

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

AND IN THE MATTER OF an Application by Toronto Hydro
Electric System Limited for an Order or Orders approving
just and reasonable rates and other service charges for the
distribution of electricity, effective on May 1, 2011.

TECHNICAL CONFERENCE QUESTIONS

FROM THE

SCHOOL ENERGY COALITION

1. [R1/9/2] SEC sought information about customer interruption data. The Applicant indicates that it does not weight interruptions to customer by size or importance when collecting data for CI and CHI performance records. Does this approach extend into emergency planning? Please describe the emergency planning work that the Applicant does with critical load such as hospitals, water treatment plants, and other critical infrastructure, and provide any planning documents dated in the last three years related to this issue.
2. [R1/9/3] SEC requested information on whether and how preventive maintenance should benefit CAIDI. The reply indicates, "The preventive maintenance program will be reviewed and adjusted on a regular basis so the improvement in reliability from the capital rebuild program will be sustainable." Please explain in more detail the above noted review process and document any results from the review process arising in 2009 and 2010.
3. [R1/9/14] SEC sought benchmarking analysis for fleet services. The Applicant acknowledged the existence of year-over-year benchmarking analyses. Please provide the fleet vehicle availability, preventative maintenance attainment, OPEX year-over-year analysis of contracted services, and internal customer surveys. For each year, please provide the average fleet profile in terms of numbers over vehicles, their types and ages.

4. [R1/9/15] The Organizational Effectiveness budget has increased about \$11.9 million since 2006 (\$3.3 million in 2006 to \$15.2 million proposed for 2011). Please provide a breakdown of the percentage of the costs flowing to O&M and the percentage flowing to capital for each of 2006 and 2011. Please detail the costs associated with functions like labour relations and compensation/benefits over the period 2006-2009 so that the underlying trends in Organizational Effectiveness costs can be compared.
5. [R1/9/19] The noted response indicates that work on distribution circuits supporting street lighting in 2010 were \$2.3 million. Please indicate the full amount of O&M costs associated with street lighting in each year for the period 2008-2011.
6. [R1/9/21] This response indicates that the Applicant's new CIS cannot incorporate historic delinquency data as the data is migrated from the old CIS without manual processing. Please explain in detail when this issue became apparent. Please explain why the scope of the new CIS and its commissioning project did not provide for mechanical transfer of the data, and for continuity of historical information. Please explain the number of affected accounts. Please outline the manual process and provide the best available estimate of the cost and timing of the transfer.
7. [R1/9/28] SEC asked for a reconciliation of the changing Service Level Agreements (SLAs). Please provide a summary of historical, bridge, and test year costs for the functions covered by the current SLAs. If necessary to deal with allocation issues, use aggregated amounts reflective of a common basket of functions, while maintaining the level of granularity that captures all material changes in cost, if possible.
8. [R1/9/29] Please identify all unregulated businesses and/or business activities within THESL, and track their costs and revenues to the parts of the Application that disclose and explain those amounts.
9. [R1/9/31] This question sought details on performance measurement, productivity measurement, and benchmarking. Part A sought an explanation of how Distribution Plan Capital per Unit KPI was actually measured in 2009 for the purposes of compensation. Some information is provided on the KPI for the Underground Direct Buried portfolio. Please indicate how this information was used for the purposes of compensation. Please provide a summary of how the

overall Distribution Plan Capital per Unit KPI was calculated and applied for compensation purposes in 2009.

10. [R1/9/35] The Applicant indicates that it has undertaken no formal labour cost benchmarking since 2007. Please reconcile this response with the response to EP # 24.
11. [R1/2/9] This response to an interrogatory from AMPCO indicates that the Applicant anticipates undertaking a formal external benchmarking study in 2011. Please provide the terms of reference for this study or draft terms of reference if final terms are not yet settled. Please provide the full budget for this study.
12. [R1/9/36 part C] SEC requested “scorecards, weightings, and individual performance contracts for each of the ten individuals included in the Executive category” but the reply provides corporate score cards only. Please provide the requested information.
13. [R1/9/49] SEC asked for confirmation that “no explicit or implicit approvals are being sought from the Board with respect to any capital.” The reply included the statement, “no explicit or implicit revenue requirement (emphasis added) approvals are being sought from the Board with respect to any capital.” What explicit or implicit capital approvals are being sought that do not impact the 2011 revenue requirement? Please provide data on the 10 year capital spending plans developed between the 2007 and 2010 plans.
14. [R1/9/53] In this response, the Applicant refuses to respond to a request for an explanation of how a \$100 million capital cut would be allocated. However, in response to R1/4/24, the Applicant discusses deferrable facilities investments. In response to R1/4/29, the Applicant provides revenue requirement implications of capital budget cuts. In light of the approach taken to settlement in the previous general rates case, please indicate in general terms how a \$100 million reduction in the capital budget for 2011 would be allocated.
15. [R1/9/54] In this interrogatory, SEC sought an explanation for the budgeted increase in cost per connection. The reply focuses on gross capital cost, but does not respond to the question of cost per unit. Please provided a detailed explanation of the factors contributing to the change in cost per customer, including an explanation of the treatment of “Enhanced Cost”.

16. [R1/9/61] In this response, the Applicant refuses to present information on different revenue/cost ratio implications. However, in R1/8/4 and R1/8/5, detailed alternative rate design analysis is provided. Please recalculate rates for GS>50 and Intermediate assuming the prefiled revenue/cost ratio and no change from the existing R/C ratio for Large Users.
17. [R1/11/11] The Applicant indicates that it was finalizing a tree service contract for 2011. Please update the status of those negotiations, provide a copy of the contract if it has now been executed, and describe any implications for 2011 budgets.
18. [R1/11/12 Part D] The Applicant indicates that the impact of CDM on sales volume is “difficult to quantify fully and accurately”. Please provide the Applicant’s claimed CDM volumes for each year in the period 2007-2010, broken down between Applicant-sponsored programs, OPA programs, and all other CDM impacts.
19. [R1/2/32 and R1/6/42] Please provide the operational control plan and full business case for the NaS battery project. How will energy purchases/sales be treated for regulatory purposes? Is the Applicant planning to use NGK technology? Has the Applicant considered using alternative technologies such as POSCO or Ceramatec? What plans, if any, are in place to ensure that information developed from the NaS battery project can be shared with other LDCs that may be interested in similar solutions?
20. [R1/3/46] Please advise whether the Applicant revising its working capital downward by \$1.9 million?
21. [R1/4/22] Please provide a status update on the depreciation study that the Applicant is undertaking.
22. [R1/4/35] The Applicant indicates that it has no dividend policy with the City of Toronto or THC. How are dividends determined?
23. [R1/4/39] Please confirm that there are no smart meter costs in the revenue requirement in this case. If there are smart meter costs, then please provide an answer to CCC #39.

24. [R1/1/12]. The loss factor for residential and for GS customers up to 4.999 MW is the same (1.0376). What is the basis of this estimate, and why does the Applicant not have class-specific loss factors?
25. [R1/1/28]. The Applicant indicates that it “did not receive comparative costing data from other utilities”. Why is this the case? What actions, if any, has the Applicant taken in the past to obtain comparative costing data?
26. [R1/1/23] Please provide the exchange rate assumed for the purposes of budgeting the contact voltage inspections.

Submitted on behalf of the School Energy Coalition this 18th day of January 2011.

Jay Shepherd
Counsel for School Energy Coalition