renewal				
Substation Rebuilds	225,000	728,348	503,348	224%
Subdivision Rebuilds	27,529,400	30,745,357	3,215,957	12%
Main Feeders	14,460,500	22,430,502	7,970,002	55%
Downtown Core Supply	8,464,100	15,413,627	6,949,527	82%
Overhead Line Work	29,655,600	20,957,352	(8,698,248)	-29%
Total System Renewal	**80,334,600**	**90,275,185**	**9,940,585**	**12%**

a) Please provide the variance in asset replacements for the above projects.

CCC-22
Re: Ex. 2 App. 2-7 App. A1/p. 9

As part of DSP Customer Survey 2021 Residential and Small Commercial, respondents were asked if they agreed with the top five priorities that customers had identified through previous surveys. Respondent who disagreed with the priorities provided 614 responses on what the priorities should be.

Please provide a breakdown of the nature of the 614 responses.

CCC-23
Re: Ex. 2 App. 2-7 App. A1/p. 11

The survey states "Each System Renewal, System Service and General Plant project that London Hydro undertakes undergoes a prioritization evaluation taking into account: Reliability, Safety, Environment, Capacity and Efficiency to ensure the financial investment and project outcomes align and support your priorities for today and the future." Respondents were asked if London Hydro's objectives align with the respondent's expectations of what your electricity provider should focus on? 455 responses provided comments.

Please provide a breakdown of the nature of the 455 responses.

CCC-24
Re: Ex. 2 App. 2-7 App. G/p.439 of PDF

Please add 2017 Approved and 2017 to 2019 Actuals to the 2020-2026 Capital Expenditure Plan Table and provide an excel version of the table.

CCC-25
Ex. 2 App. 2-7 App. I/p. 603 of PDF

With respect to 22B2 Subdivision Rebuilds, please complete the following table:

U/G Cable (km)	2014	2015	2016	2017	2018	2019	2021	2022	2023	2024	2025	2026
Injection												
Replacement												

CCC-26
Ex. 2 App. 2-7 App. I/p. 632 of PDF

With respect to 22B9 Zone B Underground Conversion, please complete the following table:

Conversion (km)	2014	2015	2016	2017	2018	2019	2021	2022	2023	2024	2025	2026
UG to UG												
Other												

CCC-27
Ex. 2 App. 2-7 App. I/p. 703 of PDF

With respect to 22G1 Pole Replacement, please complete the following table:

Poles (units)	2014	2015	2016	2017	2018	2019	2021	2022	2023	2024	2025	2026
Replacement												
Refurbishment												

CCC-28
Ex. 2 App. 2-7 App. I/p. 707 of PDF

With respect to 22G3 Rebuild Depreciated Areas, please complete the following table:

Units Replaced	2014	2015	2016	2017	2018	2019	2021	2022	2023	2024	2025	2026
Poles												
Transformers												
Other												

CCC-29
Re: Ex. 2 App 2-7 App. L/p. 15

In Kincetrics' methodology, the final HI assigned to an individual asset is limited by the asset's age. An Age Limiter (AL), which is equal to the cumulative survival probability at a given age of an asset group, is compared to the calculated HI. If the calculated HI is less than or equal to the AL, the final HI assigned is the calculated HI. If the calculated HI is more than the AL then the final HI assigned is equal to the AL. It is important to note in using the AL that although the calculated HI (based in condition data such as test results, inspections, loading, etc.) may be high, the final HI may be low because of asset age.

a) Please provide the assets reviewed in the ACA where the final H1 assigned is not limited by the asset's age.

b) Please provide the final H1 data (i.e. recast Table 3-1) if the methodology is adjusted such that the final HI assigned to an individual asset is not limited by the asset's age.

CCC-30
Re: Ex. 2 App 2-7 App. L/p. 18

The Life Curve approach is used to estimate the number of assets to be addressed in a given year, using the asset's removal rate (Equation 6). In this project the life curves developed for all asset groups were based on typical industry values.

