

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 1:**

2 **Reference(s):** A1/T5/S1/p. 1

3

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

7

8 **RESPONSE:**

9 The total cost of the KeyWillow study was \$39,240 plus GST. The cost was included in
10 the Regulatory Affairs operating budget for 2009. Please see response to School Energy
11 Coalition interrogatory #38 Appendix C for the KeyWillow proposal.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 2:**

2 **Reference(s):** Q1/T5/S1

3

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

9

10 **RESPONSE:**

11 Please see response to School Energy Coalition interrogatory #38.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 3:**

2 **Reference(s):** A1/T5/S1/p. 2

3

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

6

7 **RESPONSE:**

8 The full quotation from the evidence is as follows:

9 “In summary, there is no reasonable fixed point of reference from which
10 conventionally measured productivity gains can be calculated. However,
11 it is practical and constructive to develop a system capable of measuring
12 costs avoided relative to cost levels that would have occurred in the
13 absence of cost containment initiatives, and THESL plans to move ahead
14 with the development of such an approach.”

15

16 THESL has no means or plans to measure “avoided costs” at a detailed operational level
17 i.e., by distribution project, for example. However, THESL may be able to collect from
18 sources such as business cases information which could indicate for major investments
19 what alternative costs in the absence of the project might be and therefore what costs
20 would be avoided by making the investment. Similar information could be available in
21 certain other instances such as process or technology innovations.

22

23 THESL has not yet determined what the scope of such information could be and how
24 such information might be consolidated.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 4:**

2 **Reference(s):** **B1/T4/S2-3**

3

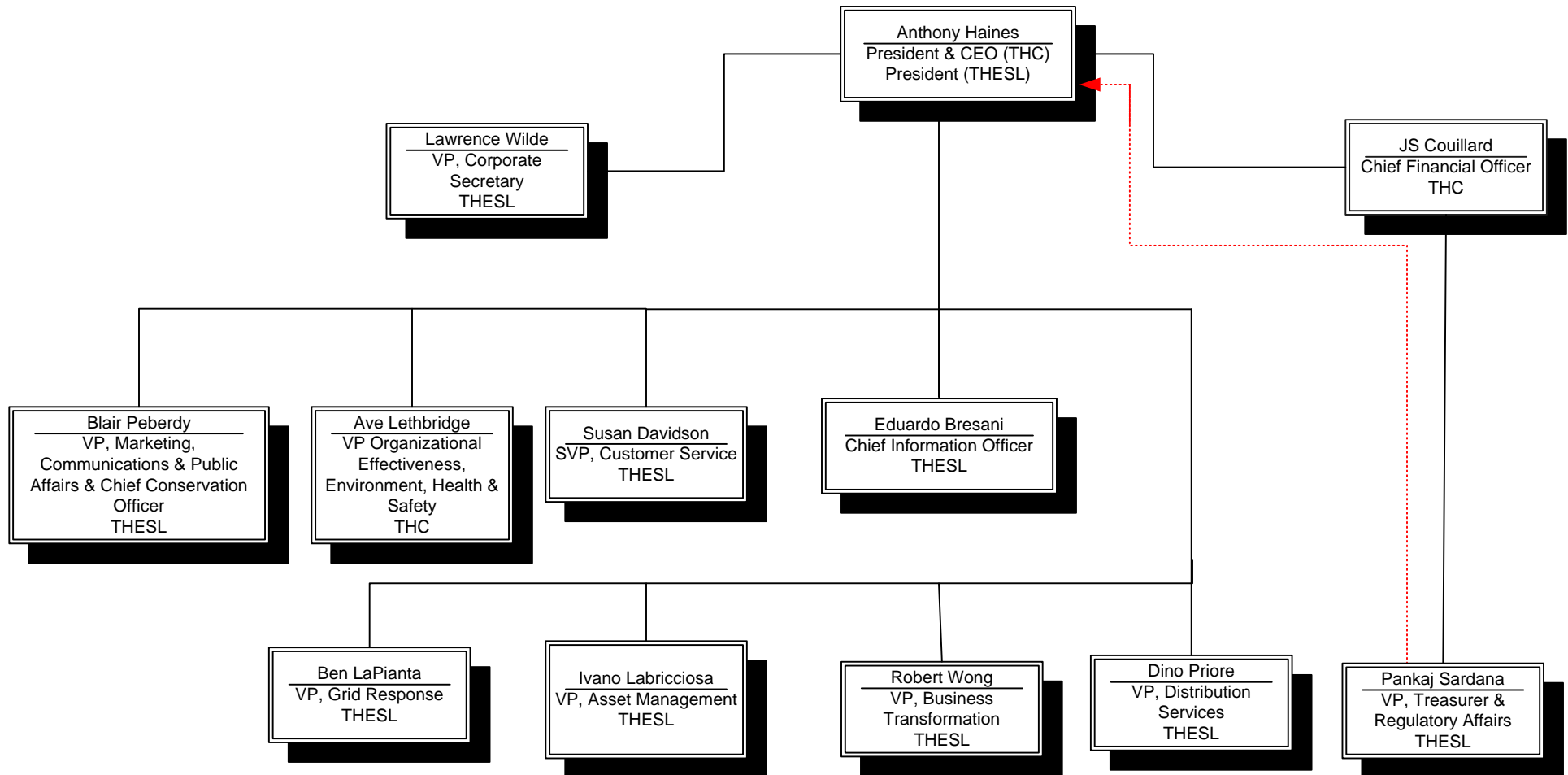
4 Please provide an updated Organization Chart, given the recent changes in THESL's
5 executive team.

