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November 12, 2009

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

Dear. Ms. Walli:

RE: EB-2009-0139 - Toronto Hydro Electric System Limited 2010 Rates – Interrogatories of the Building Owners and Managers Association of the Greater Toronto Area

Please find attached the interrogatories of the Building Owners and Managers Association of the Greater Toronto Area (BOMA) to Toronto Hydro Electric System Limited in the above noted proceeding.

Sincerely,

Randy Aiken

Randy Aiken
Aiken & Associates

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Toronto Hydro-Electric System Limited for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2010.

INTERROGATORIES OF THE BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONOTO AREA ("BOMA")

Issue 3.1 Are the overall levels of the 2010 Operation, Maintenance and Administration budgets appropriate?

Issue 4.2 Are the amounts proposed for 2010 Capital Expenditures appropriate including the specific Operational and Emerging Requirements categories?

Interrogatory # 1

Ref: Exhibit D1 & Exhibit F1 & Exhibit F2

The provincial government has announced plans to harmonize the provincial retail sales tax (RST) with the goods and services tax (GST) effective July 1, 2010 to create harmonized sales tax (HST). Based on the proposed elimination of the RST effective July 1, 2010:

a) Please confirm that THESL has not made any adjustments to the OM&A forecasts shown in Exhibits F1 & F2 to reflect the elimination of the 8% provincial sales tax.

b) Please provide the estimated costs of the provincial sales tax included in the OM&A forecast for 2010.

c) Please provide an estimate of the amount of provincial sales tax paid by THESL in each of 2006, 2007, 2008 and 2009 on OM&A expenses.

d) Is there any reduction in compliance costs that will result from the reduction in the administrative burden on THESL to comply with two separate sets of tax rules?

e) Please confirm that THESL has not made any adjustments to the capital expenditure forecasts shown in Exhibit D1 to reflect the elimination of the 8% provincial sales tax.

f) Please provide the estimated costs of the provincial sales tax included in the capital expenditures included in rate base forecast for 2010.

g) Please provide an estimate of the amount of provincial sales tax paid by THESL on capital expenditures included in rate base in each of 2006, 2007, 2008 and 2009.

h) If THESL is unable to quantify the impact of the removal of the provincial sales tax, is THESL agreeable to the creation of a deferral account into which the resulting savings would be placed and rebated to customers in the future? If not, why not?

Issue 1.2 Are Toronto Hydro's economic and business planning assumptions for 2010 appropriate?

Interrogatory # 2

Ref: Exhibit C1, Tab 4, Schedule 2 & Appendix A

Please update Table 1 to reflect the most recent Metropolitan Outlook from the Conference Board of Canada and provide a copy of the most recent report.

Issue 1.4 Is the overall increase in the 2010 revenue requirement reasonable given the impact on consumers?

Interrogatory # 3

Ref: Exhibit A1, Tab 1, Schedule 1, page 1

What is the expected impact on the non-street lighting rate classes assuming Toronto Hydro receives approval of the Streetlighting Applications?

Interrogatory # 4

Ref: Exhibit A1, Tab 3, Schedule 1 & Exhibit P1, Tab 1, Schedule 2

a) Please explain why the net revenue deficiency is larger than the gross revenue deficiency in Table 1 of Exhibit A1, Tab 3, Schedule 1.

b) Please reconcile the net revenue deficiency of $69 million shown in Table 1 of Exhibit A1, Tab 3, Schedule 1 with the revenue deficiency of $35.4 million shown at line 21 of the Revenue Requirement Work Form shown on page 7 of Exhibit P1, Tab 1, Schedule 2.

2.1 Is the load forecast and methodology appropriate and have the impacts of Conservation and Demand Management initiatives been suitably reflected?

Interrogatory # 5

Ref: Exhibit D1, Tab 8, Schedule 7, page 3

a) What is the estimated impact on distribution revenues of the 5,400 individual suite meter installations? Please provide the estimated revenue, showing all assumptions and calculations, associated with these 5,400 individual customers. Please also show the estimated revenue, along with all assumptions and calculations, for the current bulk metered accounts.

b) How has this shift from bulk metered accounts to individual suite meter installations been taken into account in the revenue forecast?