Re: Ex. 2 App 2-7 App. L/p. 37

Kinectrics recommended that London Hydro collect removal and failure data for all asset categories. While failure records were available for pad mounted switchgear and distribution transformers, the asset information, such as age at the time of removal, was not available. It is recommended that the asset information (type, make/model, age, segment ID of cable, etc.) be recorded. As well, the reason for removal should be recorded. This will allow for the development of London Hydro specific asset life curves and identify units that actually failed.

a) Please discuss the benefit of having London Hydro specific asset life curves.

b) Please discuss the benefit of having actual failure and removal data by asset type.

c) Please discuss London Hydro's plans to address these recommendations.

CCC-31
Re: Ex. 2 App 2-7 App. L/p. 28

With respect to Table 3-1 Health Index Summary:

a) Please add five columns to Table 3-1 to show the Health Index Distribution for very poor, poor, fair, good and very good based on asset quantities.

b) Please add a column to show the end of service life for each asset.

c) Please add a column to provide the number of assets at or beyond end of service life.

d) Please provide an excel version of Table 3-1 incorporating parts (a) to (c).

CCC-32

Re: Ex. 2 App 2-7 App. L/p. 30,32

Table 3-2 and Table 3-3 show the 10-year FFA and Levelized FFA Plans respectively.

Re: Ex. 2 App 2-7 App. L/p. 28

Kinectrics indicates the Flagged for Action Plan (FFA) for a given asset category shows the number of assets that may require attention or action each year. Possible actions are replace, refurbish, further test, monitor, etc. The plan is condition or health based, meaning other factors, such as economics, obsolescence, system growth, etc. are not considered. A 'Levelized' Flagged for Action Plan smooths the peaks and valleys of the FFA.

Please explain how other actions beyond replacement, and other factors such as economics, obsolescence, system growth, etc. are considered and reflected in the capital expenditure plan for 2022 to 2026.

CCC-33
Re: Ex. 2 App. 2-7 App. M App. E/p.68

With respect to the Analytical Ranking Model, London Hydro indicates that when defining new capital programs, five objectives are accounted for due to the significance of their associated risks: 1. Reliability 2. Safety 3. Environment 4. Capacity and 5. Efficiency.

London Hydro states that in response to commentary from the OEB at the last cost of service rate application filing, the health of the various asset categories should be included in the prioritization of the projects driven by System Service and/or System Renewal.

a) Please discuss why asset condition is not one of the five objectives.

b) Please discuss why cost is not one of the five objectives.

c) Please discuss how cost is considering in prioritization of projects and optimization of the capital budget.

CCC-34
Re: Ex. 2 App. 2-7 App. M App. E /p. 71

Table 2 provides the Health Index by Asset Category and Project Sections.

Please recast Table 2 to provide the quantity of assets to be replaced over the 2022 to 2026 period by Asset Category and Project Sections.

CCC-35
Re: Ex. 2 App. 2-7 App. N/p. 11

Figure 9 provides the Contribution per Cause to SAIDI in 2020.

Please provide a table that sets out the contribution (%) per cause to SAIDI for each of the years 2016 to 2021 and include the cause Major Event Day (MED).

CCC-36
Re: Ex. 2 App. 2-7 App. N/p. 12

Figure 10 provides the Contribution per Cause to SAIFI in 2020.

Please provide a table that sets out the contribution (%) per cause to SAIFI for each of the years 2016 to 2021 including the cause Major Event Day (MED).

CCC-37
Re: Ex. 2 App. 2-7 App. N/p. 18

Figure 17 provides the SAIDI Contribution per Equipment Category from Equipment Related Interruptions in 2020.

Please provide a table that sets out the SAIDI Contribution (%) per Equipment Category from Equipment Related Interruptions for each of the years 2016 to 2021 excluding MEDs.

CCC-38
Re: Ex. 2 App. 2-7 App. N/p. 18

Figure 18 provides the SAIFI Contribution per Equipment Category from Equipment Related Interruptions for 2020.