6

7 **RESPONSE:**

8 An updated THESL Organization Chart is attached as Appendix A.

Toronto Hydro-Electric System Limited Organization Chart



———— Direct Reporting

..... Indirect Reporting

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 5:**

2 **Reference(s):** C1/T4/S1

3

4 The evidence states that the business planning process begins in the second quarter of
5 each year with a review of prior year results and ends late in the year with approval of the
6 business plan by THESL's Board of Directors. Please provide a copy of the 2010
7 business plan that was presented to the THESL Board. In addition, please provide copies
8 of all materials, presentations and reports that were provided to the Board as part of the
9 2010 Business Plan approval process.

10

11 **RESPONSE:**

12 Please see the response to SEC interrogatory #4.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 6:**

2 **Reference(s):** C1/T4/S2

3

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

6

7 **RESPONSE:**

8 THESL's 2010 budget is an extensive "bottom-up" approach which focuses on its long-
9 term strategy as the key driver for the budget and multi-year plan. This focus implies that
10 THESL's capital needs related to its modernization strategy, its workforce renewal plan,
11 and its focus on customer service figure more prominently as cost drivers for the budget.
12 Toronto Economic Indicators are accounted for in the overall budget primarily as part of
13 the process used to determine overall compensation increases, expected increases in
14 external product and services purchased by THESL, and as an input into the load
15 forecast.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 7:**

2 **Reference(s):** C1/T5/S1

3

4 THESL has provided new Conditions of Service dated February 27, 2009. Please
5 provide a list setting out all of the changes made to the Conditions of Service that are
6 reflected in the new draft.

7

8 **RESPONSE:**

9 The February 27, 2009 Conditions of Service Revision Summary was included with the
10 filed application, and is located in Exhibit C1, Tab 5, Schedule 2.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 8:**

2 **Reference(s):** Q1/T4/S1-1

3

4 Please provide the total costs of the Navigant Study “Distributed Generation in Central
5 and Downtown Toronto”. Please explain how the costs of the report were recovered.

6 Please explain how the results of the study factored into THESL’s capital and operating
7 budgets for 2010.

8

9 **RESPONSE:**

10 THESL’s share of the costs for the study over 2008 and 2009 were \$154,810. The
11 study’s costs were classified as operating expenditures and recovered as such. The
12 results of the study did not factor into the 2010 capital and operating budgets.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 9:**

2 **Reference(s):** **none**

3

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

8

9 **RESPONSE:**

10 The estimate total O&M cost included in the 2010 budget is \$450,000. This is the
11 expenditure estimated for studies under the Environmental Sustainment Project.

12

13 Projects have not gone through an economic assessment as explicit benefits and costs
14 have yet to be measured.

15

16 The value proposition and rationale for each of the 2010 initiatives are discussed in
17 Exhibit G1, Tab 1, Schedules 2 and 3. Each project is fully aligned with the smart grid
18 objectives as described in Exhibit G1, Tab 1, Schedule 1, page 5.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 10:**

2 **Reference(s):** C1/T3/S1/Appendix A

3

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

6

7 **RESPONSE:**

8 As discussed in Exhibit C1 - Tab 3 - Schedule 1 - Appendix A, the cost of \$2.4 million is
9 comprised of \$1.7 million for Governance and \$0.74 million for Finance. Governance
10 includes stewardship and leadership of the CEO, including providing direction,
11 leadership and communication to the organization and governance for the board of
12 directors. Note that the amount for the Office of CEO has been reduced as shown in
13 Exhibit R1, Tab 11, Schedule 3. Finance includes stewardship and leadership of the
14 CFO, in providing strategic direction, leadership and communication to the finance group
15 and the organization. These services are further defined in Exhibit C1, Tab 3, Schedule
16 3.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 11:**

2 **Reference(s):** **Ex. C1/T3/S2-**

3

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

6

7 **RESPONSE:**

8 The SLA filed with the application at Exhibit C1, Tab 3, Schedule 2-2 remains in effect
9 as the governance services provided have not changed.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 12:**

2 **Reference(s):** C2/T1/S2/Appendix A

3

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

7

8 **Response:**

9 The Board did not approve total compensation costs for the years 2006-2009. Rather, it
10 authorized an overall revenue requirement as part of the process of setting just and
11 reasonable rates. A table of Employee Compensation for the years 2006-2009 is
12 provided at Appendix A to this Schedule.