Interrogatory # 6

Ref: Exhibit A1, Tab 1, Schedule 1, page 17

Are the load growth figures provided based on changes in weather normalized volumes or based on actual volumes? If the latter, please provide the changes based on weather normalized volumes.

Interrogatory # 7

Ref: Exhibit K1, Tab 1, Schedule 1, Table 4

a) Please update the 2009 actual figure to reflect the most recent actual information available. Please indicate how many actual months of actual loads are included in the 2009 figure.

b) Please provide a version of Table 4 that shows the normalized GWh for 2008 and 2009, with the normalization based on the normal degree day forecast used to generate the Board approved figures.

Interrogatory # 8

Ref: Exhibit K1, Tab 1, Schedule 1, page 4 & Exhibit K1, Tab 3, Schedule 2, Table 1

The evidence at page 4 of Exhibit K1, Tab 1, Schedule 1 indicates that previously THESL forecasted system load at an aggregate level and then allocated loads to each rate class based on historical load shares.

Please provide a table for the 2010 test year forecast of kWh and kVA in the same level of detail as that shown in Table 1 of Exhibit K1, Tab 3, Schedule 2 based on the proposed methodology and the previously approved Board methodology, along with the variance between the two approaches. Please use the current forecast assumptions using both methodologies. For example, use the HDD with the proposed balancing point in the estimation of the equation for the previously used methodology.

Interrogatory # 9

Ref: Exhibit K1, Tab 1, Schedule 1, page 4

a) The evidence indicates that the dependent variable is kWh/day. Did THESL consider using kWh/customer as the dependent variable? If not, why not?

b) How has THESL dealt with the issue that the monthly billed kWh is not the amount consumed in the month because the billed amount is based on billing cycle meter reading schedules that have reading dates that vary and generally do not coincide with month end?

Interrogatory # 10

Ref: Exhibit K1, Tab 1, Schedule 1, page 10 & Exhibit D1, Tab 8, Schedule 7, page 3

a) Are the figures shown in Table 5 of Exhibit K1, Tab 1, Schedule 1 year-end customers? If not, please explain.

b) Please reconcile the increase in residential customers for individually metered suites shown in Table 5 of Exhibit K1, Tab 1, Schedule 1 which shows an increase in 2010 of 3,600 to the 5,400 individual suite meter installations referenced on page 3 of Exhibit D1, Tab 8, Schedule 7.

c) What is the most recent number of cumulative individually metered suites for 2009?

Interrogatory # 11

Ref: Exhibit K1, Tab 1, Schedule 1, page 8 & Exhibit K1, Tab 2, Schedule 1

a) Does the Toronto population figure shown in Exhibit K1, Tab 2, Schedule 1 include actuals up to and including April, 2009? If not, what is the last month of actual data?

b) What is the source of the monthly Toronto population data?

c) If more recent actual data is available, please prove the additional actual monthly data for the population and provide a new extrapolation of the population based on the most recent information available.

d) What impact does the change in the forecasted population have on the forecast for those rate classes that use the population in the forecast?

e) What impact does the change in the forecasted population have on the revenue deficiency?

Interrogatory # 12

Ref: Exhibit K1, Tab 1, Schedule 1, page 8 & Exhibit K1, Tab 2, Schedule 1

a) Do the customer number figures shown in Exhibit K1, Tab 2, Schedule 1 include actuals up to and including April, 2009? If not, what is the last month of actual data?

b) Please update the customer number figures to show the most recent information available.

c) Please provide an updated extrapolation forecast for the number of customers based on the most recent information available in (b) above.

d) What impact does the change in the forecasted population have on the forecast for those rate classes that use customer numbers in the forecast?

e) What impact does the change in the forecasted number of customers have on the revenue deficiency?

