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February 23, 2015

via RESS – 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 (“Toronto Hydro”)
Custom Incentive Rate-setting Application for 2015-2019 Electricity Distribution Rates
and Charges – Undertaking Responses
OEB File No. EB-2014-0116**

Toronto Hydro writes to the Ontario Energy Board (“OEB”) in respect of the above-noted matter.

Further to my letter dated February 20, 2015 enclosed are the following responses:

- Day 2, February 19 Undertakings: J2.3 – Energy Probe; J2.4 – CCC (redacted);
- Day 3, February 20 Undertaking J3.5 – OEB Staff; and
- Day 4, February 23 Undertakings: J4.1 – AMPCO; J4.2 – AMPCO; J4.3 – AMPCO; J4.4 – SEC.

Under separate cover, Toronto Hydro is filing its complete response to Undertaking J2.4 confidentially.

Please contact me if you have any questions.

Yours truly,

[original signed by]

Daliana Coban
Lead Regulatory Counsel
Toronto Hydro-Electric System Limited
regulatoryaffairs@torontohydro.com

encl.

:DC\acc

cc: Charles Keizer, Torys LLP
Crawford Smith, Torys LLP
Amanda Klein, Toronto Hydro
Intervenors of Record for EB-2014-0116

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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 (“Toronto Hydro”) Custom Incentive Rate-setting Application for 2015-2019 Electricity Distribution Rates and Charges (the “Application”) – Confidentiality Request re: 2014 Performance Results OEB File No. EB-2014-0116

Toronto Hydro writes to the Ontario Energy Board (“OEB”) in respect of the above-noted matter.

Toronto Hydro requests confidential treatment of the 2014 Key Performance Indicator (KPI) results contained in its response to the Oral Hearing Undertaking OH-J2.4-CCC. The company’s 2014 performance results determine the variable performance pay that eligible employees will receive for their contributions in 2014. These results are not disclosed throughout the organization until they are final. They are not final until they have been reviewed and approved by the Board of Directors, at the end of the first quarter in 2015. The variable performance pay-out to eligible employees in the company follows this approval. Public disclosure of the information in advance of review and approval by the Board of Directors could lead employees to form inaccurate expectations about their variable performance pay for the year. Therefore, Toronto Hydro respectfully submits that this information should be granted confidential treatment.

In addition, Toronto Hydro notes that the 2014 financial KPI results cannot be provided at this time because the year-end financial closeout and audit verification process is currently underway. The company’s financial results will not be publicly disclosed until they have been reviewed and approved by the Board of Directors, at the end of the first quarter in 2015.

Please do not hesitate to contact me if you have any questions.

Yours truly,

[original signed by]

Daliana Coban

Lead Regulatory Counsel

Toronto Hydro-Electric System Limited

regulatoryaffairs@torontohydro.com

:encl.

:DC\db

cc: Charles Keizer and Crawford Smith
Maureen Helt
Ted Antonopoulos
Martin Davies
Intervenors of Record for EB-2014-0116

**ORAL HEARING UNDERTAKING RESPONSE TO ENERGY
 PROBE RESEARCH FOUNDATION**

1 **UNDERTAKING NO. J2.3:**

2 **Reference(s):**

3

4 To reconcile projections from TC J1.2-EP-52, page 3, 2A-EP-8 part c, Exhibit 2B-
 5 Figures 3 and 4.

6

7 **RESPONSE:**

8

10 **1) TC J1.2-EP-52, page 3 – SAIDI and SAFI projections exclude Loss of Supply:**

	2014 Forecast	2015 Projection	2016 Projection	2017 Projection	2018 Projection	2019 Projection
SAIFI	1.31	1.39	1.28	1.20	1.11	1.03
SAIDI	0.97	1.16	1.10	1.05	1.01	0.95

12 **2) 2A-EP-8(c) – SAIDI and SAFI projections exclude Loss of Supply (identical to**
 13 **J1.2-EP-52, page 3):**

	2014F	2015P	2016P	2017P	2018P	2019P
SAIFI	1.31	1.39	1.28	1.20	1.11	1.03
SAIDI	0.97	1.16	1.10	1.05	1.01	0.95

15 **3) Exhibit 2B Sch00, Figures 3 and 4 – the SAIDI and SAFI projection for the**
 16 **proposed CIR period include Loss of Supply:**

