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Columnist, The Globe and Mail

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November 19, 2010

BY EMAIL & COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2010-0142**  
**Toronto Hydro-Electric System Limited – 2011 Cost of Service Application**  
**Interrogatories of Energy Probe**

Pursuant to Procedural Order No. 1 issued by the Board on October 18, 2010, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2010-0142 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Glen Winn, Toronto Hydro-Electric System Limited (By email)  
Mark Rodger, Borden Ladner Gervais LLP (By email)  
Olena Loskutova, Consultant to Energy Probe (By email)  
Peter Faye, Energy Probe Counsel (By email)  
Intervenors of Record (By email)

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**Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act*,  
1998, S.O. 1998, c. 15, Schedule B;

**AND IN THE MATTER OF** an Application by Toronto  
Hydro-Electric System Limited for an Order or Orders  
approving or fixing just and reasonable distribution rates and  
other charges, effective May 1, 2011.

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**INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

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**November 19, 2010**

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED  
2011 RATES REBASING CASE  
EB-2010-0142**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES**

**Issue 1. GENERAL**

**1.1 Has Toronto Hydro responded appropriately to all relevant Board directions from previous proceedings?**

**Interrogatory # 1**

**Ref: Exhibit D1, Tab 8, Schedule 12, Appendix A &  
Board Decision EB-2009-0139**

**On page 35 of the Board decision in EB-2009-0139 the Board directed THESL to provide a plan for the incorporation of DG in downtown Toronto. As part of that direction the Board said:**

**“The Board has not established an expected time-line for the completion of the DG study. However, it expects that the filed plan will contain, at a minimum, a scope of the work associated with the “next steps” or “alternative approach” and a schedule of key milestones within the plan.”**

**The plan filed in the current application appears to contain the minimum “scope of work” referred to in the excerpt but does not include a schedule of key milestones within the plan.**

**Does THESL have a schedule of key milestones within the plan? If so please provide it. If not, please explain why it is not available in this application as directed by the Board.**

**1.2 Are Toronto Hydro’s economic and business planning assumptions for 2011 appropriate?**

**Interrogatory # 2**

**Ref: Exhibit C1, Tab 4, Schedule 1, Appendix B, page 5**

**In this business planning document reference is made to an inflation factor to be used in preparing budgets for “direct materials, support and service costs”.**

- a) Please explain why the general CPI inflation factor is appropriate for use in escalating the costs for direct materials, support and service costs.**
- b) Does THESL consider any industry specific inflation factors that might better reflect cost trends in the distribution business than the CPI?**
- c) Does THESL conduct any ex post analysis to determine if its forecast of inflation for these goods and services was accurate? If yes, please provide the most recent analysis. If no, please comment on risks of not conducting such analyses.**

**Interrogatory # 3**

**Ref: Exhibit C1, Tab 4, Schedule 1, Appendix B, page 7**

**Under the Capital Investment Plan section on this page it is noted that:**

**“Appropriate justification should be provided for major initiatives.”**

- a) Please elaborate on what constitutes “major initiatives”.**
- b) Please provide any documentation that guides staff on what “appropriate justification” should consist of.**

**Interrogatory # 4**

**Ref: Exhibit C1, Tab 4, Schedule 1, Appendix B, page 7**

**Under the Capital Investment Plan section on this page it is noted that:**

**“Executives with capital investment budgets will be required to support the proposed initiatives.”**

- a) Please describe the kind of support required for capital investment budgets.**

- b) Please describe the process used to review the support for capital investment budgets including the approval process.**

**Interrogatory # 5**

**Ref: Exhibit C1, Tab 6, Schedule 1, page 7**

**This exhibit discusses the asset management model. In the section entitled Feeder Investment Model, reference is made to the optimal timing for asset replacement and the need to quantify the risk cost of a feeder failure. Lines 19-25 describe the process as:**

19 “In order to quantify the risk due to failure, the FIM requires measures of the probability  
20 and the consequences of failure for each asset. Consequence costs normally depend on  
21 the magnitude and duration of customer interruptions. The FIM uses the peak load  
22 interrupted as a proxy for customer effects. This load, and the duration of the outage are  
23 converted into implicit dollar costs to customers due to the interruption. Probability of  
24 failure is estimated based on the age and condition of the asset as measured in the Asset  
25 Condition Assessment process.”