Interrogatory # 13

Ref: Exhibit K1, Tab 2, Schedule 2

The following questions relate to the residential model shown on page 1 of Exhibit K1, Tab 2, Schedule 2.

a) Please confirm that using the current model, the residential kWh volume forecast is independent of the number of residential customers.

b) Did THESL try an equation that included the number of residential customers in addition to the explanatory variables shown? If not, why not? If yes, please provide the regression model statistics.

c) Please re-estimate the equation by including the residential customers as an explanatory variable, but excluding the population variable and provide the regression statistics.

d) Please re-estimate the equation by including population divided by the number of residential customers as an explanatory variable in place of the population variable and provide the regression statistics.

e) In place of the dependent variable of monthly kWh's per day, please use monthly kWh's per customer with suitably adjusted explanatory variables (i.e. HDD and CDD in place of their per day counterparts). Please also remove the population variable and include a variable that is the number of days in the month. Please provide the regression statistics.

f) In place of the dependent variable of monthly kWh's per day, please use monthly kWh's per day per customer and remove the population variable from the equation. Please provide the regression statistics.

g) Please provide a table showing the 2010 residential volume forecast that would result from each of the equations requested in (b) through (f) above.

h) Please provide a live Excel spreadsheet that has all of the data needed to estimate the equations in (b) through (f) above, along with the forecasted values of all the explanatory variables need to calculate the 2010 forecast.

Interrogatory # 14

Ref: Exhibit K1, Tab 4, Schedule 1, Table 1

a) Please provide the number of customers for each rate class in 2009 based on the latest month of information available. Please also provide the number of customers by rate class for the same month in 2008.

b) Please provide a Table in the same level of detail as Table 1 by rate class that shows the change in the number of customers based on the actual figures for 2004 through 2008 and the forecasts for 2009 and 2010.

c) Please explain the small growth in GS 50 – 999 customers in 2009 and 2010 (147 in 2009 and 63 in 2010) as compared to the average growth in number of customers in 2005 through 2008 of 257 per year.

d) Please explain the decrease in the number of GS 1000 – 4999 customers forecast for 2009.

e) Please explain the loss of 2 large use customers in 2009.

Interrogatory # 15

Ref: Exhibit K1, Tab 7, Schedule 2

a) What is the impact on the revenue deficiency of the increase in volumes of 24.9 GWh shown in Table 1 for 2010 of using the 20 year trend for HDD and CDD?

b) How did THESL forecast HDD and CDD in its previous rates application?

Issue 2.2 Is the proposed amount for 2010 other revenues appropriate?

Interrogatory # 16

Ref: Exhibit I1, Tab 1, Schedule 1

a) Please provide the most recent year-to-date figures for 2009 in the same level of detail as shown in Table 1, along with the corresponding figure for the same period in 2008.

b) Please provide the 2006 and 2007 historical revenues in the same level of detail as shown in Table 1.

c) Please confirm that all costs associated with providing services for Merchandise and Jobbing have been removed from the calculation of the revenue requirement.

d) Please provide the EB-2007-0680 Board approved revenue offsets for 2008 and 2009 in the same level of detail as shown in Table 1.

Interrogatory # 17

Ref: Exhibit I1, Tab 1, Schedule 4

a) Please expand Table 1 to reflect actual figures for 2006 and 2007.

b) Please provide the most recent year-to-date figures available for the expenses and revenues associated with Merchandise and Jobbing for 2009.

Issue 3.1 Are the overall levels of the 2010 Operation, Maintenance and Administration budgets appropriate?

Interrogatory # 18

Ref: Exhibit B1, Tab 4, Schedule 1, page 2

Are any of the costs associated with the Toronto Hydro Corporation Board of Directors or the Board of Directors for any of the other affiliates of THESL directly or indirectly included in the revenue requirement of THESL? If yes, please provide details, including the total of any such cost.

Interrogatory # 19

Ref: Exhibit C1, Tab 4, Schedule 1, Appendix B

At page 5 of 7 of the letter related to 2010 EDR Application – Financial Projects, it is stated that "a portion of goods and services purchased are consistent from year to year due to the repetitive nature of our business". What is the approximate cost in 2009 associated with these standard costs that were expected to recur?

Interrogatory # 20

Ref: Exhibit D1, Tab 3, Schedule 1

Please provide versions of Tables 1, 2, 3, 4 & 5 that exclude amortization expenses.

