

**INTERROGATORIES FROM THE  
CONSUMERS COUNCIL OF CANADA  
FOR TORONTO HYDRO-ELECTRIC SYSTEM LIMITED  
2010 ELECTRICITY DISTRIBUTION RATE APPLICATION**

**GENERAL**

1. Ex. A1/T5/S1/p. 1

Please provide the total cost of the report commissioned by Key Willow Consulting and indicate how those costs were recovered. Please provide the RFP that was issued and the terms of reference for the study.

2. Ex. Q1/T5/S1

Please describe how the Key Willow Consulting Report, "An Analysis of Productivity Improvements at Toronto Hydro-Electric System Limited" was prepared. Please indicate what type of review the consultant undertook and to what extent THESL employees were involved in the preparation of the report. How, specifically did the consultant obtain the information contained in the report?

3. Ex. A1/T5/S1/p. 2

Please specifically explain how THESL intends to "develop a system capable of measuring costs avoided relative to cost levels that would have occurred in the absence."

4. Ex. B1/T4/S2-3

Please provide an updated Organization Chart, given the recent changes in THESL's executive team.

5. Ex. C1/T4/S1

The evidence states that the business planning process begins in the second quarter of each year with a review of prior year results and ends late in the year with approval of the business plan by THESL's Board of Directors. Please provide a copy of the 2010 business plan that was presented to the THESL Board . In addition, please provide copies of all materials, presentations and reports that were provided to the Board as part of the 2010 Business Plan approval process.

6. Ex. C1/T4/S2

THESL has provided, as a part of its evidence, Toronto Economic Indicators. Please explain how those values have been used in the preparation of the 2010 budget.

7. Ex. C1/T5/S1

THESL has provided new Conditions of Service dated February 278, 2009. Please provide a list setting out all of the changes made to the Conditions of Service that are reflected in the new draft.

8. Ex. Q1/T4/S1-1

Please provide the total costs of the Navigant Study "Distributed Generation in Central and Downtown Toronto". Please explain how the costs of the report were recovered. Please explain how the results of the study factored into THESL's capital and operating budgets for 2010.

## **OPERATIONS, MAINTENANCE AND ADMINISTRATION COSTS**

9. Please provide an estimate of the total OM& costs included in the 2010 budget specifically related to the GEGEA. Has THESL undertaken a cost/benefit analysis with respect to the expenditures driven by the GEGEA? If so, please provide a copy of that analysis.

10. Ex. C1/T3/S1/Appendix A

Please provide a detailed description and budget amounts for the \$2.4 million expenditure related to Governance and Finance services provided by THC to THESL

11. Ex. C1/T3/S2-

Please provide an updated service agreement between THESL and THC for 2010 Shared Services which reflects the new organizational changes.

12. Ex. C2/T1/S2/Appendix A

Please provide a schedule in the same format as Appendix A setting out Total Compensation Costs, Actual and Board Approved for the years 2006-2009. For 2009 include the most recent forecast of total compensation.

13. Ex. C2/T1/S2/Appendix A

Total Compensation for 2008 was \$11.4 million less than the Board approved level. Please explain, in detail the reasons for the variance

14. Ex. C2/T1/S5/p. 1

The evidence states that in the coming year THESL will be faced with three critical impacts on staffing - one of which is the GEGEA - with its new opportunities and obligations. What is THESL's estimate of the impact of the introduction of the GEGEA on Total Compensation. In effect how much of the \$224.3 million budget is driven by the GEGEA?

15. Ex. C2/T1/S5/p. 5

The evidences states that, "To address the shortfall in labour needed to complete the 2010 Work Program, THESL has engaged 20 separate design and/or civil construction and/or electrical construction contract firms." An RFP was delivered in August and approval for the winning proposals will be provided by THESL's Board in October. Please provide a copy of the RFP

issued and the results of that process. What are the expected costs of this initiative, both OM&A and Capital? Where are the costs of this initiative found in the evidence?

16. Ex. C2/T1/S5p. 7

The evidence states that from 2009 to 2010 approximately 50 technical apprentices will be hired and deployed to the distribution asset renewal plan or Smart Grid. What is the cost of those technical apprentices for 2010 and where are those costs found in the budget? How many of those technical apprentices will be hired to work on Smart Grid projects?

17. Ex. D1/T13/S1

Please indicate when THESL last undertook a depreciation study.