TABLE 1: EMPLOYEE COMPENSATION

	2006 Actual	2007 Actual	2008 Actual	2009 Revised Forecast
Number of Employees (FTEs including Part-Time)				
Executive	6	10	10	9.0
Managerial	21	38	41	47.0
Management/Non-Union	137	265	275	287.9
Union *	1,187	1,212	1220	1,242.9
Total *	1,351	1,525	1546	1,586.8
<i>* Excludes President & Vice President of CUPE Local One</i>				
Number of Part-Time Employees				
Executive				
Management (Managerial)				
Non-Union (Management/Non-Union)				
Union				
Total				
Total Salary and Wages				
Executive	1,105,452	1,714,398	1,812,508	1,623,214
Managerial	2,533,230	4,679,679	4,960,743	5,760,287
Management/Non-Union	11,860,501	23,652,288	24,637,246	29,488,805
Union	80,321,916	85,537,115	88,723,958	92,973,773
Total	95,821,099	115,583,480	120,134,455	129,846,078
Total Benefits				
Executive	436,776	667,994	818,469	824,687
Managerial	917,973	1,616,795	1,690,280	2,103,804
Management/Non-Union	4,140,551	8,208,444	8,509,707	10,796,343
Union	29,213,257	30,339,717	30,960,867	33,496,773
Total	34,708,557	40,832,950	41,979,324	47,221,607
Total Compensation (Salary, Wages, & Benefits)				
Executive	1,542,228	2,382,392	2,630,977	2,447,900
Managerial	3,451,203	6,296,474	6,651,023	7,864,091
Management/Non-Union	16,001,052	31,860,731	33,146,953	40,285,148
Union	109,535,173	115,876,832	119,684,825	126,470,546
Total	130,529,656	156,416,429	162,113,778	177,067,685
Compensation - Average Yearly Base Wages				
Executive	184,242	171,440	181,251	180,357
Managerial	120,630	122,689	121,783	122,559
Management/Non-Union	86,573	89,247	89,665	102,427
Union	67,668	70,575	72,700	74,804
Compensation - Average Yearly Overtime				
Executive		-	0	0
Managerial		-	0	0
Management/Non-Union	7,307	4,841	4,297	3,089
Union	10,157	12,534	9,498	13,596
Compensation - Average Yearly Incentive Pay				
Executive	50,143	59,643	70,902	85,794
Managerial	14,662	18,344	22,732	26,478
Management/Non-Union	4,721	5,114	6,769	8,484
Union**	3,396	4,890	5,063	6,584
<i>**Only includes The Society of Energy Professional, Crew Leaders, System Response Rep</i>				
Compensation - Average Yearly Benefits				
Executive	72,796	66,799	81,847	91,632
Managerial	43,713	42,388	41,495	44,762
Management/Non-Union	30,223	30,973	30,970	37,500
Union	24,611	25,033	25,369	26,950
Total Compensation	144,823,642	175,664,371	178,510,702	199,518,679
Total Compensation Charged to OM&A	72,382,856	98,090,985	96,609,992	107,799,942
Total Compensation Capitalized	72,440,786	77,573,386	81,900,710	91,718,737

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 13:**

2 **Reference(s):** C2/T1/S2/Appendix A

3

4 Total Compensation for 2008 was \$11.4 million less than the Board approved level.

5 Please explain, in detail the reasons for the variance

6

7 **RESPONSE:**

8 The Board did not approve a compensation level for 2008. Rather, the Board approved
9 an overall spending level for controllable costs with the clear direction to THESL to
10 manage accordingly (see EB-2007-0680 Decision, page 38). The \$11.4 million variance
11 between THESL's request and actual spending in 2008 resulted from changes made to
12 THESL's hiring plan. A decision was made to curtail hiring to manage overall costs in
13 light of the reduction to THESL's capital budget request in 2008 and 2009, and to ensure
14 new employees could be safely and effectively integrated into the workplace. The
15 introduction of some 100 new employees to a workforce with a trades apprentice
16 complement of a similar number would risk compromising safety, proper skills
17 attainment and operational productivity. To meet its resource needs of the capital plan
18 for 2010, THESL will integrate new employees at a sustainable volume and pace,
19 supplemented by contractors.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 14:**

2 **Reference(s):** C2/T1/S5/p. 1

3

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

9

10 **RESPONSE:**

11 Approximately \$430K of the \$224.3 million budget is associated with the GEGEA.

12 These new hires will be employees of THESL for the foreseeable future. These
13 employees are not being hired to work exclusively in support of a specific program. Over
14 the course of their employment, they will be assigned to support a number of different
15 programs and activities.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 15:**

2 **Reference(s):** C2/T1/S5/p. 5

3

4 The evidences states that, "To address the shortfall in labour needed to complete the 2010
5 Work Program, THESL has engaged 20 separate design and/or civil construction and/or
6 electrical construction contract firms." An RFP was delivered in August and approval for
7 the winning proposals will be provided by THESL's Board in October. Please provide a
8 copy of the RFP issued and the results of that process. What are the expected costs of
9 this initiative, both OM&A and Capital? Where are the costs of this initiative found in
10 the evidence?

