

Energy Probe TCQ 49 REVISED March 2, 2015

Toronto Hydro Submission

Operating Revenues
Other Revenues
Total Revenue

Total OM&A Expense
Rate Base

Capital Factor

Interest Expense
Depreciation & Amortization
Return on Capital (ROE)
PILs/Income Taxes
Subtotal Capital-Related RR
Cn
Scap
PCI

Total Gross Revenue Requirement
Other Revenues
RATES REVENUE REQUIREMENT

Total Debt
Common Equity
Total Rate Base

Capital Expenditures

Total System Access Capital
Total System Renewal Capital
Total System Service Capital
Total General Plant Capital
Other
Total Distribution Capital

In-Service Asset Additions

Total System Access Capital
Total System Renewal Capital
Total System Service Capital
Total General Plant Capital
Other

TOTAL ISAs

Variation

Description

Operations
Maintenance
Billing and Collecting
Community Relations
Administrative and General
Taxes Other Than Income Taxes
Donations
TOTAL

Variation: Restructuring Costs

Consolidated Financial Summary 2011 - 2019- Updated with THESL Corrections									
Approved	Actual	Actual	Estimate	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
2011	2012	2013	2014	2015	2016	2017	2018	2019	
522	524.2	546.05	546.5	655	687.5	747.4	800.5	843.8	
26	19.4	25.4	25.7	46.1	46.8	47.4	48	48.7	
548	543.6	571.45	572.2	701.1	734.3	794.8	848.5	892.5	
Total OM&A Expense									
238.6	215.8*	246.4	246.6	265.1	273.3	277.1	281	284.9	
Rate Base									
2298.2	2534.3	2658.4	2775.6	3247.6	3626.6	3985	4206.7	4422	
Capital Factor									
				80.20	89.54	98.38	103.86	109.17	
				206.50	221.64	248.33	266.78	287.35	
				120.90	134.97	148.31	156.56	164.57	
				24.1	14.75	22.60	40.31	46.52	
				431.60	460.9	517.60	567.50	607.60	
				-	4.47	8.25	6.68	5.01	
				-	0.67	0.69	0.71	0.72	
				-	4.94	8.68	7.09	5.41	
548	543.6	571.45	572.2	701.1	734.3	794.7	848.5	892.5	
-26	-19.4	-25.4	-25.7	-46.1	-46.8	-47.4	-48	-48.7	
522	524.2	546.05	546.5	655	687.5	747.4	800.5	843.8	
CAPEX and In Service Asset Additions									
58.3	53.2	86.6	76	86.1	93.5	100.9	90.4	85.5	
219.3	157.2	231.1	286.4	251.7	235	246.3	260.1	265.5	
75.6	38.4	83.7	101.3	76.5	69.6	62.5	49.5	73.9	
67.7	29.3	33.8	109.5	104.6	99.4	28.9	32.1	27.9	
24.6	9.9	10.5	13.3	10.3	21.2	28.6	37.9	49.4	
445.5	288.0	445.7	585.9	531.1	518.7	467.4	470.0	502.2	
In-Service Asset Additions									
Total System Access Capital									
Total System Renewal Capital									
Total System Service Capital									
Total General Plant Capital									
Other									
439.1*	209.4	381.3	470.6	539.7	671.6	505.7	441	529.9	
OM&A									
Bd Approv	Actual	Actual	Estimate	Test Base	Proposed	Proposed	Proposed	Proposed	Proposed
2011	2012	2013	2014	2015	2016	2017	2018	2019	
59.7	55.9	59.5	58.5	70.3					
56.1	54.8	66.8	59.3	61.2					
40.6	36.0	35.2	37.9	41.5					
2.9	2.9	2.9	2.7	2.7					
72.6	67.8	75.0	81.2	86.5					
5.9	-2.3	6.4	6.5	6.5					
0.7	0.7	0.7	0.7	0.8					
238.6	215.8	246.4	246.6	269.5	273.3	277.1	281	284.9	
	27.7								

Comments

See Cover Letter Para 11

See Cover Letter Para 8

PCI=I-X+Cn-Scap*(I-X)

See Cover Letter Para 9, 10

60.00% 4.11%
40.00% 9.30%
100.00% 6.19%

See Cover Letter Para 12

Categories/Taxonomy

See Cover Letter Para 8

References

2015-2019: E1B_T02_S03
2012-2014: Toronto Hydro RRR
Filings and Supporting Materials

Past/Test Year data: E4A_T01_S01; *2012 amount is net of 27.7 restructuring costs
Information underlying E1B_T02_S03

E1B_T02_S03

Information underlying E1B_T02_S03

E3A-T06_S02, App 2-AA

Interrogatory 2B-SEC-25. *2011 ISA reflects the actual amount.