18. Ex. F1/T1/S1/p. 3

Please recast Table 2 - Summary of Distribution O&M budget to include 2008 and 2009 Board approved numbers. Also, please include 2006 and 2007.

19. Ex. F2/T1/S1

Please recast Table 1 - Distribution Expenses Administrative and General to include all years 2006-2009, Board approved and actual.

20. Ex. F1/T1/S2/p. 4

The evidence states that the total preventative maintenance program costs are increasing by \$3.4 million to capture costs needed for street lighting asset verification in preparation for inclusion into THESL. If the Board rejects THESL's application to move streetlighting into THESL will THESL agree to remove this item from the budget. If not, why not?

21. Ex. F1/T1/S3/p. 4

The evidence states that THESL has, in 2008, adopted and implemented a reliability based tree pruning program. Please provide the budget for the program in 2008, 2009 and 2010. Also,

please include tree pruning costs for the period 2004-2007. Please provide a business case for this program. Please explain how it differs from the previous methodology.

22. Ex. F1/T1/S1/p. 3 and F1/T6/S1p. 3

Please explain the difference between Table 2 - Summary of Distribution O&M Budget and Table 1 - Operations Support Costs. Is there overlap between the budgets found in these two tables? Please provide a table setting out all elements of Operations, Maintenance and Administration for the years 2006-2010.

23. Ex. F1/T7/S1-3

The evidence states that a recently launched initiative to convert bulk-metered building to individual metered is expected to add 12,000 customers by year end 2010. Please provide the business case for this initiative.

24. Ex. F1/T7

Please provide a complete description of THESL's Suite Metering Program. Please identify where, in the evidence all costs and revenues are found. Please provide a business case for this program.

25. Ex. F1/T7/S5/p. 4

The Customer Relationship Management Operating Budget is increasing by almost \$2 million in 2010. Please identify how much of that overall budget is related to the introduction of TOU rates. How much was spent in 2009 related to the introduction of TOU rates. How much of that budget is related to CDM and why are those costs not recovered through the OPA?

26. Ex. F2/T5/S1/p. 5

Please provide a detailed budget for the Finance Planning and Reporting group. Please provide the same level of detail for the years 2006-2010. Please include Board approved amounts for the years 2008 and 2009.

27. Ex.F2/T6/S1/p. 3

Please provide a schedule setting out a detailed budget for Treasury, Rates and Regulatory Affairs. Please include all regulatory expenses internal and external. Please provide the same level of detail for the years 2006-2010. How are the costs related to the 2010 rates proceeding recovered?

28. Ex. F2/T7/S1p. 2

Please provide a detailed budget for the Legal Services Groups. Please provide the same level of detail for the years 2006-2010. Please include Board approved amounts for 2008 and 2009

29. Ex. F2/T/S1p. 2

Please provide a detailed budget for the Marketing, Communications and Public Affairs group. Please provide the same level of detail for the years 2006-2010. Please include Board approved amounts for 2008 and 2009.

## **CAPITAL EXPENDITURES AND RATE BASE**

30. Ex. C1/T6/S1/p. 3

Please provide a copy of the ten-year plan presented to the OEB in THESL's last rates proceeding (2008-2009) Please explain, in detail, how the updated 10 year plan has changed since the previous plan was developed.

31. C2/T2/S2/p. 3

Please recast Table 1, Capital Cost Facilities Baseline and include 2008 and 2009 Board Approved amounts.

32. C2/T3/S2/p. 3

THESL has a 2010 budget for "Emerging Portfolios" of \$45 million. Please explain what is meant by Emerging Portfolios and provide a detailed break-down of the \$45 million budget.

33. C2/T3/S3/p. 9

The Civil Construction budget of External Service Costs is almost doubling from a \$46.4 million budget in 2009 to a \$89.5 million budget in 2010. The evidence states that the main causes are new portfolios required for externally initiated plant relocations and downtown contingency activities and increased civil construction to support the higher sustaining capital program. Please provide a detailed break-down of this budget and provide a more detailed rationale for this level of spending.

34. C2/T4/S1/p. 3

Please indicate how much THESL is spending in 2010 on "investigating plug-in hybrid electric vehicles and electric vehicles".

