

Glen A. Winn
14 Carlton St.
Toronto, Ontario
M5B 1K5

Telephone: 416.542.2517
Facsimile: 416.542.3024
regulatoryaffairs@torontohydro.com



November 14, 2011

via RESS e-filing – signed original to follow by courier

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

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited's ("THESL")
2011 Electricity Distribution Rate Application – Responses to Undertakings
OEB File No. EB-2010-0142**

THESL received ten undertakings at the Technical Conference held on November 9, 2011.
Enclosed are THESL's responses to these undertakings.

Please direct any questions or comments to my attention.

Yours truly,

[original signed by]

Glen A. Winn
Manager, Regulatory Applications & Compliance

.encl

:GAW/acc

cc: J. Mark Rodger, Counsel for THESL
Intervenors of Record for EB-2010-0142

RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS ON SUITE METERING EVIDENCE

1 **UNDERTAKING NO. JTC2.1:**

2 **Reference(s):** **none provided**

3

4 To provide number of suites on which calculations are based in Board Staff Interrogatory
5 No. 1 parts a and b.

6

7 **RESPONSE:**

8 The number of suites associated with the buildings as shown in Board Staff Interrogatory
9 1 is as follows:

10

	2009	2012
Primary	8,453	23,188
Secondary	696	1,710
Total	9,149	24,898
Secondary as % of Total	7.6%	6.9%

**RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS
ON SUITE METERING EVIDENCE**

1 **UNDERTAKING NO. JTC2.2:**

2 **Reference(s):** **none provided**

3

4 To provide annual meter reading costs for Quadlogic and outside smart meters.

5

6 **RESPONSE:**

7 The annual meter reading costs associated with the Quadlogic meters is \$18.99 per meter
8 (12 X \$1.58), and for Residential Smart Meters is \$5.21 per meter (12 X \$0.43).

**RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS
 ON SUITE METERING EVIDENCE**

1 **UNDERTAKING NO. JTC2.3:**

2 **Reference(s):** none provided

3

4 To rerun model with a weighting of 7 for the first 3 months, 3.6 for the next nine months,
 5 then 7 for the first 6 months and 3.6 for the last 6 months.

6

7 **RESPONSE:**

8 The weighting factors were adjusted to reflect a) three months of current Quadlogic cost
 9 of \$2.75 per month and nine months of forecast Quadlogic cost of \$1.58 per month; and

10 b) six months of current Quadlogic cost of \$2.75 per month and six months of forecast
 11 Quadlogic cost of \$1.58 per month. The resulting weighting factors are 4.3 and 5.0,

12 respectively. The resulting Revenue to Cost ratios for the Quadlogic class are 99.1% and
 13 97.7%, respectively.

	2009 Cost/meter	2012 Cost/Meter	Quadlogic at 3 Months 2009 Cost 9 Months 2012 Cost	Quadlogic at 6 Months 2009 Cost 6 Months 2012 Cost
Quadlogic	2.75	1.58	1.87	2.17
Residential	0.39	0.43	0.43	0.43
Ratio	7.0	3.6	4.3	5.0

RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS ON SUITE METERING EVIDENCE

1 **UNDERTAKING NO. JTC2.4:**

2 **Reference(s):** **Board Staff IR No. 6**

3

4 To identify accounts where particular costs reside in the accounts including \$60,000 in
5 Account 5310.

6

7 **RESPONSE:**

8 Upon review of the project details, the additional cost indicated by Mr. Marchant at the
9 technical conference was for hardware only. There are also additional software costs that
10 increase the total project cost by \$100,000. The table provided in response to SSMWG
11 Interrogatory 6 is updated below to reflect the most recent cost estimates, and the USofA
12 accounts in which each of the costs would be reflected.

CAPEX	As filed in IR response	Updated Budget	USofA Account
Hardware	\$0	\$65,000	1920
Software	\$100,000	\$135,000	1925
Labour	\$160,000	\$160,000	1925
External	\$0	\$0	n/a
Total	\$260,000	\$360,000	

**RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS
ON SUITE METERING EVIDENCE**

OPEX	As filed in IR response	Updated Budget	USofA Account
IT Support	\$100,000	\$100,000	5615
Labour	\$202,500	\$202,500	5310
External	\$0	\$0	n/a
Total	\$301,000	\$301,000	
Software	\$30,400	\$30,400	1925

RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS ON SUITE METERING EVIDENCE

1 **UNDERTAKING NO. JTC2.5:**

2 **Reference(s):** **none provided**

3

4 To provide a breakdown of the \$550 weighted average of the Quadlogic meters, being a
5 combination of retrofit buildings and the new buildings.

6

7 **RESPONSE:**

8 The projected cost of Quadlogic metering is \$550 per meter. This is a weighted average
9 of the projected costs for new and retrofit buildings at \$548 and \$561 respectively. The
10 weighting is based on the current project inventory of 83% new suites and 17% retrofit
11 suites.

RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS ON SUITE METERING EVIDENCE

1 **UNDERTAKING NO. JTC2.6:**

2 **Reference(s):** **none provided**

3

4 To provide an answer as to whether the depreciation rate given in SSMWG IR No. 22 is a
5 Board or Toronto Hydro number.