Please provide a table that sets out the SAIFI Contribution per Equipment Category from Equipment Related Interruptions for each of the years 2016 to 2021 excluding MEDs.

CCC-39
Re: Ex. 2 App. 2-7 App. O App. A/p. 36

a) Please add 2021 data to the Table.

b) Please add SAIDI less LOS, less MED and less Scheduled Outages.

c) Please add SAIFI less LOS, less MED and less Scheduled Outages.

CCC-40
Re: Ex. 2 App. 2-7

Please complete the attached excel spreadsheet CCC-40-01.

EXHIBIT 4

CCC-41
Ex. 4

Please provide a complete list of the productivity initiatives that London Hydro undertook during the 2017-2021 period. Please identify the annual savings achieved with each initiative. Please provide a complete list of all productivity initiatives planned for the 2022-2026 period and identify the annual savings for each of those initiatives.

CCC-42
Re: Ex. 4/p. 5 and 23

In 2019 and 2020 London Hydro wound down its CDM activities. All costs associated with this function have been removed from the Application. What were the annual costs associated with the CDM programs in 2017 and 2018? How many employees were dedicated to this work? Have they all been moved to the Customer Service department? What is the annual cost of the three FTEs for 2022?

CCC-43
Re: Ex. 4/p. 7

London Hydro worked through the COVID-19 pandemic without any stoppage, but the lockdown did result in some cost reductions in fiscal 2020 in areas such as training, travel,

conferences and third-party professional services. What were the actual cost reductions in 2020 related to COVID-19?

CCC-44
Re: Ex. 1/p. 106 and Ex. 4/pp. 10-13

Please provide a timeline for the budgeting process in support of this Application. Please provide all budget guidelines provided to employees.

CCC-45
Re; Ex. 4/pp. 17-22

Please explain the difference between the 2022 OM&A numbers found in Tables 4-3 ($42.415m) and Table 4-5 ($44.168m).

CCC-46
Re: Ex. 4/p. 26 – Table 4-7 and pp. 43-46

Corporate Communications costs are increasing from $862,180 in 2017 to $1,387,900 in 2022. Please provide detailed budgets for the Corporate Communications Program for the years 2017-2022. Two additional staff have been hired including a Program Manager and Corporate Communications Assistant. Are these incremental to the 3 CDM employees transferred to Corporate Communications?

CCC-47
Re: Ex. 4/p. 101

Please file the 2017 Tree Trimming Report issued in September 2017.

CCC-48
Re: Ex. 4/p. 101 and pp. 278-280

What are the annual costs associated with the Trickl ap? How many customers have subscribed to the ap? How many are expected to subscribe to it during the test year period?

CCC-49
Re: Ex. 4/p. 145

Table 4-20 sets out London Hydro's IT Program Delivery Costs. Does this Table include the cloud computing costs? Has London Hydro benchmarked its IT costs against other Ontario LDCs? If not why not?

CCC-50
Re: Ex. 4/p. 373

London Hydro's evidence is that between 2009 and 2020 the total Scientific Research and Experimental Development (SR&ED) Investment Tax Credits benefited London Hydro by $4.6 million. In the current Application the SR&ED offset is $570,000. Through the 2009-2020 period how much of the $4.6 million benefitted ratepayers and how much benefitted London Hydro's shareholders.

EXHIBIT 9

CCC-51
Re: Ex. 9/p. 9

Please provide all details and calculations regarding the 1508 Sub-Account – Advanced Capital Module. To what extent have these amounts been approved by the OEB? What is to be approved in this Application?

CCC-52
Re: Ex. 9/p. 30

Please provide all calculations and assumptions regarding the balance in the COVID -19 Emergency Deferral Account.

CCC-53
Re: Ex. 9/p. 67

Please explain what London Hydro is proposing n the context of this Application with respect to a deferral or variance account regarding Ontario's Broadband and Cellular Action Plan.