



London Hydro Inc.

2022 OPERATING AND CAPITAL PLAN

REVISED

London Hydro Inc.
2022 Operating and Capital Plan - REVISED
Statement of Operations
(in thousands of dollars)

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	2022 Budget vs. 2021 Budget Incr / (Decr)	
STATEMENT OF OPERATIONS								
Revenues								
Energy	373,466	356,921	368,249	433,635	465,042	477,378	12,336	2.7%
Distribution	66,536	69,106	67,595	68,518	70,805	77,876	7,071	10.0%
	440,002	426,027	435,844	502,153	535,847	555,254	19,407	3.6%
Cost of power	373,466	356,921	368,249	433,635	465,042	477,378	12,336	2.7%
Distribution Revenue	66,536	69,106	67,595	68,518	70,805	77,876	7,071	10.0%
Controllable expenses								
Gross controllable expenses	42,942	44,760	45,316	45,061	47,345	49,140	1,795	-3.8%
Recoveries	(4,864)	(5,083)	(5,218)	(4,681)	(4,347)	(4,321)	26	-0.6%
Net Controllable expenses	38,078	39,677	40,098	40,380	42,998	44,819	1,821	-4.2%
Operating income	28,458	29,429	27,497	28,138	27,807	33,057	5,250	18.9%
Other revenue	5,906	8,457	6,965	7,356	7,035	6,870	(165)	-2.3%
EBITDA	34,364	37,886	34,462	35,494	34,842	39,927	5,085	14.6%
Amortization of capital assets	17,350	17,939	18,416	19,675	20,920	22,278	1,358	-6.5%
EBIT	17,014	19,947	16,046	15,819	13,922	17,649	3,727	26.8%
Unrealized (gain) loss on swap interest	(3,520)	341	419	6,630	-	(4,390)	(4,390)	
Interest expense	3,169	3,878	4,799	4,638	5,280	4,717	(563)	10.7%
Income taxes expense (recovery)	2,729	2,808	(1,141)	(1,140)	(245)	1,722	1,967	803.0%
Net Earnings	14,636	12,920	11,969	5,691	8,887	15,600	6,713	75.5%

London Hydro Inc.
Schedule of Controllable Expense By Object of Expenditure
2022 Operating Plan

CONTROLLABLE EXPENSES	2017	2018	2019	2020	2021	2022	2022 Bdgt Vs. 2021 Bdgt	
Object of Expenditure	Actuals	Actuals	Actuals	Actuals	Budget	Budget	Incr / (Decr)	
Labour and benefits	25,886,482	26,719,375	27,132,905	27,695,065	28,273,700	29,463,800	1,190,100	4.2%
Professional services	5,359,357	5,867,274	5,997,972	5,718,636	5,773,600	5,987,200	213,600	3.7%
Computer hardware and software	2,260,531	2,540,194	2,814,797	3,215,141	3,490,300	3,751,700	261,400	7.5%
Fleet operations and mtce	1,881,557	2,078,381	1,982,145	2,021,126	2,052,600	2,124,300	71,700	3.5%
Rental, regulatory and other	1,898,946	1,671,488	1,793,953	1,586,067	1,908,800	1,881,800	(27,000)	-1.4%
Facilities maintenance and repair	1,601,569	1,533,895	1,667,646	1,528,343	1,739,900	1,783,600	43,700	2.5%
Corporate employee expenses	1,182,113	1,201,336	1,232,737	950,578	1,334,100	1,366,000	31,900	2.4%
Postage expense	1,259,210	1,262,259	1,257,680	1,090,096	1,195,000	1,180,000	(15,000)	-1.3%
Property tax and insurance	1,182,292	1,194,959	1,207,932	1,263,341	1,321,100	1,350,600	29,500	2.2%
Materials and supplies	1,001,076	971,920	994,706	896,290	1,074,700	1,094,900	20,200	1.9%
Bad debts	840,200	702,530	737,263	800,011	900,000	900,000	-	0.0%
Business and communications	462,619	491,532	416,725	417,772	482,000	479,600	(2,400)	-0.5%
Inventory obsolescence	60,000	66,000	66,000	66,000	60,000	61,500	1,500	2.5%
Studies and special projects	10,136	505,735	87,101	(3,930)	60,800	71,300	10,500	17.3%
Internal allocations	(1,943,784)	(2,047,325)	(2,073,057)	(2,183,549)	(2,321,500)	(2,356,400)	(34,900)	1.5%
Cost recoveries	(4,864,269)	(5,083,084)	(5,218,064)	(4,681,183)	(4,347,000)	(4,320,700)	26,300	-0.6%
Net Controllable Expenses	38,078,035	39,676,470	40,098,440	40,379,804	42,998,100	44,819,200	1,821,100	4.2%

London Hydro Inc.
Schedule of Miscellaneous Revenue - *REVISED*
2021-22 Operating Plan