11

12 **RESPONSE:**

13 Please see response to OEB interrogatory #45 at Exhibit R1, Tab 1, Schedule 45.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 16:**

2 **Reference(s):** C2/T1/S5/p. 5

3

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

9

10 **RESPONSE:**

11 The total cost is approximately \$2.6 million and these costs are found in the budgets of
12 the operating units. No technical apprentices will be hired to work specifically on Smart
13 Grid projects, but they will be trained to work on Smart Grid projects because these
14 projects are expected to become a regular part of distribution system construction,
15 operations, and maintenance.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 17:**

2 **Reference(s):** **D1/T13/S1**

3

4 Please indicate when THESL last undertook a depreciation study.

5

6 **RESPONSE:**

7 THESL has not undertaken a depreciation study.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

INTERROGATORY 18:

Reference(s): 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.

RESPONSE:

Contrary to the question, the Board did not approve budget levels for specific O&M activities for 2008 and 2009. Rather, the Board authorized an overall amount for controllable expenses. Refer to Table 1 below for historical and bridge information.

Table 1: Distribution O&M Expenditures (\$ millions)

Description	2006 Historical	2007 Historical	2008 Historical	2009 Bridge
Maintenance Programs	23.9	24.5	26.8	26.0
Fleet and Equipment Services	10.9	11.4	9.2	10.9
Facilities Services	24.3	29.5	25.4	24.3
Supply Chain Services	6.6	8.4	8.4	9.6
Control Center	7.1	7.3	7.2	8.0
Operations Support	36.9	48.1	37.1	43.6
Customer Services	41.1	43.5	41.0	46.2
Customer Driven Operating ¹			0.8	0.8
Total	150.7	172.7	155.9	169.3

¹ Customer-driven Operating was not tracked previous to 2008 and was included in Operations Support pre-2008.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 19:**

2 **Reference(s): F2/T1/S1**

3

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

6

7 **RESPONSE:**

8 Contrary to the question, the Board did not approve budget levels for specific activities
9 A&G activities in 2008 and 2009. Rather, the Board authorized an overall amount for
10 controllable expenses. Refer to Table 1 below for historical and bridge information.

11

12 **Table 1: Distribution A&G Expenditures (\$ millions)**

Description	2006 Historical	2007 Historical	2008 Historical	2009 Bridge
Governance	48.3	11.2	14.9	13.7
Charitable Contributions	0.2	0.1	0.1	0.2
Finance	3.1	3.6	4.3	4.5
Treasury, Rates and Regulatory	9.6	11.3	9.9	11.4
Legal	2.5	2.4	3.1	2.8
Communications	3.8	3.8	4.3	4.1
Information Technology	22.7	18.1	21.4	22.3
Organizational Effectiveness & Environmental Health and Safety	6.3	7.9	9.7	9.9
Strategic Management		0.5	1.1	1.4
Total	96.4	58.7	68.8	70.2

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 20:**

2 **Reference(s): F1/T1/S2/p. 4**

3

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

9

10 **RESPONSE:**

11 No. Please see Exhibit R1, Tab 1, Schedule 15, the response to Board Staff interrogatory
12 #15.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

INTERROGATORY 21:

Reference(s): 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.

RESPONSE:

Table below is historical tree trimming budget (in \$Millions):

2004	2005	2006	2007	2008	2009	2010
n/a	\$1.8	\$1.8	\$3.2	\$3.3	\$3.2	\$3.7

The business case for the reliability based tree trimming is contained in a report by Davies Consulting Inc. dated June 20, 2007. See Exhibit R1, Tab 9, Schedule 23, part a.

This tree trimming methodology is a departure from the traditional fixed cycle approach. The reliability-based tree trimming program analyzes historical tree-related outages along with cost of trimming for each feeder. The result is a tree trimming program that has a cycle determined for each feeder based on its reliability impact and cost benefit that achieves the optimal return versus maintenance cost.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 22:**

2 **Reference(s): F1/T1/S1/p. 3**

3 **F1/T6/S1p. 3**

4

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

9

10 **RESPONSE:**

11 “Table 2: Summary of Distribution O&M Budget” describes THESL’s O&M programs,
12 with the Operations Support costs segregated into a distinct category for each budget
13 year. “Table 1: Operations Support Costs” on the other hand illustrates the Capital and
14 O&M program costs and the Operations Support costs associated with each program, for
15 each budget year.