Interrogatory # 21

Ref: Exhibit F2, Tab 3, Schedule 1

a) What is the amount included in charitable contributions that is related to the Low Income Energy Program (LEAP) and how much of an increase is this from the level forecast for 2009?

b) Are there other LEAP related costs that have been included in the 2010 revenue requirement? If yes, please quantify these additional costs, with an explanation for each component.

Interrogatory # 22

Ref: Exhibit F2, Tab 6, Schedule 1, page 4

a) Please provide the average level of customer deposits held in 2008 and forecast to be held in 2009 and 2010.

b) What prime rate has THESL used in 2010 to base the forecast cost of $0.8 million associated with customer deposits?

c) What is the driver of the forecasted increase in the short-term line of credit from $0.52 million in 2009 to $1.0 million in 2010?

d) Please separate out the costs associated with insurance premiums and claim costs in for 2008, 2009 and 2010 shown in Table 1.

e) What is the actual cost of insurance in 2009?

Interrogatory # 23

Ref: Exhibit F2, Tab 7, Schedule 1, page 3

Please explain how the introduction of the HST in 2010 has resulted in an increase in the cost forecast for 2010. Please also provide a quantification of this increase.

Issue 3.2 Is the proposed level of 2010 Shared Services and Other O&M spending appropriate?

Interrogatory # 24

Ref: Exhibit A1, Tab 1, Schedule 1, page 5

Does THESL have any current estimate of the changes in 2010 governance costs as a result of the retirement of the Chief Executive Officer in September, 2009? If yes, please provide details. If not, why does THESL expect to provide this information to the Board and to intervenors?

Interrogatory # 25

Ref: Exhibit C1, Tab 3, Schedule 1, page 2 & Appendix A

a) Please break out the $1.7 million related to strategic leadership, stewardship and governance services purchased by THESL from THC into each of the three components listed: Board of Directors, office of the CEO and office of the CFO.

b) Please break out the $0.7 million related to overall finance leadership services purchased by THESL from THC into each of the three components listed: Board of Directors, office of the CEO and office of the CFO.

c) What is the total cost associated with the THESL Board of Directors?

d) Please explain the $0.08 million for Governance in the 2009 bridge year in relation to the $1.66 million forecast for 2010, both of which are shown in Appendix A.

Interrogatory # 26

Ref: Exhibit C1, Tab 3, Schedule 1, Appendix B

a) What is driving the decrease in asset management services to TH Energy in 2010?

b) What is driving the decrease in treasury services to TH Energy in 2010? Is this related to the increase in finance services forecast to be provided in 2010?

c) What is driving the decrease in ITS & management services to TH Energy in 2010?

d) Why are there no communication services provided to TH Energy in 2010?

Interrogatory # 27

Ref: Exhibit C1, Tab 4, Schedule 3

The evidence lists the costs included in the FES, Facilities and IT&S allocations. The evidence also indicates that these costs include a component of depreciation and return on assets for costs allocated to unregulated affiliates. Do these costs allocated to unregulated affiliates also include a component for capital and income taxes? If not, why not?

Issue 3.4 Are the 2010 Human Resources related costs (wages, salaries, benefits, incentive payments, and pension costs) including employee levels, appropriate? Has Toronto Hydro demonstrated improvements in efficiency, including labour productivity, and value for dollar associated with its compensation costs?

Interrogatory # 28

Ref: Exhibit C2, Tab 1, Schedule 2

a) Please provide the number of FTE's (including part-time) in the same level of detail as shown in Table 1 in Appendix A for 2009 including the current positions at THC that are scheduled to be transferred to THESL at the beginning of 2010. Please confirm that any remaining differences between the adjusted 2009 figures and the forecast for 2010 is based on additions and changes apart from the transfer or migration of employees from THC to THESL.

b) Please provide the historical yearly market adjustment increase for 2006 through 2008 along with the forecast used for 2009 and 2010 for each of the three major employee groups (CUPE, Society of Energy Professionals, Management).

c) Please provide separately the impact on the revenue requirement in 2010 of a 0.5% change in the market adjustment increase for each of the three major employee groups (CUPE, Society of Energy Professionals, Management). Please indicate whether the change in the revenue requirement reflects that some of the wages and salaries are expenses while some are capitalized.

