



November 19, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Re: Toronto Hydro-Electric System Limited
Application for an Electricity Distribution Rate Change
Submission of AMPCO's Interrogatories
Board File No. EB-2010-0142

Dear Ms. Walli:

In accordance with the Board's Procedural Order # 1 dated October 18, 2010, attached please find AMPCO's interrogatories.

Please do not hesitate to contact me if you have any questions or require further information.

Sincerely yours,

(ORIGINAL SIGNED BY)

Adam White
President
Association of Major Power Consumers in Ontario

Copies to: Toronto Hydro-Electric System Limited
Intervenors

EB-2010-0142
Toronto Hydro-Electric System Limited (THESL)
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1 **1. GENERAL**

2
3 Interrogatory # 1

4
5 **Ref: B1-T4-S2**

6
7 THESL included a Corporate Organization Chart for Toronto Hydro Corporation.

8
9 Please provide an organizational chart for THESL.

10
11 **1.2 Are Toronto Hydro's economic and business planning assumptions for 2011 appropriate?**

12
13 Interrogatory # 2

14
15 **Ref: C1-T4-S1, Appendix A, Page 3**

16
17 Under Engagement and Communication, THESL indicates that the Board-approved strategic
18 goals and objectives are communicated to employees.

19
20 What methods does THESL use to communicate its goals and objectives to employees?

21
22 **1.3 Is service quality, based on the OEB specified performance indicators, acceptable?**

23
24 Interrogatory # 3

25
26 **Ref: B1-T13-S1, Table 1**

27
28 The Emergency Response Measure shows a decrease from 86% in 2008 to 79.5% in 2009, which
29 is below the 80% OEB Standard.

30
31 Please provide an explanation for the decrease.

32
33 **3. OPERATIONS, MAINTENANCE and ADMINISTRATION COSTS**

34
35 **Issue 3.1 Are the overall levels of the 2011 Operation, Maintenance and Administration**
36 **budgets appropriate?**

37
38 Interrogatory # 4

39
40 **Ref: C2-T2-S1, Page 4**

41

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1 THESL indicates that in support of its environmental strategy to be carbon neutral by 2020,
2 Facilities and Asset Management has initiated in its purchasing strategy, plans necessary to
3 reduce carbon emissions that may represent an upfront premium to capital purchase expense.

- 4
- 5 a) Please provide a copy of THESL's environmental strategy referred to above.
 - 6
 - 7 b) Please provide the reference in THESL's purchasing strategy that speaks to reducing
 - 8 carbon emissions.
 - 9

10 Interrogatory # 5

11

12 **Ref: C2-T2-S2, Page 3**

13

14 The evidence indicates that spending on office furniture declines from \$1.5 million to \$0.8
15 million from 2009 to 2010 and increases by \$0.6 million from 2010 to 2011.

16

17 Please explain why spending on office furniture declined from 2009 to 2010.

18

19 Interrogatory # 6

20

21 **Ref: C2-T2-S2, Page 3; C2-T2-S1, Page 4**

22

23 The evidence indicates that projects at 5800 Yonge include replacement of the roof at a cost of
24 \$0.8 million. Under the Environmental Initiatives listed at the second reference, the evidence
25 states that THESL is investigating the installation of a green roof at 500 Commissioners that may
26 represent an upfront premium to capital purchase expense.

- 27
- 28 a) Was a green roof considered or included as part of the roof replacement at 5800 Yonge
29 and if not why not?
 - 30
 - 31 b) For the environmental initiatives listed at C2-T2-S1, Page 4, has THESL undertaken a
32 cost/benefit analysis?
 - 33

34 Interrogatory # 7

35

36 **Ref: C2-T2-S2, Page 3**

37

38 The evidence states "This work totals an additional \$5.3 million for administrative offices and
39 operations centers compared to 2009", whereas the projects individually listed total \$5.2
40 million.

41

42 Please confirm that \$5.2 million is the correct number.

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1 Interrogatory # 8

2
3 **Ref: C2-T4-S1, Page 3**

4
5 The evidence indicates that THESL purchased approximately 30 hybrid vehicles in 2010.

6
7 Please provide a breakdown of the type of vehicles purchased, costs and premium paid per
8 vehicle.

9
10 **Issue 3.4 Are the 2011 Human Resources related costs (wages, salaries, benefits, incentive**
11 **payments, labour productivity and pension costs) including employee levels,**
12 **appropriate? Has Toronto Hydro demonstrated improvements in efficiency and**
13 **value for dollar associated with its compensation costs?**

14
15 Interrogatory # 9

16
17 **Ref: C2-T1-S1, Page 3**

18
19 As part of the Compensation Policy, under Section 4.2 Pay Competitiveness, THESL states that
20 "Toronto Hydro will conduct a compensation benchmarking study at least every 3 years to
21 determine the external competitiveness of compensation programs".