- a) Please explain how peak load interrupted in Lines 21-22 is a good proxy for customer effects.**
- b) Please describe how the duration of the outage in Line 22 is estimated.**
- c) Please explain how the combined load and duration in Line 22 is converted into implicit dollar costs to customers in Line 23**
- d) Please describe how age and condition of the asset in Line 24 is translated into a probability of failure**

**Interrogatory # 6**

**Ref: Exhibit C1, Tab 6, Schedule 1, page 11**

**Line 16 refers to a “Project Equivalence Matrix”.**

- a) Please provide a copy of the document.**
- b) Please explain in detail how the tradeoff equivalencies in the matrix were arrived at.**

**1.3 Is service quality, based on the OEB specified performance indicators, acceptable?**

**Interrogatory # 7**

**Ref: Exhibit B1, Tab 13, Schedule 1, page 1**

**The evidence at Table 1, Service Quality Measures, shows that emergency response in 2009 was 79.5%.**

- a) Please explain what caused Emergency Response to drop below the OEB Standard and be substantially lower than in previous years as shown in the table.**
- b) Does THESL plan to take any actions to improve its emergency response in 2010? If yes, what specifically? If not, please explain why not.**

**Interrogatory # 8**

**Ref: Exhibit B 1, Tab 14, Schedule 1, page 6**

**Two out of three major reliability indicators got worse in 2009 compare to 2008. Moreover, CAIDI performance in 2009 is far worse than in any of the other years presented.**

**What basis do you use when you say, in the following quotation, that system reliability performance has shown improvement between 2008 and 2009?**

**“Generally, system reliability performance has shown improvement between 2008 and 2009, some of which may be attributed to THESL’s investment programs.”**

**Interrogatory # 9**

**Ref: Exhibit B 1, Tab 14, Schedule 1, page 11**

**Chart 8 shows substantially higher equipment failures of overhead lightning arresters and insulators in 2009 compared to previous years.**

- a) Please explain why this is the case.**

- b) In addition, transformer failures in 2009 were almost twice the number of failures in 2008. Please elaborate on this.

**Interrogatory # 10**

**Ref: Exhibit B 1, Tab 14, Schedule 1, page 15, Lines 12 – 17:**

**“In 2008, Toronto Hydro adopted and implemented a reliability – based tree trimming program. It is a departure from the traditional fixed area and cycle approach. The new methodology takes into consideration reliability performance of each feeder from tree-related outages as well as the cost of trimming around each feeder. The analysis yields a trimming cycle for each feeder that will deliver the optimum reliability performance for the amount of resource spent.”**

**Please explain how THESL identifies optimum reliability performance.**

**Interrogatory # 11**

**Ref: Exhibit B 1, Tab 14, Schedule 1, page 17**

**Chart 13 provides data of foreign interference CHI (customer hours interrupted) performance between 2005 and 2009.**

**Please explain and provide details about the causes of increased CHI for all four categories of foreign interference from 2008 to 2009.**

**Issue 3. OPERATIONS, MAINTENANCE and ADMINISTRATION COSTS**

- 3.1 Are the overall levels of the 2011 Operation, Maintenance and Administration budgets appropriate?**

**Interrogatory # 12**

**Ref: Exhibit F1, Tab 1, Schedule 1**

**Table 1 on Page 1 of the schedule shows 2010 O&M spending of \$179.6 M. The Settlement Agreement in EB-2009-0139 resulted in an OM&A component of revenue requirement of \$195.4 M plus property taxes and Ontario Capital tax.**

Please identify what part of the \$195.4 M should be compared to the forecast 2010 O&M expenditure of \$179.6M.

**Interrogatory # 13**

**Ref: Exhibit F1, Tab 1, Schedule 2**

Lines 1-6 on Page 5 note that 2009 historical costs have increased due to “the apprentice training costs being added to the maintenance program”.

- a) Please explain where apprentice costs were previously charged.
- b) Please explain what these costs were for.
- c) Please explain why those costs were transferred to the preventive maintenance program.
- d) Do the 2010 and 2011 totals for preventive maintenance also include apprentice costs transferred from another account? If yes, please provide the estimated costs for apprentices.

**Interrogatory # 14**

**Ref: Exhibit F1, Tab 1, Schedule 3**

Page 7 of the schedule attributes \$0.7 M of increased preventive maintenance spending from 2009 to 2010 to increased tree trimming.