d) Please provide the total forecasted incentive pay for 2010 for each employee categories shown in Table 1 (Executive, Managerial, Management/Non-Union and Union).

e) Is all of the incentive pay included in the 2010 forecast expensed or is a portion capitalized? If a portion is capitalized provide the details on the amount.

f) Does the forecast for incentive pay included in the 2010 revenue requirement represent the maximum potential incentive pay, or a portion of the maximum? If it is a portion please indicate what portion of the maximum potential it represents.

g) What has been the actual experience in terms of the incentive payments made to employees (including variable performance pay for non-unionized employees) as a percentage of the maximum potential payment for each of 2006, 2007 and 2008 by each employee group shown in Table 1 (Executive, Managerial, Management/Non-Union and Union)?

Issue 3.5 Is Toronto Hydro's depreciation expense appropriate?

<u>Interrogatory # 29</u>

Ref: Exhibit D1, Tab 12, Schedule 1

How does THESL calculate depreciation on capital expenditures closed to rate base in the bridge and test years? Does it calculate a full year of depreciation regardless of when the asset is placed in service, or does THESL use the half year approach whereby it is assumed that the asset is placed in service at mid year, and one half of the depreciation expense is calculated?

Issue 3.6 Are the amounts proposed for capital and property taxes appropriate?

Interrogatory # 30

Ref: Exhibit H1, Tab 1, Schedule 1, page 7

a) Please explain what is meant by "PILS Property Taxes" in Table 2.

b) What is the actual level of property taxes for 2009?

c) What was the Board approved level of property taxes in 2008 & 2009?

Issue 3.7 Is the amount proposed for PILs, including the methodology, appropriate?

Interrogatory # 31

Ref: Exhibit F2, Tab 4, Schedule 1

Please provide a table showing the historical and forecast R&D tax credits claimed by THESL in 2008 and forecast to be claimed in 2009 and 2010.

Interrogatory # 32

Ref: Exhibit H1, Tab 1, Schedule 1, page 6

Please provide a table that shows the number of eligible positions for the Federal Apprenticeship Job Creation Tax Credit, the Ontario Apprenticeship Training Tax Credit and the Ontario Co-operative Education Tax Credit for each of 2007 and 2008 and the forecast number of positions for 2009 and 2010.

Interrogatory # 33

Ref: Exhibit P1, Tab 2, Schedule 2, page 24 & Exhibit E1, Tab 4, Schedules 1 & 2

What is the relationship between the current portion of Notes payable to associated companies and long term notes payable to associated companies that total $1,358,336,139 on page 24 of Exhibit P1, Tab 2, Schedule 2 with the figures of $1,277,491,219 and $1,210,900,000 shown in Schedules 2 and 1, respectively, of Exhibit E1, Tab 4?

Interrogatory # 34

Ref: Exhibit P1, Tab 2, Schedule 2, page 25

a) Please confirm that the 2009 provincial budget proposed to reduce the provincial corporate income tax rate from 14.0% to 12.0% effective July 1, 2010.

b) Please recalculate the income taxes payable based on a 13.0% provincial income tax rate for 2010.

c) Please confirm that the 2009 provincial budget reduced the small business tax rate from 5.5% to 4.5% effective July 1, 2010 on the first $500,000 of taxable income and eliminated the 4.25% surtax on taxable income over $500,000, also effective July 1, 2010.

d) Please confirm that the 2010 provincial tax savings resulting from the above change is $18,750, the difference between the following calculations on the first $1,500,000 of taxable income:

- 13% x $1,500,000 = $195,000 and

5% x $500,000	=	$25,000
13% x $1,000,000	=	$130,000
2.125% x $1,000,000	=	$21,250
Total	=	$176,250

If these calculations cannot be confirmed, please provide the calculations that show the reduction in the provincial income tax and provide the rationale for the rates and numbers used.

Interrogatory # 35

Ref: Exhibit P1, Tab 2, Schedule 1, page 21 & Exhibit D1, Tab 2, Schedule 1, page 4

Please explain why the UCC additions shown on page 21 of Exhibit P1, Tab 2, Schedule 1 for 2009 of $231.3 million is less than the capital additions shown for 2009 on page 4 of Exhibit D1, Tab 2, Schedule 1 of $234.8 million.

