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January 18, 2011

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
Energy Probe – Technical Conference Questions

Pursuant to Procedural Order No. 3 issued by the Board on December 13, 2010, please find attached the Technical Conference Questions of Energy Probe Research Foundation (Energy Probe) in the EB-2010-0142 proceeding.

On December 24, 2010 Energy Probe filed a Round Two set of Interrogatories. On January 7, 2011 the Applicant filed a letter to the Board stating that since the Round Two Interrogatories from Energy Probe did not ask any questions on the Cost of Service Study they could not be "seeking information and material that is in addition to the cost allocation study" as provided for in Procedural Order No. 3. Energy Probe withdraws that set of Interrogatories and submits its Technical Conference Questions.

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

Yours truly,

Original signed by

David S. MacIntosh
Case Manager

cc: Glen Winn, Toronto Hydro-Electric System Limited (By email)
Mark Rodger, Borden Ladner Gervais LLP (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.

**TECHNICAL CONFERENCE QUESTIONS OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

January 18, 2011

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

**ENERGY PROBE RESEARCH FOUNDATION
TECHNICAL CONFERENCE QUESTIONS**

Interrogatory # 46

Ref: Energy Probe IR # 5

This IR was to better understand the Feeder Investment Model and its inputs in particular the impacts and assumed costs to customers of system outages.

- a) In part b) of the IR Energy Probe asked how the duration of an outage was measured. The response appears to indicate that outage duration is based on an analysis of the elements listed in the response. Energy Probe would like to understand this process better and in particular how the elements listed in the response are correlated with actual outage experience.**
- b) In part c) of the IR we asked how the implicit cost of outages is calculated. The response lists the principles are considered in determining the cost of outages to customers not provide any quantitative information on how a dollar cost is arrived at. Please provide a real life example of the calculation to better illustrate the process.**
- c) Part d) of the IR inquired into how asset age and condition are translated into a probability of failure of the asset. The response references “Hazard rate distribution functions” as the basis for this translation. Please provide these “hazard rate distribution functions” along with an explanation for how they are derived. Please provide a real life example to illustrate how asset age and condition are translated into a probability of failure.**

Interrogatory # 47

Ref: Energy Probe IR # 8

- a) The response stated that SAIDI performance has remained stable. Does THESL find its 2009 SAIDI performance satisfactory?**
- b) Does THESL have any specific goals that it wants to achieve in CAIDI, SAIFI and/or SAIDI performance over the next couple of years?**

- c) **If yes, please state what measures THESL is planning to take to achieve those goals. If no, please explain why not.**

Interrogatory # 48

Ref: Energy Probe IR # 9

- a) **When are all of the porcelain insulators expected to be replaced?**
- b) **What is the expected price associated with insulator replacement?**
- c) **Are further increases in customer interruptions (CI) in 2011 caused specifically by insulator's end of serviceable life expected?**
- d) **Does THESL have a policy setting a limit to maximum customer interruption (CI) due to insulators failure? If yes, what is it?**

Interrogatory # 49

Ref: Energy Probe IR # 10

This IR asked about the reliability based tree trimming program and in particular about how optimum reliability performance is determined. The response refers to "total customer interruption costs avoided".

Are these costs arrived at in the same manner as described in the response to IR# 5, i.e. the same sort of analysis as is conducted for the Feeder Investment Model?

Interrogatory # 50

Ref: Energy Probe IR # 11

Please provide some examples of vehicle-incident related CHI in 2009.

Interrogatory # 51

Ref: Energy Probe IR # 13

This IR asked about apprentice training costs. Part b) asked what was included in the costs and the response refers to “loss in productivity that THESL absorbs as the apprentices observe training staff perform the maintenance activities”.

- a) Is the lost productivity referred to that of the apprentices who are not performing work when they are observing or is it also related to lost productivity of the training staff demonstrating the proper procedures?**
- b) The response to part d) also refers to “production inefficiencies”. Are these solely related to the lower efficiency of the apprentices or is there also a factor relating to production slowdowns of journeyperson workers who are training the apprentices?**

Interrogatory # 52

Ref: Energy Probe IR # 14

This IR asked about tree trimming costs. In part c) of the IR Energy Probe requested any studies that had been done to support increased tree trimming. The response referred back to part b) which cited the company’s reliability trimming model as support. Please elaborate on how the reliability trimming model was developed.

Interrogatory # 53

Ref: Energy Probe IR # 15

This IR concerns the Feeder Investment Model and the risk cost of feeder failure. The response to part c) of the IR, which asked about how customer interruption cost is calculated in the model, lists a number of principles that underlie the estimate.

Please provide a sample calculation that illustrates the application of these principles more clearly.

Interrogatory # 54

Ref: Energy Probe IR # 16

This IR asked about the contact voltage scanning program. The response refers to contact voltage being discovered on “other non THESL structures”. Please elaborate on what those structures were and whether any of the remediation costs can be recovered from the owner of the structure.

Interrogatory # 55

Ref: Energy Probe IR # 18

This IR asked about the increase in supply chain costs. The response cites the need to improve service levels to field crews related to reactive and emergency demand. Please elaborate on the specific manpower costs attributed to improved response to field crews e.g. How many additional employees are needed; are they concentrated on particular shifts; will additional supervision also be needed, etc?