		2014	2015	2016	2017	2018	2019
SAIDI	Run To Fail	1.21	1.26	1.31	1.37	1.43	1.50
	Proposed CIR		1.23	1.17	1.12	1.08	1.02
SAIFI	Run To Fail	1.53	1.67	1.74	1.81	1.90	1.99
	Proposed CIR		1.55	1.44	1.36	1.27	1.19

**ORAL HEARING UNDERTAKING RESPONSE TO CONSUMERS
 COUNCIL OF CANADA**

1 **UNDERTAKING NO. J2.4:**

2 **Reference(s):**

3

4 To review which of the key performance indicators for 2014 have been finalized and in
 5 respect of those, to produce the final number, and to provide 2015 numbers if available.

6

7 **RESPONSE:**

8 Toronto Hydro’s preliminary 2014 Key Performance Indicator (KPI) results and 2015
 9 KPI targets are reproduced below. The 2014 results for the Net Income, Productivity:
 10 OPEX and THESL Regulated Capital measures are not available at this time, as this
 11 information has not yet been audited. However, Toronto Hydro expects these results to
 12 exceed target. Further, and as discussed on pp. 98-99 of the Day 2 Oral Hearing
 13 transcript, all 2014 KPI results are preliminary until they receive approval from the
 14 utility’s Board of Directors, expected in March of 2015.

15

16 **2014 Key Performance Indicator Results: Corporate Scorecard**

KPI	2014 Target	2014 Result
Enhanced Customer Engagement	214,000	██████
First Call Resolution	78%	██████
Safety: Total Recordable Injury Frequency	2.58	██████
Attendance	5.75	██████
SAIFI	1.53	██████
SAIDI	72.50	██████
Key Accounts: Worst Performing Feeders	49	██████
Productivity: Fleet Utilization (units)	663	██████
Productivity: Facilities - Occupied Square Footage Reduction	3,930	██████
Productivity: Operating Expenses (\$M)	\$260.2	N/A

ORAL HEARING UNDERTAKING RESPONSE TO CONSUMERS COUNCIL OF CANADA

KPI	2014 Target	2014 Result
Net Income (\$M)	\$103.6	N/A
THESL Regulated Capital	\$395.0	N/A

1 **2015 Key Performance Indicator Measures and Targets: Corporate Scorecard**

KPI	2015 Target
Enhanced Customer Engagement	245,000
First Call Resolution	81%
Safety: Total Recordable Injury Frequency	1.80
Attendance	4.50
SAIFI	1.50
SAIDI	68.00
Key Accounts: Worst Performing Feeders ¹	14.00
Productivity: Operating Expenses (\$M)	\$275.6
Net Income (\$M)	\$100.1
THESL Regulated Capital	\$436.6

¹ Unlike the 2014 Key Accounts Worst Performing Feeders KPI, the 2015 measure includes sustained interruptions only.

ORAL HEARING UNDERTAKING RESPONSE TO ONTARIO ENERGY BOARD STAFF

1 **UNDERTAKING NO. J3.5:**

2 **Reference(s):**

3

4 To provide bad debt expenses that were excluded from THESL's model.

5

6 **RESPONSE:**

7 The following table contains the expenditures excluded from Toronto Hydro's total cost
8 definition for the 2013-2019 period by way of the Adjustment #1 described on pages 4-5
9 of PSE's Reply Report (Exhibit 1B, Tab 2, Schedule 5, Appendix C). As stated in the
10 PSE Reply Report, in addition to the Bad Debt expenses, the adjustment also includes
11 Property Taxes¹, which PSE understands are also excluded from PEG's total cost
12 definition.²

2013	\$ 13,949,680
2014	\$ 13,618,369
2015	\$ 14,555,582
2016	\$ 14,759,360
2017	\$ 14,965,991
2018	\$ 15,175,515
2019	\$ 15,387,972

¹ Exhibit 1B, Tab 2, Schedule 5, Appendix C, at page 4, section 3.1.

² The adjustment amounts also include the Low-Income Energy Assistance Program (LEAP) funding, which was not explicitly referenced in the PSE Reply given the immaterial nature of this expenditure category.