Past/Test Year data: E4A_T01_S01;

Energy Probe Exhibit K3.3 REVISED March 2, 2015		Comparison THESL and PEG CUSTOM PCI FORMULAS					Based on PEG Report Table 8 Adjusted to 5yr CIR Plan							
		THESL Formula		As Filed	Corrected per THESL			PEG Formula		Corrected per Dr. Kauffman J3.3				
Key Assumptions														
X Stretch factor	-0.003							X Stretch factor	-0.006					
Cn Stretch factor	0							Cn Stretch factor	-0.004					
Billing Determinant Adjustment	0							Billing Determinant Adjustment	-0.015					
Growth	0							Growth	0					
PCI=(I-X)+Cn-Scap*(I-X)														
		THESL Formula Calculation							PEG Formula Calculation					
THESL Formulation	2015 Base	2016	2017	2018	2019	TOTAL		PEG Formulation	2015 Base	2016	2017	2018	2019	TOTAL
Input Parameters														
Inflation	N/A	0.017	0.017	0.017	0.017			Inflation	N/A	0.017	0.017	0.017	0.017	
X=Stretch Factor	N/A	-0.003	-0.003	-0.003	-0.003			X=Stretch Factor	N/A	-0.006	-0.006	-0.006	-0.006	
I-X	0	0.014	0.014	0.014	0.014			I-X	0	0.011	0.011	0.011	0.011	
Base year RR	655.0							Base year RR	655.0					
Capital-related RR 1BT2S3Table4	431.6	460.9	517.6	567.5	607.6			Capital-related RR 1BT2S3Table4	431.6	460.9	517.6	567.5	607.6	
Cn	0	0.0447	0.0825	0.0668	0.0501			Cn	0	0.0447	0.0840	0.0691	0.0525	
Stretch factor	0	0.0000	0.0000	0.0000	0.0000			Stretch factor	0	-0.0040	-0.0041	-0.0042	-0.0043	
Growth	0	0.000	0.000	0.000	0.000			Billing Determinant Redn	0	-0.01500	-0.01500	-0.01500	-0.01500	
Adjusted Cn		0.0447	0.0825	0.0668	0.0501			Adjusted Cn		0.0257	0.0649	0.0499	0.0332	
Scap Factor[% RR(prior yr)]	0	0.6710	0.6930	0.7090	0.7200			Scap Factor[% RR(prior year)]	0	0.6589	0.6825	0.7164	0.7450	
PCI=[(I-X)+Cn-Scap*(I-X)]	0	0.049339	0.086793	0.070877	0.05405			PCI=[(I-X)+Cn-Scap*(I-X)]	0	0.029485	0.068354	0.0530	0.036015	
PCI Escalator %	N/A	4.93	8.68	7.09	5.41			PCI Escalator %	N/A	2.95	6.84	5.30	3.60	
Revenue Requirement \$ M	655.00	687.32	746.97	799.91	843.15	3732.35		Revenue Requirement \$ M	655.00	675.31	722.47	761.75	790.19	3604.73
Rate (RR) Increase	14.81%	4.93%	8.68%	7.09%	5.41%	8.18%		Rate (RR) Increase	14.81%	3.10%	6.98%	5.44%	3.73%	6.81%
Energy Probe SCENARIO A ~20% CAPEX annual Reduction														
		THESL Formula							PEG Formula					
Key Assumptions														
X Stretch factor	-0.003							X Stretch factor	-0.006					
Cn Stretch factor	0							Cn Stretch factor	-0.004					
Billing Determinant Adjustment	0							Billing Determinant Adjustment	-0.015					
Growth*	0							Growth	0					
PCI=(I-X)+Cn-Scap*(I-X)														
		THESL Formula Calculation							PEG Formula Calculation					
THESL Formulation	2015 Base	2016	2017	2018	2019	TOTAL		PEG Formulation	2015 Base	2016	2017	2018	2019	TOTAL
Input Parameters														
Inflation	N/A	0.017	0.017	0.017	0.017			Inflation	N/A	0.017	0.017	0.017	0.017	
X=Stretch Factor	N/A	-0.003	-0.003	-0.003	-0.003			X=Stretch Factor	N/A	-0.006	-0.006	-0.006	-0.006	
I-X	0	0.014	0.014	0.014	0.014			I-X	0	0.011	0.011	0.011	0.011	
Base year RR	644.2							Base year RR	644.2					
Capital-related RR	420.8	443.4	487.1	524.8	553.4			Capital-related RR	420.8	440.9	497.6	547.5	587.5	
Cn	0	0.0351	0.0652	0.0526	0.0378			Cn	0	0.0312	0.0865	0.0710	0.0539	
Stretch factor	0	0.0000	0.0000	0.0000	0.0000			Stretch factor	0	-0.0040	-0.0041	-0.0042	-0.0043	
Growth	0	0.000	0.000	0.000	0.000			Billing Determinant Redn (growth)	0	-0.0150	-0.0150	-0.0150	-0.0150	
Adjusted Cn		0.0351	0.0652	0.0526	0.0378			Adjusted Cn		0.0122	0.0674	0.0518	0.0346	
