Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'Énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273

Ontario

BY E-MAIL

August 31, 2009

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St.,27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli:

Re: Board Staff Interrogatories
Application for Recovery of Contact Voltage Costs
Toronto Hydro-Electric System Limited
EB-2009-0243

Please find the attached Board staff interrogatories in the above proceeding. Please forward the following to Toronto Hydro-Electric System Limited and all other parties to this proceeding.

Sincerely,

Original Signed By

Martin Davies
Project Advisor, Applications & Regulatory Audit

Encl.

Board Staff Interrogatories
Application for Recovery of Contact Voltage Costs
Toronto Hydro-Electric System Limited ("THESL")
EB-2009-0243

1. Ref: p. 1

Please state why THESL is seeking recovery of its contact voltage remediation costs through a separate application rather than incorporating this request as part of its anticipated 2010 cost of service rate filing.

2. Ref: p.1

THESL states that:

"The costs were incurred by THESL from February through March of 2009, and in one category will be continued to year end 2009."

Please state whether or not THESL is anticipating any additional contact voltage costs arising from the 2008-2009 incidents for recovery which are not included in this application.

3. Ref: p. 1

a. Please state whether or not THESL is aware of any other instances of electricity distributors experiencing the contact voltage conditions and magnitude of costs that THESL experienced in the February through March 2009 period.

b. If THESL is aware of any such instances, please provide details and state what, if any, cost recovery was allowed by the affected distributors' regulators.

c. If THESL is not aware of any such instances, please state why THESL believes it experienced such unique circumstances. Please state whether there were any conditions unique to THESL's operating territory that gave rise to these circumstances and if so what they were.

4. Ref: p.1, 4-5

It is stated on page 1 that:

"Site investigations revealed that in each incident, contact voltage was caused by insulation breakdown on energized connectors, allowing voltage to energize the metal frame and cover the respective handwells. "

It is further stated on pages 4 and 5 that:

"Existing handwells were systematically inspected because it had become apparent that they had significant potential to be involved in or contribute to an incident of contact voltage. Inspection revealed numerous instances of missing plastic caps; degraded or faulty insulation; and improper repacking of the conductors."

a. Please state why THESL's ongoing maintenance programs had not identified these problems in the past.

b. Please state what percentage of the handwells inspected were found to be defective.

c. Please state whether or not THESL is undertaking any internal reviews of its maintenance procedures in light of these events.

5. Ref: p. 2, 8

On page 2, THESL quotes a letter which it sent to the Board on February 2, 2009, advising of the Level III emergency arising from this situation. That letter states in part that:

"Toronto Hydro has therefore suspended all other non-emergency planned work on its system and has deployed its own utility and streetlighting crews, as well as available contractor resources on a 7 day per week, 24 hour per day basis to locate, diagnose, secure and repair to a safe condition all the suspect equipment on its distribution and streetlighting systems."

On page 8, THESL also states that:

"Furthermore, it was necessary to suspend non-emergency planned work for the duration of the Level III project and consequently connections and other normal jobs were not being completed during this period."

a. Please clarify whether the costs claimed for recovery in this proceeding are incremental to the costs related to the non-emergency planned work that would have been incurred had this emergency not occurred.

b. If so, please state how the recovery amount was adjusted for the non-incurrence of the normal ongoing costs and the amount of this adjustment. If no such adjustment was made, please explain why.

6. Ref: p. 5

It is stated that a further amount of $2.41 million will be expended through the balance of 2009 for the maintenance of the scanning program on a non-emergency basis in order to ensure that further instances of contact voltage are minimized. Please state whether the scanning program is anticipated to continue beyond 2009 and, if so, what a normal annual cost level for such a program is anticipated to be.

7. Ref: p. 6

On this page, THESL states that the contact voltage remediation costs are exogenous in nature, which "refers to their character as having been externally imposed or required, as distinct from being discretionary and voluntarily undertaken."

a. Please state what was the exogenous event that precipitated these costs.

b. Please state if THESL is aware of any prior Board Decisions which have been based on a similar definition of exogeneity and if so please state which decisions and why THESL believes the definitions to be similar.

8. Ref: p. 7

On this page, THESL discusses the prudence of the contact voltage control costs for which recovery is being sought and states that:

"Correspondingly, the reasonableness of the measures and costs undertaken should be assessed by considering whether available alternative approaches, given the information and resources available, might have been used instead with greater effectiveness or lower cost."

a. Please state whether it is THESL's view that the Board should be assessing the prudence of these costs solely from the perspective of THESL's actions from the time the contact voltage problem came to THESL's attention and if so why. If not, please state THESL's views on the applicable timeframe the Board should be using to assess prudency.

b. Please state whether or not in THESL's view the costs incurred to correct the contact voltage conditions that are the basis of this application would have been lower if the need for this remediation had been identified as part of its ongoing maintenance program. If THESL believes this to be the case, please provide an estimate as to how much lower these costs would have been under such circumstances. If THESL believes they would have been higher, please state how much higher and why this would have been the case.

9. Ref: pp. 9-10

THESL proposes that of the total $14.35 million of costs for which recovery is being sought, $6.56 million of scanning costs be allocated to all classes as they were undertaken to ensure the safety of the entire distribution system, while the remaining $7.79 million related to the remediation of existing contact voltages and inspection and remediation of handwells be recovered from the Streetlighting and USL classes only.

a. Please provide THESL's views on the reasonableness of recovering all of these costs from the Streetlighting and USL classes.

b. Please provide revised Exhibits 1, 2a and 2b on the basis of recovery of all of these costs from the Streetlighting and USL classes