Interrogatory # 36

Ref: Exhibit P1, Tab 2, Schedule 2, page 10 & Exhibit D1, Tab 2, Schedule 1, page 5

Please explain why the UCC additions shown on page 10of Exhibit P1, Tab 2, Schedule 2 for 2010 of $365.9 million is less than the capital additions shown for 2010 on page 5 of Exhibit D1, Tab 2, Schedule 1 of $368.8 million.

Interrogatory # 37

Ref: Exhibit P1, Tab 2, Schedule 2, page 25

a) Please explain what the Investment Tax Credits shown in the amount of $660,000 are related to. Are these investment tax credits the R&D tax credits referred to in Exhibit F2, Tab 4, Schedule 1?

b) Please explain what the Miscellaneous Tax Credits shown in the amount of $180,000 are related to. Are these tax credits related to the apprenticeship training tax credits and Ontario co-operative tax credits? Please break out the $180,000 in miscellaneous tax credits into each of its component parts.

c) Please calculate the impact on taxes of including the Apprenticeship Training Tax Credit as modified in the 2009 provincial budget to 35% of qualifying wages to a maximum of $10,000 per position and extending the eligibility period from 36 months to 48 months.

d) Please calculate the impact on taxes of including the Co-operative Education Tax Credit as modified in the 2009 provincial budget to 25% of salaries and wages to a maximum of $3,000 per work placement.

Interrogatory # 38

Ref: Exhibit P1, Tab 1, Schedule 2

Please update the Revenue Requirement Workform to reflect the changes in income taxes based on the response to Interrogatory # **34** above and any additional changes resulting from the response to Interrogatory # **37** above.

Issue 4.1 Are the amounts proposed for Rate Base appropriate?

Interrogatory # 39

Ref: Exhibit D1, Tab 2, Schedule 1

a) The 2010 contribution and grants amount shown in Table 5 of $17.9 million is significantly lower than previous Board approved amounts of $28.9 million in 2008 and $20.0 million in 2009 in addition to being significantly lower than actual 2008 level of $23.0 million and the current forecast for 2009 of $27.8 million. Please explain what is driving this reduction in the forecast level of contribution and grants in 2010. In particular, what is driving the reduction of nearly $10 million between 2009 and 2010?

b) Does THESL have a more up-to-date projection of the additions, reductions, transfers and closing balances for the year ending December 2009 (Table 4). If yes, please provide an update to Table 4 and explain any significant variances from the original bridge year forecast.

Issue 4.3 Are the inputs used to determine the Working Capital component of the Rate Base appropriate and is the methodology used consistent with the methodologies approved by the Board in previous Toronto Hydro rate applications?

Interrogatory # 40

Ref: Exhibit K1, Tab 8, Schedules 1 & 2 & Exhibit K1, Tab 1, Schedule 2

a) Are the kWh's associated with any market participants served by the distributor included in the kWh's used to calculate the cost of power? If yes, please explain why these volumes have not been removed from the calculation. Please also provide the kWh's associated with the market participants.

b) Has THESL reflected the different rates applicable to RPP and non-RPP customers in the cost of power calculation? If not, why not?

c) Please update the cost of power component of the working capital allowance to reflect the October 15, 2009 RPP Price Report (Nov 09 – Oct 10). Please show the components of the cost of power used.

Interrogatory # 41

Ref: Exhibit K1, Tab 1, Schedule 2

The evidence indicates that the THESL forecast of wholesale electricity rates is based on current costs to THESL (including Global Adjustment) and expected increases of 5% in 2010.

a) How does the current costs to THESL compare to the figures in the RPP Price Report (May 09 – Apr 10) dated April 15, 2009?

b) What is the increase based on the change in the RPP Price Report from the April 15, 2009 version to the current October 15, 2009 version?