Scap Factor[% RR(prior yr)]	0	0.6619	0.6798	0.6929	0.7012			Scap Factor[% RR(prior year)]	0	0.6532	0.6726	0.7078	0.7372	
PCI=[(I-X)+Cn-Scap*(I-X)]	0	0.039816	0.069721	0.056912	0.041947			PCI=[(I-X)+Cn-Scap*(I-X)]	0	0.016016	0.070998	0.05499	0.037447	
PCI Escalator %	N/A	3.98	6.97	5.69	4.19			PCI Escalator %	N/A	1.60	7.10	5.50	3.74	
Revenue Requirement \$ M	644.20	669.85	716.55	757.33	789.10	3577.03		Revenue Requirement \$ M	644.20	655.52	703.06	742.72	771.53	3517.03
Rate (RR) Increase	12.92%	3.98%	6.97%	5.69%	4.19%	6.75%		Rate (RR) Increase	12.92%	1.76%	7.25%	5.64%	3.88%	6.29%
Energy Probe SCENARIO B ~20% lower CAPEX + \$10 M Annual OM&A Reduction														
		THESL Formula							PEG Formula					
Key Assumptions														
X Stretch factor	-0.003							X Stretch factor	-0.006					
Cn Stretch factor	0							Cn Stretch factor	-0.004					
Billing Determinant Adjustment	0							Billing Determinant Adjustment	-0.015					
Growth*	0							Growth	0					
PCI=(I-X)+Cn-Scap*(I-X)														
		THESL Formula Calculation							PEG Formula Calculation					
THESL Formulation	2015 Base	2016	2017	2018	2019	TOTAL		PEG Formulation	2015 Base	2016	2017	2018	2019	TOTAL
Input Parameters														
Inflation	N/A	0.017	0.017	0.017	0.017			Inflation	N/A	0.017	0.017	0.017	0.017	
X=Stretch Factor	N/A	-0.003	-0.003	-0.003	-0.003			X=Stretch Factor	N/A	-0.006	-0.006	-0.006	-0.006	
I-X	0	0.014	0.014	0.014	0.014			I-X	0	0.011	0.011	0.011	0.011	
Base year RR	634.2							Base year RR	634.2					
Capital-related RR	420.8	443.4	487.1	524.8	553.4			Capital-related RR	420.8	440.9	497.6	547.5	587.5	
Cn	0	0.0356	0.0662	0.0534	0.0383			Cn	0	0.0317	0.0878	0.0720	0.0546	
Stretch factor	0	0.0000	0.0000	0.0000	0.0000			Stretch factor	0	-0.0040	-0.0040	-0.0040	-0.0040	
Growth	0	0.000	0.000	0.000	0.000			Billing Determinant Redn	0	-0.01500	-0.01500	-0.01500	-0.01500	
Adjusted Cn		0.0356	0.0662	0.0534	0.0383			Adjusted Cn		0.0127	0.0688	0.0530	0.0356	
Scap Factor[% RR(prior yr)]	0	0.6721	0.6897	0.7026	0.7108			Scap Factor[% RR(prior year)]	0	0.6635	0.6829	0.7177	0.7468	
PCI=[(I-X)+Cn-Scap*(I-X)]	0	0.040226	0.070585	0.057542	0.042339			PCI=[(I-X)+Cn-Scap*(I-X)]	0	0.016395	0.072313	0.056081	0.038344	
PCI Escalator %	N/A	4.02	7.06	5.75	4.23			PCI Escalator %	N/A	1.64	7.23	5.61	3.83	
Revenue Requirement \$ M	634.20	659.71	706.28	746.92	778.54	3525.65		Revenue Requirement \$ M	634.20	645.60	693.28	733.16	762.28	3468.52
Rate (RR) Increase	11.17%	4.02%	7.06%	5.75%	4.23%	6.45%		Rate (RR) Increase	11.17%	1.80%	7.39%	5.75%	3.97%	6.01%
*Growth set at zero per J3.3 Response														

*Cells corrected to reflect Toronto Hydro's proposed Scap formula.

*Cell G24 corrected.

*Cell C25: To make 2014 revenues comparable to 2015 Revenue Requirement, an adjustment of approximately \$24M in 2014 is required to account for smart meters and ICM.

*Cells corrected to reflect Toronto Hydro's proposed Scap formula.

*Revenue Requirement calculation incorrectly added \$1M to each cell

*Cell C51: To make 2014 revenues comparable to 2015 Revenue Requirement, an adjustment of approximately \$24M in 2014 is required to account for smart meters and ICM.

*Cells corrected to reflect Toronto Hydro's proposed Scap formula.

*Revenue Requirement calculation incorrectly added \$1M to each cell

*Cell C58: To make 2014 revenues comparable to 2015 Revenue Requirement, an adjustment of approximately \$24M in 2014 is required to account for smart meters and ICM.