6

7 **RESPONSE:**

8 A depreciation rate of 15 years was directed by the Board to apply to Residential Smart
9 Meters, and was confirmed internally by THESL. The depreciation rate for Quadlogic
10 meters was based on this rate as there is no reason to believe the useful life to be
11 different.

RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS ON SUITE METERING EVIDENCE

1 **UNDERTAKING NO. JTC2.7:**

2 **Reference(s):** **none provided**

3

4 To rerun model with a consumption estimate of 334, the weighting factor used in JCT2.3,
5 and allocate Quadlogic meter costs.

6

7 **RESPONSE:**

8 Using the meter reading weighting factors as provided in JTC2.3, an average Quadlogic
9 consumption level of 334 kWh per month, and directly assigning the Quadlogic meter
10 capital costs to the Quadlogic class (without making any other adjustments to the
11 allocation of the remaining meter costs in the model), the resulting Revenue to Cost ratios
12 for the Quadlogic class are calculated as 93.9% and 92.6%.

RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS ON SUITE METERING EVIDENCE

1 **UNDERTAKING NO. JTC2.8:**

2 **Reference(s):** **none provided**

3

4 To respond to VECC TCQ No 2.8(b) re VECC IR No. 7

5

6 **RESPONSE:**

7 Please see table provided as Appendix A, which reproduces the response to VECC
8 interrogatory 7, and adds the requested information on the Revenue to Cost ratios after
9 reallocating revenue responsibilities from the Quadlogic, GS 1000-5000kW, and Large
10 User classes to the Streetlighting and Residential classes.

EB-2011-0144	Total	Residential		GS <50	GS - 50 to 999	GS - 1,000 to 4,999	Large Use >5MW	Street Light	Unmetered Scattered Load
Total Revenue at Status Quo Rates	\$589,358,228	\$245,969,803		\$75,602,759	\$172,928,257	\$51,812,930	\$26,195,424	\$13,146,996	\$3,702,060
Cost	\$589,358,228	\$275,646,971		\$81,617,024	\$147,698,628	\$41,716,305	\$21,819,921	\$17,734,632	\$3,124,747
REVENUE TO EXPENSES STATUS QUO%	100.0%	89.2%		92.6%	117.1%	124.2%	120.1%	74.1%	118.5%

EB-2010-0142	Total	Residential	Quadlogic	GS < 50	GS - 50 to 999	GS - 1,000 to 4,999	Large Use >5MW	Street Light	Unmetered Scattered Load
Total Revenue at Status Quo Rates	\$589,358,228	\$237,809,104	\$8,232,379	\$75,564,815	\$172,895,753	\$51,813,563	\$26,195,444	\$13,146,989	\$3,700,181
Cost	\$589,358,228	\$266,966,279	\$8,187,776	\$82,022,379	\$147,565,641	\$41,795,205	\$21,831,663	\$17,835,002	\$3,154,281
REVENUE TO EXPENSES STATUS QUO%	100.0%	89.1%	100.5%	92.1%	117.2%	124.0%	120.0%	73.7%	117.3%

JTC2.8	Total	Residential	Quadlogic	GS < 50	GS - 50 to 999	GS - 1,000 to 4,999	Large Use >5MW	Street Light	Unmetered Scattered Load
Total Revenue after Reallocation	\$589,358,228	\$237,853,707	\$8,187,776	\$75,564,815	\$172,895,753	\$50,163,563	\$25,105,444	\$15,886,989	\$3,700,181
Cost	\$589,358,228	\$266,966,279	\$8,187,776	\$82,022,379	\$147,565,641	\$41,795,205	\$21,831,663	\$17,835,002	\$3,154,281
REVENUE TO EXPENSES WITH REALLOCATION	100.0%	89.1%	100.0%	92.1%	117.2%	120.0%	115.0%	89.1%	117.3%

RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS ON SUITE METERING EVIDENCE

1 **UNDERTAKING NO. JTC2.9:**

2 **Reference(s):** **none provided**

3

4 To run calculation requested in KTC.1, Technical Conference Questions from VECC,
5 Question No. 9(f).

6

7 **RESPONSE:**

8 Replacing the CCP and CCS allocators with the number of buildings, as shown in the
9 response to Board Staff interrogatory 1 (113 and 11 buildings respectively) rather than
10 customers results in a Revenue to Cost ratio of 122.6% for the Quadlogic class.

**RESPONSES TO TECHNICAL CONFERENCE UNDERTAKINGS
ON SUITE METERING EVIDENCE**

1 **UNDERTAKING NO. JTC2.10:**

2 **Reference(s):** **none provided**

3

4 With reference to cost allocation model worksheet I6.2, explain why numbers for historic
5 years 2009, 2010 and 2011 are all the same.

6

7 **RESPONSE:**

8 The values shown for each year are in fact the forecast for 2012 Bad Debt amounts, based
9 on the historic three-year average of Bad Debt amounts by class. The “year” labeling is
10 incorrect.