16

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

- 1 **Table 1: Table setting out all elements of Operations, Maintenance and**
- 2 **Administration for the years 2006-2010**

Description	2006 Historical	2007 Historical	2008 Historical	2009 Bridge	2010 Test
Maintenance Programs	23.9	25.8	26.8	26.0	34.5
Fleet and Equipment Services	10.9	11.8	9.2	10.9	11.8
Facilities Services	24.3	36.7	25.4	24.3	25.8
Supply Chain Services	6.6	9.8	8.4	9.6	9.3
Control Centre	7.1	6.9	7.2	8.0	7.4
Operations Support	36.9	45.0	37.1	43.6	46.0
Customer Services	41.1	43.0	41.0	46.2	51.9
Customer-Driven Operating	2.0	2.0	0.8	0.8	0.8
Total	152.8	181.0	155.9	169.4	187.5

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 23:**

2 **Reference(s):** **Exhibit F1, Tab 7, Schedules 1, page 1**

3

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

7

8 **RESPONSE:**

9 THESL did not complete a business case to convert bulk-metered buildings to individual
10 metering . THESL has always responded to requests for conversions from bulk to
11 individual metering, and did not regard the continuance of this practice as a new business.
12 The recently launched initiative referred to in the evidence was a revision in our
13 standards regarding the types of meters that were acceptable for installation.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

INTERROGATORY 24:

Reference(s): Exhibit F1, Tab 7, Schedule 1, Page 3

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.

RESPONSE:

The Suite Metering Program is a component of THESL's normal revenue metering business. THESL has always provided individual metering of multi-unit buildings, as an option for the building owner or developer. Recently, THESL's Suite Metering Program was expanded to include a more compact, modern meter technology.

THESL's Suite Metering Program is designed to assist building owners, managers and developers to install individual suite metering in both new and existing buildings. To support this program, THESL has prepared brochures and posters describing the benefits of suite metering, and has made presentations to developers, property managers and condominium boards.

THESL decided to outsource the installation of suite meters. Following the release and evaluation of an RFP, Trilliant was selected to provide meters and program management, and arrange for installation of the suite meters. Trilliant is also providing meter reading and data management services.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 Expected revenues are included as part of customer load and revenue forecast as shown
2 in Exhibit K1, Tab 1, Schedule 1. Budgeted costs are shown in Exhibit D1, Tab 7,
3 Schedule 1, Table 2 and in Exhibit F1, Tab 7, Schedule 1, Table 1.
4

5 Since suite meters present an additional option to THESL's existing individual metering
6 program, and aren't considered to be a new business opportunity, a business plan was not
7 prepared as explained in Exhibit R1, Tab 4, Schedule 23.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 25:**

2 **Reference(s):** **Exhibit F1, Tab 7, Schedule 5, page 4**

3

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

9

10 **RESPONSE:**

11 In 2010 \$1.4 million is related in the launching of TOU rates.

12 In 2009 \$1.1 million was related to the introduction of TOU rates.

13 There are no CDM costs included in the budget.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 26:**

2 **Reference(s):** F2/T5/S1/p. 5

3

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

7

8 **RESPONSE:**

9 Contrary to the question, the Board did not approve budget levels for specific activities in
10 2008 and 2009. Rather, the Board authorized an overall amount for controllable
11 expenses.

12

13 See Appendix A of this Schedule for historical information.

Appendix A
Finance Planning and Reporting (\$ millions)

	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Bridge	FY10 EDR	
Payroll Costs	-		1.3	1.6	2.7	4.9
Labour Costs	-	-	0.0	0.1	0.9	0.7
Payroll Related Expenses	-	-	-	-	-	-
Payroll Related Allocations	-	-	-	-	-	-
Vehicle Costs and Fleet Charges	-	-	-	-	-	-
Vehicle Charges and Recoveries	-	-	-	-	-	-
Inventory and Direct Purchases	-		0.0	0.0	0.0	0.0
External Contract Services	-		0.2	0.3	0.1	2.3
EE9011	-	-	-	-	-	-
Utilities and Communications	-		0.0	0.0	0.0	0.0
Office Supplies and Postage	-		0.0	0.0	0.0	0.0
Employee Expenses	-		0.0	0.1	0.1	0.2
Rental and Leases	-	-	-	-	-	-
Other Support Costs	-	-	-	-	-	0.1
Total Taxes	-	-	-	-	-	-
Total Before Allocations and Recoveries	-		1.5	1.9	2.0	6.5
Total Usage Charges	-		0.2	0.1	0.1	0.3
Shared Service Allocations	-	-	-	-	-	-
Other Allocated Costs	-	-	-	-	-	2.1
Total Cost Recoveries	-	-	-	-	-	-
Total Customer Contributions	-	-	-	-	-	-
Operating Expenses	-		1.7	1.9	2.1	4.7

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 27:**

2 **Reference(s):** F2/T6/S1/p. 3

3

4 Please provide a schedule setting out a detailed budget for Treasury, Rates and
5 Regulatory Affairs. Please include all regulatory expenses internal and external. Please
6 provide the same level of detail for the years 2006-2010. How are the costs related to the
7 2010 rates proceeding recovered?