Interrogatory # 42

Ref: Exhibit K1, Tab 8, Schedule 1 & 2 & EB-2009-0096 Exhibit H, Tab 3, Schedule 23

Hydro One was asked to show how it determined the appropriate commodity price to use in the calculation of the commodity component of the cost of power. In their response, found in Schedule 23 of Exhibit H, Tab 3 of EB-2009-0096, Hydro One stated the following:

The commodity price Hydro One used was a weighted average rate for both RPP and non-RPP customers. The rate used for RPP customers was $60.72/MWh, consistent with the April 15, 2009 Regulated Price Plan Price Report. The rate used for non-RPP customers was $63.88/MWh which was the sum of the forecasted HOEP $49.62/MWh, consistent with the April 15, 2009 Ontario Wholesale Electricity Market Price Forecast, and the forecasted Global Adjustment of $14.26/MWh, consistent with the April 15, 2009 Regulated Price Plan Price Report. The calculation is as follows:

	Rate - $/MWh	Weighting	WA Rate $/MWh
* Forecasted Average HOEP	49.62		
** Forecasted Average Global Adjustment	14.26		
Forecasted Average non-RPP cost	63.88	31%	19.80
** Forecasted Average RPP cost	60.72	69%	41.90
Weighted Average Commodity Cost			**61.70**

Note:
** Per April 15, 2009 Ontario Wholesale Electricity Market Price Forecast*
*** Per April 15, 2009 Regulated Price Plan Price Report*

a) Based on the above methodology, please calculate the energy component of the cost of power shown in Table 1 in Exhibit K1, Tab 8, Schedule 1 using the Hydro One methodology shown above to calculate a weighted average commodity cost. Please update the rates to reflect the October 15, 2009 Regulated Price Plan Price Report and use the weights for non-RPP and RPP volumes used in Exhibit J1, Tab 2, Schedule 10, page 2 if THESL does not have a forecast for specifically for 2010.

b) Based on the calculation in (a) above, what is the impact on the working capital allowance component of rate base?

Interrogatory # 43

Ref: Exhibit J1, Tab 2, Schedule 7

a) Please indicate how the $218.8 million figure in line 3 of column 2 is derived in relation to the OM&A expenses shown in Exhibit P1, Tab 1, Schedule 2, page 8 of $212.1 million.

b) Please explain how the figure of -$10.9 in line 11 of column 2 has been derived.

c) What proportion of the $218.8 in OM&A expenses shown on line 3 in column 2 is subject to GST? In particular, how much of the $218.8 is for wages and salaries?

Issue 5.1 Is the proposed Capital Structure, Rate of Return on Equity, and Short-Term Debt Rate appropriate?

Interrogatory # 44

Ref: Exhibit E1, Tab 1, Schedule 1

What is the impact on the revenue deficiency of a 10 basis point change in each of the following components of the cost of capital:

i) Return on Equity;
ii) Short Term Debt Rate; and
iii) Long Term Debt Rate.

Issue 5.2 Is the proposed Long-Term Debt Rate appropriate?

Interrogatory # 45

Ref: Exhibit E1, Tab 1, Schedule 1

a) Are each of the three debt instruments shown in Table 2 held by affiliates of THESL?

b) Are any of the three debt instruments shown in Table 2 considered to be variable rate debt or callable on demand? Please explain.

c) Has THESL issued the forecast debt shown in Table 3 for the 2nd City Note Repayment?

d) Will both debt instruments shown in Table 3 be held by an affiliate of THESL?

e) Please update the rates shown in Table 3 to reflect current projections of interest rates and corporate spreads. Please provide details on the interest rates and corporate spreads.

f) Does THESL still plan to issue debt with a 10 year term? If not, what are the current term plans and explain the rationale for any change.

g) What is the current 10 year term rate available to local distribution companies from Infrastructure Ontario?

h) Please explain any significant difference between the current Infrastructure Ontario rate provided in part (g) with the updated rates shown in response to part (e).

Interrogatory # 46

Ref: Exhibit E1, Tab 4, Schedule 2 & Exhibit E1, Tab 3, Schedule 2

Please explain the increase of $225,000 or 48% for the financing costs in 2010 as compared to 2009.

Interrogatory # 47

Ref: Exhibit E1, Tab 5, Schedule 1, Table 1

Please update Table 1 to reflect the most recent actual and forecast information available.