MISCELLANEOUS REVENUE (in \$000's)	2019 Actuals	2020 Actuals	2021 Budget	2022 Approved Budget	2022 Proposed Changes	2022 Revised Budget
Late Payment Charges	(1,699)	(2,155)	(1,929)	(1,635)		(1,635)
Interest Earned	(739)	(493)	(429)	(200)		(200)
Rental Revenue	(491)	(517)	(503)	(801)		(801)
Collection Charges	(132)	(42)	(91)	(91)		(91)
Occupancy Charges	(596)	(578)	(556)	(544)		(544)
Billing Service Fees	(864)	(937)	(928)	(928)	114	(814)
Renewable Generation	(322)	(348)	(325)	(325)		(325)
Sale of Scrap	(834)	(803)	(600)	(600)		(600)
Revenue from Contributed Capital	(525)	(678)	(824)	(963)	(12)	(975)
Asset Disposition (Gain) Loss	(31)	(28)	(116)	(150)		(150)
Other Miscellaneous Revenue	(733)	(776)	(735)	(735)		(735)
TOTAL MISCELLANEOUS REVENUE	(6,965)	(7,356)	(7,035)	(6,972)	102	(6,870)

London Hydro Inc.
Schedule of Capital Expenditure
Distribution Infrastructure, Plant and Equipment
2022 Capital Plan - REVISED
(in thousands of dollars)

DISTRIBUTION EXPENDITURES

	2021 Budget	2022 Approved Budget	2022 Proposed Changes	2022 Revised Budget	2022 Revised Budget vs. 2021 Budget Incr / (Decr)	
Substation Rebuilds	345	15	-	15	(330)	-95.7%
Subdivision Rebuilds	7,748	8,537	-	8,537	789	10.2%
Main Feeders	2,021	1,785	-	1,785	(236)	-11.7%
Capital Contributions Paid - Transformer Stations Networks	1,450	-	-	-	(1,450)	-100.0%
Overhead Line Work	2,560	2,131	-	2,131	(429)	-16.8%
Automation	5,100	5,290	-	5,290	190	3.7%
	975	1,020	-	1,020	45	4.6%
Infrastructure	20,199	18,778	-	18,778	(1,421)	-7.0%
City Works Projects	12,078	5,521	2,134	7,655	(4,423)	-36.6%
Developer Works Projects	8,505	8,633		8,633	128	1.5%
Demand	20,583	14,154	2,134	16,288	(4,295)	-20.9%
Meters and Devices	1,742	1,699	-	1,699	(43)	-2.5%
Vehicles and Major Equipment	1,445	1,450	-	1,450	5	0.3%
Operating Equipment	430	409	-	409	(21)	-4.9%
Equipment	3,617	3,558	-	3,558	(59)	-1.6%
Office Furniture and Equipment	825	729		729	(96)	-11.6%
Buildings and Fixtures	2,816	1,643	-	1,643	(1,173)	-41.7%
Office Property and Equipment	3,641	2,372	-	2,372	(1,269)	-34.9%
Hardware and Software	1,020	829	-	829	(191)	-18.7%
Applications Development	4,578	4,875	(500)	4,375	(203)	-4.4%
CIS Refresh	-	-	6,500	6,500	6,500	
Information Systems	5,598	5,704	6,000	11,704	6,106	109.1%
Pilot Programs - Gross Spending	511	-	-	-	(511)	-100.0%
Pilot Programs - Funding	(461)	-	-	-	461	-100%
Pilot Programs (Power Forward & Sidewalk Labs)	50	-	-	-	(50)	-100%
Total Distribution Infrastructure, Plant and Equipment	53,688	44,566	8,134	52,700	(988)	-1.8%
Change in Capital Assets Inventory	(750)	(650)	-	(650)	100	-13.3%
Net Capital Spending	52,938	43,916	8,134	52,050	(888)	-1.7%
<u>CONTRIBUTIONS</u>						
Contributed Capital	(6,534)	(4,558)	-	(4,558)	1,976	-30.2%

London Hydro Inc.
2022 Operating and Capital Plan - REVISED
Balance Sheet
(in thousands of dollars)