35. D1/T7/S1/p.9

Please provide one schedule setting out the total expenditures, by year, both capital and operating, that have been spent on the smart meter program since its inception. This will include, but not be limited to:

1. Total metering costs - both capital and operating costs
2. Total network costs (AMRC and WAN)
3. Total AMCC costs
4. Total costs related to MDM/R
5. Costs of any pilots
6. Cost for customer communication and education
7. Costs for incremental functionality
8. Any other costs considered part of the smart metering program

Please indicate if there are any costs included in rate base or the 2010 capital budget related to the development and/or implementation of THESL's own MDM/R

36. D1/T7S1/p. 19

Please recast Table 2 - Summary of Capital Budget to include Board approved and actual numbers for the years 2006-2009.

37. D1/T7/S1/p. 18

The evidence states that THESL has amended its infrastructure renewal plans to reflect the Board's previous decisions in EB-2007-0680, and has incorporated refinements in its asset condition assessment and risk-based modeling to more effectively direct capital investments. Please explain, specifically, how THESL has amended its renewal plans to reflect the Board's decision.

38. D1/T8/S1/p. 15

Please provide a detailed budget for Underground Direct Buried Capital Requirements. Please include 2008 and 2009 Board approved numbers. For each proposed project please provide the business case analysis.

39. D1/T8/S1/p. 28

Please provide a detailed budget for the Transformer Station Capital Investments. Please include 2008 and 2009 Board approved numbers. For each proposed project please provide the business case analysis.

40. D1/T8/S3-2/p. 9

The evidence indicates that customer capital contributions are expected to be \$15 million for 2010. Please explain how THESL develops this forecast. For each year 2006-2009 please provide the forecast and actual customer capital contributions.

41. D1/T8/S6-2/p. 1

The evidence indicates that THESL is currently reviewing its facilities strategy and is investigating the potential to consolidate to one central operating location and one administrative



office. Please explain why given the plan to consolidate are the costs increasing so significantly in 2010.

42. 1/T8/S7p. 3

Please provide a detailed breakdown of the \$2.4 million forecast for suite metering capital. In addition, please provide a total budget, OM&A and capital for all costs related to THESL's suite metering program.

43. D1/T8/S8-1

Please provide the IT&S Plan that was provided to the Board in EB-2007-0680. To the extent those costs differ from the costs presented in Tabl1 - Summary of Overall Capital Expenses of IT-Enabled Programs please explain the reasons for the variances.

44. D1/T8/S8-2

With respect to the Business Intelligence - Data Warehouse, Analytics and Reporting Program, please quantify the expected benefits in 2010 and identify where those benefits are reflected in the filing.

45. D1/T8/S8-4

With respect to the Customer Information System Upgrade please provide the initial detailed budget for the program. In addition, please provide the most recent actual expenditures for 2008 and 2009 and the most updated budget for 2010 on the same basis.

46. D1/T8/S8-6

Please provide a business case analysis for the Infrastructure Maintenance/Refresh Program.

47. D1/T8/S8-7

Please provide a business case analysis for the Infrastructure Productivity Program.

## **CAPITAL STRUCTURE AND COST OF CAPITAL**

48. E1/T1/S1/p. 3

The evidence states that THESL will update the forecast debt costs closer to the beginning of the Test Year. Please explain how THESL intends to develop the forecast debt rate for the \$200 million debt issue expected in June 2010. In addition, please indicate when the update will be provided.

## **SMART GRID PLAN (G1) (D1/T8/S8-16)**

49. Ex. D1/T8/S8-16

The evidence states that it is important to "upgrade the overall infrastructure (Network, Systems etc.) and the security architecture, in order to ensure the new infrastructure design is robust, scalable and capable of integrating new smart grid assets. It is also expected that additional integration between core systems will be required for the purpose of realizing the full potential of the Smart Grid's advanced analytics and decision-making capabilities." Please explain to what extent THESL's strategy to transform and modernize its IT assets is being driven by its smart grid plan. What portion of the overall IT capital budget for 2010 is related to smart grid investments?

50. Ex. D1/T8/S8-16

For all of the Smart Grid projects listed in Table 1, please provide a business case analysis.

51. Ex. G1/T1/p. 11

THESL has identified \$9.7 million of capital and \$450,000 in operating costs to be spent in 2010 on Smart Grid Projects. Please explain, in detail, how THESL determined which projects it would move forward with in 2010. Please provide a business case analysis for each Smart Grid project. Please explain how the budget for each project was developed.

52. Ex. G1/T1/p. 6

Please provide THESL's current estimate of the cost of its 3-year Smart Grid Plan. Please explain how that budget was developed.