Issue 6.1 Is the proposal for the amounts, disposition and continuance of Toronto Hydro's existing Deferral and Variance Accounts appropriate?

Interrogatory # 48

Ref: Exhibit J1, Tab 1, Schedule 2 & Exhibit J1, Tab 2, Schedule 9 & Exhibit O1, Tab 1, Schedules 1-7

a) Please update Table 1 and Table 2 in Exhibit J1, Tab 1, Schedule 2 to reflect an interest rate of 0.55% in 2009 Q3 through 2010 Q2 in place of the rates shown in Table 1 of Exhibit J1, tab 2, Schedule 9.

b) Please update Table 4 to reflect rate riders that would be based on a 24 month rate rider credit instead of the 36 month period as proposed by THESL and include the impact of the interest rate shown in part (a) above.

c) Based on the response to parts (a) and (b) above, please show the impact on customers by providing revised Schedules 1-7 of Exhibit O1, Tab 1 to reflect the lower interest rate and the rate riders based on a 24 month disposition period.

Interrogatory # 49

Ref: Exhibit J1, Tab 1, Schedule 2, page 4

Please provide the calculations for 2006, 2007 and 2008 used to calculate the balance in account 1592 – PILS and Tax variances, including the tax rates assumed in the rate adjustment model and the tax rates as a result of legislative or regulatory changes.

Issue 7.2 Are the proposed revenue to cost ratios for each class appropriate?

Interrogatory # 50

Ref: Exhibit L1, Tab 1, Schedule 1, Table 2 & Exhibit M1, Tab 1, Schedule 1, page 4

a) What do the revenue to cost ratios under the column "From Cost Allocation Model" signify? In particular, how have the revenues used in calculating these ratios been determined?

b) With the exception of the Intermediate 1000-4999 kW, Streetlighting and USL classes, the revenue to cost ratios from the cost allocation model are already within the Board Target Ranges. Please explain why THESL believes it is appropriate to adjust these ratios closer to unity even though they are already within the Board's approved range in light of the following which is taken from the Board's EB-2007-0693 Decision and Order dated August 11, 2008 for Wellington North Power Inc.:

An important element in the Board's report on cost allocation was its express reservation about the quality of the data underpinning cost allocation work to date. The report frankly indicated that the Board did not consider all of the data underpinning the report to be so reliable as to justify the application of the report's findings directly into rate cases. For this reason, among others, the Board established the ranges depicted above and mandated the migration of revenue to cost ratios currently outside the ranges to points within the ranges, but not to unity. In short, the ranges reflect a margin of confidence with the data underpinning the report. No point within any of the ranges should be considered to be any more reliable than any other point within the range. Accordingly, there is no particular significance to the unity point in any of the ranges.

Issue 7.5 Are the proposed Distribution Loss Factors appropriate?

Interrogatory # 51

Ref: Exhibit M1, Tab 1, Schedule 1, page 8 & Exhibit M1, Tab 5, Schedule 1

a) Please provide the most recent three-year average total loss factor for non-large users.

b) What is the total loss factor for non-large users for 2009 based on the most recent year-to-date information available?

Issue 7.4 Are the proposed Retail Transmission Service rates appropriate?

Interrogatory # 52

Ref: Exhibit N1, Tab 1, Schedule 1

Does THESL intend to update the Retail Transmission Service Rates to reflect any changes in provincial transmission rates that are effective January 1, 2010?

Interrogatory # 53

Ref: Exhibit N1, Tab 1, Schedule 1, Table 1

THESL has applied to clear the December 2008 balances in the RTSR accounts independent of the proposed 2010 retail transmission rates. The proposed 2010 retail transmission rates are intended to only recover the 2010 uniform transmission rates.

a) Please update Table 1 to include the most recent months of data available.

b) What is the current 2009 year-to-date balance in these accounts if the balances at the end of December, 2008 (along with the interest on these amounts in 2009) are removed?

c) What does THESL propose to do with the balance in these accounts for the amounts accumulated after the end of December, 2008 and before the new RTSR rates are implemented? What is the current estimate of these amounts, assuming a May 1, 2010 implementation of the new rates?