22
23 When was the last benchmarking study undertaken and when will the next study be
24 undertaken?

25
26 Interrogatory # 10

27
28 **Ref: C2-T1-S2, Page 1**

29
30 The evidence states "GEA implementation requires technical and engineering expertise that
31 continues to evolve and is expected to be in high demand and short supply in the coming years".

- 32
33 a) Please describe the specific technical and engineering expertise THESL requires to
34 deliver the *Green Energy and Green Economy Act, 2009* ("GEA")?
35
36 b) Does THESL currently have this expertise on staff? Please explain. How many existing
37 FTEs are undertaking GEA related work?
38
39 c) How many employees within the headcount increase projected in 2011 will be
40 undertaking GEA work,;what percentage of each FTE will be dedicated to GEA work; and
41 what will they be doing?"
42

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1 Interrogatory # 11

2
3 **Ref: C2-T1-S2, Appendix A**

4
5 Table 1 (Employee Compensation) indicates that THESL has not hired part-time employees from
6 2008 to 2010 and does not plan to in 2011.

7
8 Please explain why THESL does not hire part-time employees on a contract/temporary basis as
9 part of the staffing strategy.

10
11 Interrogatory # 12

12
13 **Ref: C2-T1-S5, Page 2**

14
15 THESL indicates that replacing departing employees has proven to be a challenge and employers
16 responding to the survey reported unfilled vacancies for Managers and Supervisors, Engineers
17 and Technicians and Trades. Please complete the following Table to show the number of
18 unfilled (FTE) vacancies for THESL by position category at year end.

19

# of Unfilled Vacancies	2008 Actual at Dec 31	2009 Actual at Dec 2009	2010 Bridge at Dec 31	2011 Test Projected at Dec 31
Executive				
Managerial				
Management/Non- Union				
Union				
Total				
Total number of employees* *Ref: C2-1-2, Appendix A	1546	1574	1773	1944

20
21 Interrogatory # 13

22
23 **Ref: C2-T1-S3, Page 1**

24
25 The increase in costs related to the OMERS defined benefit pension plan is “due to the increase
26 in FTE between 2009 and 2011 (based on the reorganization and expected hiring).....”

27
28 Please provide a brief overview and status report on the reorganization referred to above.

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1 Interrogatory # 14

2
3 **Ref: C2-T1-S5, Page 4**

4
5 In 2011, THESL continues to upgrade its distribution infrastructure. In terms of the labour
6 necessary for plan implementation, THESL projects a shortfall based on current staffing levels of
7 approximately 320 full-time employees (“FTEs”) in 2011.

8
9 Please explain how the 320 FTE’s is calculated.

10
11 Interrogatory # 15

12
13 **Ref: C2-T1-S5, Page 4**

14
15 THESL indicates that to support the capital plan, THESL has adopted a variety of options
16 including hiring new workers, ramping up the apprenticeship program and using contractors.

17
18 Please explain the process THESL undertakes and the criteria used to determine which option is
19 followed.

20
21 Interrogatory # 16

22
23 **Ref: C2-T1-S5, Page 6**

24
25 “Leveraging productivity efforts to improve and sustain efficiencies” is listed as one of the key
26 components of THESL’s workforce strategy.

27
28 Please explain this component and provide examples of how it has been implemented.

29
30 Interrogatory # 17

31
32 **Ref: C2-T1-S5, Page 7; C2-1-2, Appendix A**

33
34 On page 7 of the first reference, the evidence states that “In 2011, over 90 new employees will
35 be hired into leadership, trades and technical positions, along with engaging contractors.” Table
36 1: Employee Compensation at the second reference shows an increase of 171 FTEs from the
37 2010 Bridge Year to the 2011 Test Year.

38
39 Please explain the difference between the two numbers.

40
41
42

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1 **4. CAPITAL EXPENDITURES and RATE BASE**

2
3 **4.1 Are the amounts proposed for Rate Base appropriate?**

4
5 Interrogatory # 18

6
7 **Ref: D1-T2-S1, Page 1, Table 1**

8
9 Please provide an explanation of TS Primary Above 50 and Other Distribution Assets shown on
10 the Continuity of Gross Fixed Assets in Table 1.

11
12 **Issue 4.2 Are the amounts proposed for 2011 Capital Expenditures appropriate including the**
13 **specific Operational and Emerging Requirements categories?**

14
15 Interrogatory # 19

16
17 **Ref: D1-T3-S1, Page 4**

18
19 The evidence states that increased recruiting costs associated with the workforce staffing plan
20 are also expected to increase the administrative and general expenses for the test year.