- a) Does the 2011 forecast of \$12.0 M also include an increased amount for tree trimming? If yes, please identify how much the additional tree trimming costs will be.
- b) Does THESL anticipate ongoing increased costs for tree trimming over historical? If yes, please elaborate on how much is expected over historical cost.
- c) Does THESL have a study of vegetation management that resulted in the decision to increase tree trimming? If yes, please provide it. If no, what was the basis for the decision to increase tree trimming?



### **Interrogatory # 15**

**Ref: Exhibit F1, Tab 1, Schedule 4**

**Table 1 on Page 7 shows predictive maintenance increasing from \$1.3 M in 2008 to \$6.2 M in 2011. Most of this is attributed to the contact voltage scanning program which is expected to cost \$4.4 M in 2011.**

- a) Does THESL anticipate continuing to spend at the 2011 level for scanning in future years?**
- b) If yes, has it considered acquiring the equipment and training to conduct the scanning itself? If no, please explain why this would not be a cost effective alternative to contracting the service.**
- c) Has THESL conducted a cost/benefit analysis of the scanning program for 2009 and 2010? If yes, please provide the analysis. If no, please explain how THESL determines it is receiving value for the cost of the program?**

### **Interrogatory # 16**

**Ref: Exhibit F1, Tab 1, Schedule 4**

**On page 7 of the schedule reference is made to the “success of contact voltage scan program in detecting potential electrical hazards on Toronto roads in 2009 and 2010”.**

**Please provide details of the potential electrical hazards discovered through the scanning program after the initial emergency condition in 2009 was dealt with.**

### **Interrogatory # 17**

**Ref: Exhibit F1, Tab 2, Schedule 1**

**Table 1 on Page 3 shows an increase in equipment service costs of \$2.0 M or approximately 21%. This is attributed to “increases in payroll, payroll benefits, vehicle fuel and vehicle insurance”**

- a) Please breakdown the increase of \$2.0 M into individual amounts for payroll, payroll benefits, vehicle fuel and vehicle insurance.**

- b) Please explain why these otherwise routine categories of cost should increase by such a dramatic amount.

**Interrogatory # 18**

**Ref: Exhibit F1, Tab 4, Schedule 1, page 5 & Exhibit C2, Tab 3, Schedule 2, page 3**

Page 5 of F1-4-1 shows total supply chain costs increasing from \$9.3 M in 2010 to \$11.4 M in 2011 or approximately 23%. At the same time Table 1 on page 3 of C2-3-2 shows total materials inventory declining from \$94.6 M in 2010 to \$88.3 M in 2011.

Please explain why additional manpower is needed as referred to in line 9 on page 5 of F1-4-1 if the amount of material requiring managing is declining.

**Interrogatory # 19**

**Ref: Exhibit F1, Tab 4, Schedule 1, page 6 & Exhibit C2, Tab 3, Schedule 2, page 3**

Table 2 on page 6 of F1-4-1 shows the on-cost rate applied to material issues increasing from 12% in 2010 to 17% in 2011 while total material inventory is only declining from \$94.6 M in 2010 to \$88.3 M in 2011, a drop of only about 7%.

- a) Please explain why the on-cost rate should increase by about 42% when the material needing management only drops by about 7%.
- b) Lines 1-2 on Page 6 of F1-4-1 states that “the on-cost rate will revert back to 17% in 2011 while the rates for historical years was never higher than 14%. Please explain the use of the term “revert” in this context.
- c) The 2008 and 2009 on-cost rates were 11% and 14% respectively on materials of about \$64 M. Please explain why the on-cost rate for 2011 should be so much higher at 17% when it is spread over \$88.3 M in materials.

**Interrogatory # 20**

**Ref: Exhibit F2, Tab 5, Schedule 1**

**Table 4 on Page 5 of the schedule shows an increase in costs for external reporting from \$2.3 M in 2010 to \$5.5 M in 2011. This is attributed to costs to meet dual accounting standards related to IFRS that have been included in the 2011 numbers.**

**Does THESL anticipate that costs for external reporting in future years will revert to historical levels? If not, please explain why costs will remain higher than historical.**

**Interrogatory # 21**

**Ref: Exhibit F2, Tab 7, Schedule 1**

**Table 1 on Page 2 of the schedule shows legal costs increasing from \$2.9 M in 2009 to \$4.5 M in 2010 and to \$5.0 M in 2011. The increase in 2010 is attributed to “\$1.5 million of legal service costs related to corporate governance, policy and finance were transferred from Toronto Hydro Corporation to THESL.” The increase in 2011 is attributed to “Wage increases, additional employees to meet increased workload, and general inflation account for the increase in the test year costs.”**