8

9 **RESPONSE:**

10 See Appendix A of this Schedule.

11

12 Costs related to the 2010 rates proceeding are included in the forecast budget.

Appendix A
Treasury, Rates and Regulatory Affairs (\$ millions)

	Actual FY06	Actual FY07	Actual FY08	Bridge FY09	EDR FY10
Payroll Costs	\$ 2.6	\$ 2.8	\$ 3.0	\$ 3.1	
Labour Costs	-\$ 0.1	-\$ 0.2	-	-	
Vehicle Costs and Fleet Charges	\$ 0.0	\$ 0.0	\$ 0.0	-	
Vehicle Charges and Recoveries	\$ -	\$ -	\$ -	-	
Inventory and Direct Purchases	\$ 0.0	\$ 0.0	\$ -	-	
External Contract Services	\$ 1.2	\$ 1.0	\$ 1.1	3.0	
Utilities and Communications	\$ 0.0	\$ 0.0	\$ 0.0	0.0	
Office Supplies and Postage	\$ 0.0	\$ 0.0	\$ 0.0	0.0	
Employee Expenses	N/A	\$ 0.1	\$ 0.1	\$ 0.1	
Rental and Leases	\$ 0.1	\$ 0.0	\$ 0.1	0.1	
Other Support Costs	\$ 7.0	\$ 5.6	\$ 6.7	7.2	
Total Taxes	\$ -	\$ -	\$ -	-	
Total Before Allocations and Recoveries	\$ 10.9	\$ 9.3	\$ 11.1	13.6	
Total Usage Charges	\$ 0.4	\$ 0.5	\$ 0.4	0.5	
Shared Service Allocations	\$ -	\$ -	\$ -	-	
Other Allocated Costs	-\$ 0.1	\$ -	\$ -	-	
Total Cost Recoveries	\$ -	\$ -	\$ -	-	
Total Customer Contributions	\$ -	\$ -	\$ -	-	
Operating Expenses	\$ 9.6	\$ 11.3	\$ 9.9	11.4	

Notes

1. 2006 historical amounts were obtained from previous rate filing (F2/T7/S1). Amounts for 2006 are not available in the format above due to changes in the structure of the organization.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 28:**

2 **Reference(s):** F2/T7/S1p. 2

3

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

7

8 **RESPONSE:**

9 See Appendix A of this Schedule.

10

11 Contrary to the question, the Board did not approve budget levels for specific activities in
12 2008 and 2009. Rather, the Board authorized an overall amount for controllable
13 expenditures.

Appendix A
Legal Services Groups (\$ millions)

	Actual FY06	Actual FY07	Actual FY08	Bridge FY09	EDR FY10
Payroll Costs	\$ 1.2	\$ 1.4	\$ 1.5	\$ 2.3	
Labour Costs	\$ -	\$ -	\$ -	\$ -	
Vehicle Costs and Fleet Charges	\$ -	\$ 0.0	\$ -	\$ 0.0	
Vehicle Charges and Recoveries	\$ -	\$ 0.0	\$ 0.0	\$ -	
Inventory and Direct Purchases	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
External Contract Services	\$ 0.9	\$ 1.2	\$ 0.9	\$ 1.4	
Utilities and Communications	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
Office Supplies and Postage	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
Employee Expenses	\$ 0.0	\$ 0.1	\$ 0.1	\$ 0.1	
Rental and Leases	\$ -	\$ 0.0	\$ -	\$ -	
Other Support Costs	-\$ 0.0	-\$ 0.0	-\$ 0.0	\$ 0.0	
Total Taxes	\$ -	\$ -	\$ -	\$ -	
Total Before Allocations and Recoveries	\$ 2.1	\$ 2.8	\$ 2.5	\$ 3.8	
Total Usage Charges	\$ 0.3	\$ 0.4	\$ 0.3	\$ 0.5	
Shared Service Allocations	\$ -	\$ -	\$ -	\$ -	
Other Allocated Costs	\$ -	\$ -	\$ -	\$ -	
Total Cost Recoveries	\$ -	\$ -	\$ -	\$ -	
Total Customer Contributions	\$ -	\$ -	\$ -	\$ -	
Operating Expenses	\$ 2.5	\$ 2.4	\$ 3.1	\$ 2.8	

Notes

1. Amounts for 2006 are not available in the format above due to changes in the structure of the organization.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 29:**

2 **Reference(s):** F2/T/S1p. 2

3

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

7

8 **RESPONSE:**

9 See Appendix A of this Schedule.

10

11 Contrary to the question, the Board did not approve budget levels for specific activities in
12 2008 and 2009. Rather, the Board authorizes an overall amount for controllable
13 expenditures.