21
22 Please provide the recruiting costs for the past three historical years, the bridge year and the
23 test year.

24
25 Interrogatory # 20

26
27 **Ref: D1-T6-S2**

28
29 For the 2011 Test Year, the capital expenditures (net of in-service transfers) is shown as \$99.7
30 million for Construction Work In Progress ("CWIP").

31
32 Please show how this amount was calculated including a list of the projects contained in CWIP.

33
34 Interrogatory # 21

35
36 **Ref: D1-7-1, Page 16, Table 1**

- 37
38 a) Please provide the calculation for the AFUDC costs for each year.
39
40 b) Please provide a breakdown and explanation by year of the costs included in "Other"
41 under Sustaining Capital.
42

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1 c) Under General Plant, please provide a breakdown and explanation of the costs by year
2 in "Other".
3

4 d) Under Emerging Requirements, \$12.2 million is shown for Externally Initiated Plant
5 Relocations. Please show how this figure was derived. Please explain why it is different
6 the amount shown at D1-T8-S9, Table 1.
7

8 Interrogatory # 22
9

10 **Ref: D1-T8-S5, Page 1, Table 1; D1-T8-S10, Page 5, Table 1**
11

12 Table 1 at the first reference shows Engineering Capital as \$39.4 million in the 2011 Test Year.
13 At the second reference, Table 1 shows \$43.3 million for Engineering Capital.
14

15 Please explain the difference between the two numbers.
16

17 Interrogatory # 23
18

19 **Ref: D1-T8-S1, Page 11; D1-T8-S9-S1, Table 1**
20

21 Table 5 at the first reference shows a total budget of \$62.6 million in 2011 for Underground
22 Direct Buried Cable.
23

24 Table 1 at the second reference provides a list of Projects \$500K and over for 2011 for
25 Underground Direct Buried Cable Projects that total \$45.6 million.
26

27 Please provide a breakdown of the remaining \$17 million in costs.
28

29 Interrogatory # 24
30

31 **Ref: D1-T8-S1, Page 28; D1-T8-S1, Page 29, Table18**
32

33 Under Municipal Substations, the evidence indicates that "Eight power transformers will be
34 changed out in 2011..." Table 18 at the second reference shows 7 Station Transformer units
35 requiring rehabilitation in 2011.
36

37 Please reconcile the two numbers.
38

39 Interrogatory # 25
40

41 **Ref: D1-T8-S5, Page 1**
42

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1 THESL states that a portion of the costs associated with engineering, design, and operations is
2 expensed.

3
4 What portion of these costs will be expensed?

5
6 Interrogatory # 26

7
8 **Ref: D1-T8-S6-1, Page 2, Table 1; C2-T4-S2, Page 2, Table 2**

9
10 Table1 at the first reference shows the Total Fleet and Equipment Services budget as \$9.9
11 million in the 2010 Bridge Year and \$13.3 million in the 2011 Test Year. At the second reference,
12 Table 2 shows the Fleet and Equipment Services budget as \$11.6 million in the 2010 Bridge Year
13 and \$13.5 million in the 2011 Test Year.

14
15 Please explain the difference between the two sets of numbers.

16
17 **Issue 7.5: Are the fixed-variable splits for each class appropriate?**

18
19 Interrogatory # 27

20
21 **Ref: M1-T1-S1, Page 5**

22
23 The evidence indicates that THESL has “maintained the fixed/variable split at 2010 approved
24 levels for the purposes of designing the fixed and variable components of rates except for the
25 GS 1000-4999KW and the Large User class. For these two classes, the fixed component was
26 lowered since the fixed rate for these two classes is well above the ceiling rate as suggested in
27 the Board Cost Allocation Model. The variable rate was adjusted upwards for these two classes
28 to compensate and ensure the revenue recovery was maintained at the proposed revenue-cost
29 ratios”.

- 30
31 a) Please provide the floor and ceiling calculations for each rate class as suggested in the
32 Board Cost Allocation model.
33
34 b) Please provide the variable rate for the Large User class if the fixed rate is maintained at
35 the 2010 approved level for the 2011 rate year.

36
37 Interrogatory # 28

38
39 **Ref: M1-T2-S2, Page 5**

40

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1 The Distribution Volumetric Rate for 2011 is shown as \$4.7083/kVA for the Large Use customer.

2

3 Please provide the Distribution Volumetric Rate for the Large Use class using the units\$/kWh.

4

5 Interrogatory # 29

6

7 **Ref: M1-T2-S2, Page 5**

8

9 Please provide a sample bill for a typical Large User customer.

10