- a) Please explain what these costs were for and why THC transferred them to THESL.**
- b) Was this a one time only transfer or is the additional \$1.5 M in costs an ongoing expense?**
- c) For the 2011 increase please elaborate on the need for additional employees and quantify the contribution made by wage increases and general inflation to the increase.**

- 3.4 Are the 2011 Human Resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels, appropriate? Has Toronto Hydro demonstrated improvements in efficiency and value for dollar associated with its compensation costs?**

**Interrogatory # 22**

**Ref: Exhibit C2, Tab 1, Schedule 2**

**This exhibit discusses compensation.**

**Lines 19-21 refer to the attractiveness of THESL's apprentices and Trade School graduates to other utilities.**

- a) What percentage of THESL apprentices in the trades training program are hired away by other utilities during the four year apprenticeship period?**
- b) What percentage of graduates from the Trades School are hired away by other utilities within two years of graduation?**
- c) Does THESL have an estimate of how many years an employee needs to work for it to fully recover the cost of training through the Trades School? If yes, please describe the estimating process and outcome.**
- d) Has THESL considered implementing a deposit system for apprentices that would be forfeited to the company if the apprentice leaves employment for another employer within the cost recovery period referred to in c) above? Please comment on the pros and cons of such a disincentive system.**

**Interrogatory # 23**

**Ref: Exhibit C2, Tab 1, Schedule 2**

**Lines 1-2 on Page 2 of the exhibit state that:**

**“The goal of THESL's overall compensation strategy is to secure a workforce that is skilled and capable of exceptional performance and commitment.”**

- a) Does this strategy apply to all employee groups or just to managerial and executive groups?**
- b) Does this objective result in THESL having to provide an exceptional compensation plan relative to other competing employers?**

**Interrogatory # 24**

**Ref: Exhibit C2, Tab 1, Schedule 2**

**Line 18 on Page 3 refers to benchmarking studies for compensation plans.**

- a) Do these benchmarking studies apply to employees in each of the CUPE, Society and Managerial/Executive groups?**
- b) Please provide a copy of the most recent benchmarking study applicable to each of the groups above.**

**Interrogatory # 25**

**Ref: Exhibit C2, Tab 1, Schedule 5**

**This schedule discusses the workforce staffing plan. On Page 3 reference is made to THESL's workforce demographic profile.**

- a) Please provide demographic profiles for each of CUPE represented, Society represented and Managerial and Executive categories of employees.**
- b) Please provide an expanded table 1 at the bottom of page 3 to show actual retirements for the years 2007-2009.**
- c) Does THESL hire retirees back on a contract basis?**
- d) If yes, how many such reemployed retirees has THESL had on average for the past 3 years?**
- e) If no, please explain why THESL does not hire retirees back on contract.**

**Interrogatory # 26**

**Ref: Exhibit C2, Tab 1, Schedule 5**

**On Page 5 a discussion of Value to the Customer is presented and the following statement appears:**

**“Heightened service expectations, increasingly a market norm, will require innovative technologies that deploy real-time information or alerts and 24/7 customer service options, with access to highly knowledgeable staff who can translate complex billing data into sound analysis and advise on energy programs to assist the customer.”**

- a) “heightened service expectations” are “increasingly a market norm”. Does THESL have any studies that support this conclusion? If so, please provide them. If not, please explain the basis for the conclusion.**
- b) Please describe the innovative technologies that deploy real-time information or alerts.**
- c) What customer service options does THESL anticipate will be needed on a 24/7 basis?**
- d) Does THESL anticipate that access to highly knowledgeable staff who can translate complex billing data into sound analysis and advise on energy programs will be needed on a 24/7 basis? If yes, please provide any evidence that supports that conclusion.**
- e) Does THESL currently provide any of the customer services referenced in the excerpt? If yes, please describe and comment on what additional services will be needed.**

**Interrogatory # 27**

**Ref: Exhibit C2, Tab 1, Schedule 5**

**At Lines 14-17 on Page 5 the following statement appears:**

**“Customer service employees will need to be equipped to offer a wide spectrum of services from answering bill enquiries to providing advice and guidance on energy consumption management and various program offerings.”**

- a) Does THESL currently provide services for bill enquiries and advice and guidance on energy consumption? If yes, please comment on the need to expand these services. If no, where do customers currently get assistance for these matters?
- b) Please elaborate on what makes up “various program offerings”. Are these new programs or existing ones?