Appendix A
Marketing, Communications and Public Affairs (\$ millions)

	Actual FY06	Actual FY07	Actual FY08	Bridge FY09	EDR FY10
Payroll Costs	\$	1.7 \$	1.8 \$	1.9 \$	2.7
Labour Costs	-\$	0.3 -\$	0.3 -\$	0.5 -\$	0.6
Vehicle Costs and Fleet Charges	\$	- \$	- \$	- \$	0.0
Vehicle Charges and Recoveries	\$	0.0 \$	0.0 \$	0.0 \$	-
Inventory and Direct Purchases	-\$	0.0 \$	0.0 \$	0.0 \$	0.0
External Contract Services	\$	1.9 \$	2.4 \$	2.3 \$	2.2
Utilities and Communications	\$	0.0 \$	0.0 \$	0.0 \$	0.0
Office Supplies and Postage	\$	0.2 \$	0.2 \$	0.2 \$	0.2
Employee Expenses	\$	0.0 \$	0.0 \$	0.0 \$	0.1
Rental and Leases	\$	- \$	- \$	- \$	-
Other Support Costs	N/A	0.0 \$	0.0 \$	0.0 \$	0.0
Total Taxes	\$	- \$	- \$	- \$	-
Total Before Allocations and Recoveries	\$	3.6 \$	4.1 \$	3.9 \$	4.6
Total Usage Charges	\$	0.3 \$	0.3 \$	0.2 \$	0.3
Shared Service Allocations	\$	- \$	- \$	- \$	-
Other Allocated Costs	-\$	0.0 \$	- \$	- \$	-
Total Cost Recoveries	\$	- \$	- \$	- \$	-
Total Customer Contributions	\$	- \$	- \$	- \$	-
Operating Expenses	\$	3.9 \$	4.4 \$	4.1 \$	4.9
Less: Donations	\$	- \$	0.1 \$	0.1 \$	0.5
Operating Expenses - As Filed	\$ 3.8 \$	3.9 \$	4.3 \$	4.0 \$	4.4

Notes

1. Amounts for 2006 are not available in the format above due to changes in the structure of the organization.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 30:**

2 **Reference(s):** C1/T6/S1/p. 3

3

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

7

8 **RESPONSE:**

9 Please refer to Exhibit D1, Tab 8, Schedule 10 of THESL's last rate case (EB-2007-0680)
10 for the previous ten-year plan. Exhibit Q1, Tab 2, Schedule 1 presents THESL's
11 Sustaining Capital Progress Report, and Exhibit D1, Tab 8, Schedule 10 is THESL's
12 revised ten-year plan. Material changes to the ten-year plan are described on page 6, and
13 details by portfolio are listed in Appendix A on page 43 of the revised plan ten-year plan.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 31:**

2 **Reference(s):** C2/T2/S2/p. 3

3

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

6

7 **RESPONSE:**

8 The requested information does not exist since there are no Board-approved amounts at
9 this level of detail.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

INTERROGATORY 32:

Reference(s): 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.

RESPONSE:

In addition to required operational investments forming part of THESL's regular capital program, a number of emerging requirements arising from recent events and government initiatives are presented at Exhibit D1, Tab 9 of the Application. The material costs captured in the category "Emerging Portfolios" in the Total Materials Cost table as outlined in Exhibit C2-Tab 3-Schedule 2 support these projects.

Below is a break-down of those material costs, by project:

Material Costs (\$ millions)

Emerging Requirements	Key Materials	2010 Test
Transit City & Standardization	Transformers, Scada Switches, Poles, Cable	27.3
Downtown Contingency	UG Cable, Transformers, Switches	13.0
FESI 7 / WPF	Fuses	2.7
Smart Grid Operations	Transformer Monitors, Switches	2.0
TOTAL		45.0

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 33:**

2 **Reference(s):** C2/T3/S3/p. 9

3

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

10

11 **RESPONSE:**

12 The detailed \$89.5 million budget in 2010 for Civil Construction costs (broken down by
13 Category and Portfolio) is shown in the table below.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

Category	IOP Portfolio	Description	Total Civil Construction Capital Costs (\$M)
Higher Sustaining Capital Program	Direct Buried	Direct Buried Upgrade	\$8.4
	Direct Buried	Direct Buried Rebuild	\$31.7
	UG Rehab	UG Rehab - Upgrade	\$2.9
	UG Rehab	UG Rehab - Rebuild	\$10.3
	Overhead	Overhead - 27.6 voltage Conversion	\$3.0
	Overhead	Overhead - 13.8 voltage Conversion	\$1.4
	Network	Network Transformer Upgrade	\$0.2
New Portfolios	Customer Connections	Residential Service	\$0.6
	Customer Connections	Commercial Service	\$8.7
	Customer Connections	Residential Subdivision	\$0.2
	Reactive UG	Reactive UG - Rebuild	\$0.3
	Reactive OH	Reactive OH - Rebuild	\$0.1
	Standardization	Standardization	\$1.9
Downtown Contingency	Downtown Contingency	Downtown Contingency	\$14.4
Externally Initiated Plant Contingency	City + Utility Relocation	City + Utility Relocation	\$5.4
TOTAL:			\$89.5

- 1
- 2 The increased budget for New Portfolios, Downtown Contingency, and Externally
- 3 Initiated Plant Contingency is necessary to support customer demands and emerging
- 4 requirements, as well as the continuing effort to modernize infrastructure.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 34:**

2 **Reference(s):** C2/T4/S1/p. 3

3

4 Please indicate how much THESL is spending in 2010 on “investigating plug-in hybrid
5 electric vehicles and electric vehicles”.