ORAL HEARING UNDERTAKING RESPONSE TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

1 **UNDERTAKING NO. J4.1:**

2 **Reference(s):**

3

4 To provide the Board-approved CAPEX numbers for 2006 and 2007.

5

6 **RESPONSE:**

7 The 2006 OEB-approved CAPEX budget was \$203.2M inclusive of Smart Meters.¹

8 There was no specific OEB-Approved CAPEX budget for 2007 because rates for that
9 year were established based on the OEB's IRM formula.

¹ EB-2005-0421, Decision With Reasons (April 12, 2006) at page 9.

**ORAL HEARING UNDERTAKING RESPONSE TO ASSOCIATION
 OF MAJOR POWER CONSUMERS IN ONTARIO**

1 **UNDERTAKING NO. J4.2:**

2 **Reference(s):**

3

4 Provide a breakdown for 2009 to 2014 of the table that was provided in response to 2B-
 5 AMPCO-21.

6

7 **RESPONSE:**

8 Please see the following further breakdown of the defective equipment for the years
 9 2009-2014.

SAIFI	2009	2010	2011	2012	2013	2014
Underground Cables	35%	30%	42%	44%	49%	34%
Switches	15%	20%	14%	20%	11%	23%
Poles and Pole Hardware	23%	30%	20%	14%	16%	18%
Others	8%	4%	4%	10%	7%	9%
Transformers	6%	6%	7%	2%	4%	7%
Stations Equipment	3%	2%	5%	5%	4%	4%
Overhead Conductors	10%	8%	6%	5%	9%	4%

SAIDI	2009	2010	2011	2012	2013	2014
Underground Cables	37%	40%	42%	36%	43%	38%
Poles and Pole Hardware	24%	21%	20%	12%	20%	19%
Switches	10%	15%	13%	14%	5%	14%
Others	7%	4%	2%	9%	10%	9%
Stations Equipment	7%	2%	7%	20%	6%	8%
Transformers	6%	10%	9%	6%	9%	7%
Overhead Conductors	9%	9%	6%	3%	7%	5%

ORAL HEARING UNDERTAKING RESPONSE TO ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

1 **UNDERTAKING NO. J4.3:**

2 **Reference(s):**

3

4 To provide updated numbers for 2015 to 2019 on in-service additions.

5

6 **RESPONSE:**

7 The table below summarizes the total in-service additions forecasted for 2015 to 2019.

	2015	2016	2017	2018	2019
In-service Additions	\$539.7M	\$671.6M	\$505.7M	\$441.0M	\$529.9M

**ORAL HEARING UNDERTAKING RESPONSE TO SCHOOL
 ENERGY COALITION**

1 **UNDERTAKING NO. J4.4:**

2 **Reference(s):**

3

4 To provide a breakdown of numbers in Appendix C by segment, or to explain why a
 5 breakdown cannot be provided.

6

7 **RESPONSE:**

8 The following table provides an ICM segment-level breakdown of the information
 9 regarding the 188 completed jobs originally provided in the response to 2B-OEBStaff-39,
 10 Appendix C.

ICM Segment	Job Count	Approved CAPEX (Millions)	Actual CAPEX (Millions)	Actual ISAs (Millions)
B1 Underground Infrastructure	40	\$ 39.92	\$ 45.70	\$ 45.67
B2 Paper Insulated Lead Covered Cable - Piece Outs and Leakers	1	\$ 0.11	\$ 0.15	\$ 0.15
B3 Handwell Replacement	56	\$ 12.92	\$ 13.04	\$ 13.04
B4 Overhead Infrastructure	26	\$ 17.51	\$ 21.50	\$ 21.50
B5 Box Construction	1	\$ 1.71	\$ 2.50	\$ 2.49
B6 Rear Lot Construction	13	\$ 19.98	\$ 20.20	\$ 20.18
B9 Network Vault & Roofs	9	\$ 9.51	\$ 6.42	\$ 6.42
B10 Fibertop Network Units	18	\$ 2.62	\$ 2.57	\$ 2.57
B11 Automatic Transfer Switches (ATS) & Reverse Power Breakers (RPB)	4	\$ 1.08	\$ 1.12	\$ 1.11
B12 Stations Power Transformers	1	\$ 0.36	\$ 0.36	\$ 0.36
B20 Metering	7	\$ 13.14	\$ 14.95	\$ 13.04
B21 Externally-Initiated Plant Relocations and Expansions	12	\$ 5.80	\$ 6.21	\$ 6.21
Total	188	\$ 124.67	\$ 134.72	\$ 132.74