**Interrogatory # 28**

**Ref: Exhibit C2, Tab 1, Schedule 5**

At Lines 23-24 on Page 5 reference is made to the need to support “value-added customer services and technologies such as Smart Metering and web-based services...”

- a) Please describe the support needed for Smart Metering in the customer service context.
- b) Please describe the web based services referred to.
- c) Does THESL provide web based services through its own staff or does it contract this work out?

**Interrogatory # 29**

**Ref: Exhibit C2, Tab 1, Schedule 5**

At Lines 25-27 on Page 5 reference is made to the need for “extensive training for harmonized jobs of broader scope”.

- a) Please explain what THESL means by harmonized jobs of broader scope.
- b) What is driving the need for such jobs?
- c) How much does THESL expect to spend annually on training for these jobs?

**Interrogatory # 30**

**Ref: Exhibit C2, Tab 1, Schedule 5**

**At Lines 18-23 on Page 6 reference is made to contract resources to assist in meeting the capital program requirements.**

- a) As a percentage of the total 2011 capital program how much work will be done by these design build contractors?**
- b) How much is projected to be done by contractors in 2010?**
- c) Has THESL conducted a comparison of the costs of contracting this work as opposed to doing it with in house resources? If yes, please provide a synopsis of the comparison.**

**Interrogatory # 31**

**Ref: Exhibit C2, Tab 1, Schedule 5**

**Starting on Page 7 of the schedule, a discussion of Trades and Technical jobs is presented.**

- a) Has THESL experienced any difficulties attracting apprentices to its program? If yes, please explain what the difficulties have been due to and what actions THESL is taking to overcome them.**
- b) Does THESL have a program to raise awareness in high schools for trades and technical jobs? If yes, please provide a synopsis of the program and the results to date. If no, please explain why such a program would not be a good idea.**

**Interrogatory # 32**

**Ref: Exhibit C2, Tab 1, Schedule 5**

**Starting at Line 15 on Page 8 of the schedule a discussion of the trades training school at THESL is presented.**



- a) Please provide a table showing the annual number of entrants to the program from its inception in 2003 to date along with the number who completed the program and the number who left the program during each period for other reasons.
- b) Table 2 on Page 9 notes only 2 graduates from the program in 2009, 13 in 2010 and 17 in 2011. Please explain why so few program participants are expected to graduate and reconcile it with the statements at Lines 18-20 on Page 8 that “Twenty percent of these apprentices have graduated to date and remain with THESL. Over 89 percent of apprentices have continued in the program.”

**Interrogatory # 33**

**Ref: Exhibit C2, Tab 1, Schedule 6 – Gain Sharing Program Guide**

**Page 3 discusses eligibility for the gain sharing program.**

- a) Please explain what Crew Leaders are responsible for.
- b) How many Crew Leaders does THESL currently employ?
- c) Please explain what System Response Representatives are responsible for.
- d) How many System Response Representatives does THESL currently employ?
- e) Please explain why the program is restricted to these two categories of employees.
- f) Does THESL intend to expand this system to other employees? If so, please describe when and to what employees the program will apply.

**Interrogatory # 34**

**Ref: Exhibit C2, Tab 1, Schedule 6 – Gain Sharing Program Guide**

- a) Please provide a chart similar to the Sample 2010 Gain Sharing Results on Page 6 results showing the target and actual results for the 2009 program.

- b) Please compare the results for 2009 against historical performance of the KPI in the three year period prior to the establishment of the gain sharing plan.
- c) How much was the payout under the Gain Sharing plan for 2009?

#### Issue 4. CAPITAL EXPENDITURES and RATE BASE

4.2 Are the amounts proposed for 2011 Capital Expenditures appropriate including the specific Operational and Emerging Requirements categories?

##### Interrogatory # 35

Ref: Exhibit D1, Tab 8, Schedule 1, page 4

This schedule refers to a “Reliability Peer Group Study” performed by Capgemini for THESL in 2009.

- a) Please provide a copy of the study
- b) Please explain why THESL decided to compare itself to the selected international peer group rather than other Ontario distributors.
- c) Please provide a comparison of THESL reliability to that of other Ontario distributors.

##### Interrogatory # 36

Ref: Exhibit D1, Tab 8, Schedule 1, page 5

This page contains a statement from the Capgemini study that “poor reliability may discourage some companies from locating in Toronto”.