Interrogatory # 56

Ref: Energy Probe IR # 19

This IR asked about material overhead rate increases. The response notes despite a drop in material inventories, costs are increasing because of the new focus on customer service. Please describe the deficiencies in service that need to be corrected.

Interrogatory # 57

Ref: Energy Probe IR # 22

This IR concerns apprentice training costs. The response to part d) of the IR states that “the letter of employment for apprentices stipulates that they reimburse THESL for a percentage of training costs if they resign before nine years of employment has been completed”.

- a) Please provide details of the percentage of training costs that can be recovered.**

- b) Has THESL actually applied this provision to any apprentices that have left employment with the company within nine years? If yes, please provide details. If not, please explain why the provision was not applied.**

Interrogatory # 58

Ref: Energy Probe IR # 24

This IR concerns benchmarking of THESL compensation plans. The response to part b), which asked for a copy of benchmarking studies, was that the material cannot be disclosed because it would reveal data about other survey participants.

- a) Can THESL provide a summary of the benchmarking studies that does not reveal the individual participant results but does show the ranking of THESL relative to other participants on key metrics?**
- b) If such a summary does not exist, please explain how the participants derive any value from benchmarking if disclosure of individual participant results are not disclosed by the company doing the survey.**

Interrogatory # 59

Ref: CCC IR # 10

This IR concerns the cost of corporate governance and corporate stewardship provided by THC to THESL.

- a) Please explain how much of the total Board of Directors costs are allocated to THESL under corporate governance and how much is allocated to other affiliates.**
- b) Please provide details on the corporate stewardship costs of the CEO's office that is allocated to THESL including the number of employees and their cost that are included in the \$1.58 M, the specific functions included in corporate stewardship and how much of the total CEO office cost is allocated to other affiliates.**

Interrogatory # 60

Ref: CCC IR # 15

This IR concerns Fleet and Equipment Services budget. Please explain in more detail why the Occupancy Charge has increased by 56% in 2010.

Interrogatory # 61

Ref: Board Staff IR # 41

This IR refers to Toronto Hydro being selected as one of Canada's Top 100 Employers for 2011 and that more information could be obtained at the web site www.eluta.ca. In the description of Health and Family Friendly Benefits on this web page, reference is made to "*alternative medicine coverage*".

- a) Please provide details of what this coverage comprises.**
- b) Do other companies with which THESL competes for employees offer similar alternative medicine coverage? If yes, please provide details of the companies and their coverage plans. If no, please explain why THESL provides such coverage.**
- c) Does THESL provide coverage to any employee groups for over the counter drugs (i.e. Non prescription drugs or other products)? If yes, please provide details of those plans and what products are covered.**

Interrogatory # 62

Ref: Board Staff IR # 41

In the synopsis of Financial Benefits and Compensation, reference is made to "*project completion bonuses*".

- a) Please describe the project completion bonus program including which employee groups are eligible for the bonus, how the employee group qualifies for it, how the bonus is calculated and the total amount of bonus paid annually in this category.**
- b) Please explain why THESL believes it needs to pay a bonus for project completion.**

Interrogatory # 63

Ref: Board Staff IR # 41

In the synopsis of “*Training and Skills Development*” reference is made to employee educational “*subsidies for courses unrelated to their current position*”

- a) Please explain why THESL provides subsidies to employees for courses unrelated to their current position.**
- b) Please provide the annual cost of educational subsidies for courses related to current position and for courses unrelated to current position.**
- c) Does THESL have a policy of requiring employees receiving these subsidies to remain with the corporation for a minimum period after completion of their courses? If yes, please provide details.**

Interrogatory # 64

Ref: Board Staff IR # 41

In the synopsis of “*Community Involvement*” reference is made to employees receiving “*paid time off to volunteer with their favourite charitable organizations*”.

- a) Please provide details of the plan allowing employees paid time off to volunteer with their favourite charitable organizations.**
- b) How much did this paid time off amount to annually for the last five years?**
- c) Does THESL consider this paid time off to be equivalent to charitable donations and therefore not eligible for recovery in its revenue requirement? If yes, has this paid time off for employees volunteering with charitable organizations been excluded from revenue requirement in this application? If no, please explain why this would not be considered as charitable donations.**
- d) Are any of the costs of the “Brighter Days” initiative referred to in the synopsis included in revenue requirement in this application? If yes, please provide details and explain why they should be recovered from ratepayers.**

Interrogatory # 65

Ref: Board Staff IR # 41

In the synopsis of “*Work Atmosphere and Communications*” reference is made to a number of company subsidized social events.

- a) Please provide details of the events sponsored and/or subsidized by THESL in 2009 and 2010.**
- b) What was the annual cost of subsidy and/or sponsorship of these events in 2009 and 2010**

Interrogatory # 66

Ref: Board Staff IR # 41

In the synopsis of “*Physical Workplace*” reference is made to subsidized transit passes and subsidized parking for employees.

- a) Please describe these subsidies in more detail.**
- b) How much did each of these subsidies cost in 2009 and 2010?**