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget
ASSETS						
Current assets						
Cash and equivalents	\$ 4,364	\$ 1,295	\$ 3,428	\$ 28,298	\$ 18,135	\$ 7,588
Accounts receivable	75,047	74,985	71,369	84,709	84,361	85,462
Income taxes receivable	-	-	1,171	-	807	-
Regulatory amounts recoverable	-	3,907	4,997	-	2,821	787
Inventories	647	616	418	458	500	500
Prepaid expenses	2,461	2,667	2,338	1,752	2,300	2,100
	82,519	83,470	83,721	115,217	108,924	96,437
Non-current assets						
Regulatory amounts recoverable	5,832	23,119	25,395	31,642	27,853	16,107
Capital assets	292,541	303,855	323,320	340,118	364,974	397,588
Total non-current assets	298,373	326,974	348,715	371,760	392,827	413,695
TOTAL ASSETS	\$ 380,892	\$ 410,444	\$ 432,436	\$ 486,977	\$ 501,751	\$ 510,132
LIABILITIES & EQUITY						
Current liabilities						
Accounts payable & accrued liabilities -						
Due to IESO	\$ 34,838	\$ 33,694	\$ 31,972	\$ 29,319	\$ 42,663	\$ 43,505
Other	13,467	14,514	16,467	16,685	16,000	16,300
Income taxes payable	735	2,197	-	100	-	589
Due to Shareholder	8,724	6,451	6,952	5,749	8,100	8,200
Dividends payable	-	-	-	5,000	-	-
Regulatory liabilities	5,851	1,719	-	-	-	-
Smart meter loan	2,304	1,522	-	-	-	-
Current portion of lease liabilities	-	32	33	34	35	36
Deferred revenue	1,395	1,813	2,113	2,263	1,500	1,500
Customer & other deposits	932	2,415	1,082	2,923	800	400
Total current liabilities	68,246	64,357	58,619	62,073	69,098	70,530
Long-term liabilities						
Unrealized loss on swap interest	887	1,228	1,647	8,277	4,390	-
Future income taxes	3,766	5,590	8,982	9,506	13,051	14,779
Regulatory liabilities	2,424	601	2,722	4,519	7,674	6,306
Customer and other deposits	5,896	3,510	3,324	2,025	2,000	2,000
Deferred revenue	8,105	9,705	9,694	7,151	5,900	6,200
Lease liabilities	-	2,256	2,223	2,190	2,155	2,119
Long-term debt	115,000	140,000	155,000	200,000	200,000	200,000
Smart meter loan	1,522	-	-	-	-	-
Accrued post-retirement liability	15,213	13,895	15,535	16,100	15,746	15,861
Total long-term liabilities	152,813	176,785	199,127	249,768	250,916	247,265
Shareholder's equity						
Share capital	96,116	96,116	96,116	96,116	96,116	96,116
Retained earnings	64,887	72,807	79,776	80,467	86,823	97,423
Accumulated other comprehensive gain (loss)	(1,170)	379	(1,202)	(1,447)	(1,202)	(1,202)
Total shareholder's equity	159,833	169,302	174,690	175,136	181,737	192,337
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 380,892	\$ 410,444	\$ 432,436	\$ 486,977	\$ 501,751	\$ 510,132

London Hydro Inc.
2022 Operating and Capital Plan - REVISED
Statement of Cashflows
(in thousands of dollars)

	2020 Actuals	2021 Budget	2022 Budget	2022 Budget vs. 2021 Budget Incr / (Decr)
Cash provided by operating activities				
Net earnings for the year	\$ 5,691	\$ 8,887	\$ 15,600	\$ 6,713
Charges to operations not requiring a current cash payment:				
Amortization of capital assets and contributed capital	20,075	21,207	22,509	1,302
Gain on disposal of capital assets	(28)	(116)	(150)	(34)
	25,738	29,978	37,959	7,981
Net change in non-cash working capital balances related to operations	(13,959)	(539)	1,637	2,176
Increase in employee future benefit	321	111	115	4
Cash provided by operating activities	12,100	29,550	39,711	10,161
Financing activities				
Unrealized loss (gain) on swap interest	6,630	-	(4,390)	(4,390)
Increase (decrease) in customer and other deposits	542	(600)	(400)	200
Increase (decrease) in due to Shareholder	(1,203)	200	100	(100)
Contributions to capital costs	6,839	6,534	4,558	(1,976)
Increase (decrease) in deferred revenue	(2,393)	(1,600)	300	1,900
Increase in long-term debt	45,000	-	-	-
Decrease in lease liabilities	(33)	(33)	(35)	(2)
Payment of dividends to shareholder	-	(5,000)	(5,000)	-
Cash provided by financing activities	55,382	(499)	(4,867)	(4,368)
Investment activities				
Net additions to capital assets	(43,769)	(52,938)	(52,050)	888
Capital asset transfers from regulatory assets	-	-	(7,631)	(7,631)
Proceeds on disposal of capital assets	85	119	150	31
Change in future income taxes	524	2,556	1,728	(828)
Change in regulatory amounts	548	6,095	12,412	6,317
Cash used in investing activities	(42,612)	(44,168)	(45,392)	(1,223)
Net increase (decrease) in cash during the year	24,870	(15,117)	(10,547)	4,570
Cash, beginning of year	3,428	33,252	18,135	(15,117)
Cash, end of year	\$ 28,298	\$ 18,135	\$ 7,588	\$ (10,547)