- a) Please elaborate on the basis for the statement.
- b) Is THESL relying on this statement for justification of its capital program?
- c) Does THESL have other studies showing that companies interested in locating in Toronto have been dissuaded by poor reliability? If so, please provide them.

**Interrogatory # 37**

**Ref: Exhibit D1, Tab 8, Schedule 1, page 10**

**Chart 3 on this page shows an improving trend for reliability performance of underground equipment. This appears to be at odds with statements in the schedule that underground cable replacements need to be accelerated due to reliability concerns.**

**Please explain.**

**Interrogatory # 38**

**Ref: Exhibit D1, Tab 8, Schedule 1, page 11**

**Chart 4 on this page shows direct buried cable contribution to reliability indices.**

- a) Is THESL relying on this reliability data to support its increasing capital program to replace direct buried cables?**
- b) Contribution to SAIFI and SAIDI appears to be stable with 2008 and 2009 at least as good or better than performance in 2005 and 2006. Please explain why expanded cable replacement programs are necessary when reliability does not appear to support an accelerated program.**

**Interrogatory # 39**

**Ref: Exhibit D1, Tab 8, Schedule 1, page 13**

**Chart 7 on this page shows the SAIFI trend for underground system related outages for the period 2005 to 2009.**

- a) Is THESL relying on this reliability data to support its increasing capital program to replace direct buried cables?**
- b) Contribution to SAIFI appears to be stable with 2008 and 2009 at least as good or better than performance in 2005 and 2006. Please explain why expanded cable replacement is necessary when reliability does not appear to support an accelerated program.**

#### **Interrogatory # 40**

**Ref: Exhibit D1, Tab 8, Schedule 1, page 14**

**This page describes the increased investment in PILC cable replacement. An undersupply of PILC cable manufacturers and a lack of skills among the workforce to install and maintain this cable type.**

- a) How many cable manufacturers are still providing PILC cable?**
- b) Is THESL providing training to its maintenance staff on PILC cable? If yes, please explain why maintaining these skills is a problem. If no, please explain why it is not possible to continue the training.**

#### **Interrogatory # 41**

**Ref: Exhibit D1, Tab 8, Schedule 6.1**

**Page 2 of this schedule contains the statement that “The increased capital cost for 2011 is required primarily to support further efforts to “green” THESL’s fleet – i.e., reduce greenhouse gas emissions through reductions in fuel consumption.”**

- a) Is the greening of the fleet initiative a legislative or regulatory requirement?**
- b) Please describe the consequences of not investing in greening the fleet?**
- c) What annual emissions reductions are associated with the greener fleet options vs. the conventional fleet alternatives?**
- d) How much could the proposed expenditures of \$13.3 M in 2011 shown in Table 1 be reduced if greening of the fleet was not pursued?**

#### **Interrogatory # 42**

**Ref: Exhibit D1, Tab 9, Schedule 8**

**This schedule describes the Energy Storage Project with a projected cost of \$30.0 M all of which is planned for 2011.**

- a) **Page 2 of G1-2-1 also lists an Energy Storage Project with \$1.1 M planned for 2011. Please explain the differences between these two projects.**
- b) **The description of the Energy Storage Project in D1-9-8 does not include an analysis of the consequences of delaying the project beyond 2011. Please provide the analysis.**

**4.4 Does Toronto Hydro's Asset Condition Assessment information and Investment Planning Process adequately address the condition of the distribution system assets and support the O&MA and Capital expenditures for 2011?**

**Interrogatory # 43**

**Ref: Exhibit D1, Tab 8, Schedule 11 – Asset Condition Assessment**

**On Pages 2-3 of the ACA, a list of 21 asset classes is presented.**

**For each of these classes please provide the criteria used to assess condition and the relative weighting of each criterium.**

**Interrogatory # 44**

**Ref: Exhibit D1, Tab 8, Schedule 11 – Asset Condition Assessment**

**On page 3 of the ACA the following statement appears:**

**“Also, since the condition information for Underground Cables has not yet been incorporated into the Calculator, the 2010 data were compiled and assessed separately, using the same methodology as in 2009”**

**Please explain the methodology used in 2009.**

**Interrogatory # 45**

**Ref: Exhibit D1, Tab 8, Schedule 11 – Asset Condition Assessment**

**On page 12 of the ACA the following statement appears:**

**“As age remains an important parameter for many assets, a systematic age verification process has been undertaken”**

- a) How important is age of an asset in the health index computation?**
- b) Using the example of direct buried underground cables, please explain how age is used in the health index computation.**