6

7 **RESPONSE:**

8 No specific funds are currently identified for PHEV / EV studies.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

INTERROGATORY 35:

Reference(s): Exhibit D1, Tab 7, Schedule 1, page 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

RESPONSE:

In the Board's decision on the Issues List for this proceeding, it stated at page 8:

“Toronto Hydro argued that this entire section [i.e., Smart Meters] should be removed because it is not seeking approval of either a smart meter budget, or to clear any smart meter-related costs tracked in variance or deferral accounts.

The Board accepts this change. The Board finds that if parties have questions or concerns related to the smart meter evidence which Toronto Hydro has filed in the

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 present application, these are subsumed under other issues already on the Issues
2 List.”

3

4 THESL declines to answer this interrogatory since it deals with matters that are out of
5 scope for this hearing. THESL expects and is fully prepared to present complete
6 evidence in this area and to answer all relevant interrogatories when it files for
7 disposition of the deferral account balance.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 36:**

2 **Reference(s):** **D1/T7/S1/p.9**

3

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

6

7 **RESPONSE:**

8 Please find the 2006-2007 actual capital numbers (Appendix A). The 2006 numbers were
9 not previously captured at the level of detail as presented in Exhibit D1, Tab 7, Schedule
10 1, Table 2, as the categories were differently presented in 2006. Hence, the 2006
11 numbers have been remapped to match the categories as presented Exhibit D1, Tab 7,
12 Schedule 1, Table 2.

13

14 Board approved numbers are not provided because, contrary to the question, the Board
15 did not approve budgets for specific capital portfolios in 2008 and 2009. Rather, the
16 Board authorized an overall revenue requirement as a basis for establishing just and
17 reasonable rates. Management then directed appropriate levels of capital spending in
18 specific areas based on the actual circumstances and priorities experienced during the test
19 years.

Appendix A

Revised Table 2: Summary of Capital Budget (\$millions)

	2006 Historical	2007 Historical	2008 Historical	2009 Bridge	2010 Test
OPERATIONAL INVESTMENTS					
Sustaining Capital					
Underground Direct Buried	7.3	33	23.8	48.3	70.3
Underground Rehabilitation	33.1	35.7	38.2	33.7	36.3
Overhead	19	24.3	19.3	15.7	22
Network	5.6	9.9	4.7	4.8	5.7
Transformer Station	0.8	15.9	8.5	7.2	15.9
Municipal Substation Investment	6	6.2	8.3	6.3	6.8
Total Sustaining Capital	71.8	125	102.9	116	157
Reactive Work	11.1	15.6	19.3	13.8	22.5
Customer Connections	36.4	41.7	42.8	37.4	32.5
Customer Capital Contribution	-23.6	-27	-32.7	-21	-24.4
Asset Management			-4.9	1	2.8
Engineering Capital	21	20.7	26.4	27	31.2
AFUDC		3.4	2	2.6	4.4
Other	2.6	1.6	1	1	-
Total Operations	119.3	181	156.8	177.8	226
GENERAL PLANT					
Fleet & Equipment Services	6.2	9.2	7.9	9.9	11.4
Facilities	5.7	20	3.4	8.4	12.6
Other	4.9	4.2	0.3	2	4.4
Total GENERAL PLANT	16.8	33.4	11.6	20.3	28.4
CUSTOMER SERVICES					
Wholesale Metering	1.5	0	0	0.5	10.9
Suite Metering	0	0	0	1.8	2.4
Other	3.6	4.6	13.2	0.2	0.6
Total CUSTOMER SERVICES	5.1	4.6	13.2	2.5	13.9
Total INFORMATION TECHNOLOGY	15.2	20.4	24.1	27.8	33.3
Total OPERATIONAL INVESTMENTS	156.4	239.4	205.7	228.4	301.6
EMERGING REQUIREMENTS					
Standardization			-	5.5	32.7
Downtown Contingency			-	-	31.3
FESI 7 / WPF			-	1.6	5.5
Smart Grid Operations			-	-	3
Externally Initiated Plant Relocations			-	-	27.8
Stations System Enhancements			-	-	15.2
Secondary Upgrade			-	-	6.5
Total EMERGING REQUIREMENTS				7.1	122
TOTAL CAPITAL	156.4	239.4	205.7	235.5	423.6
TOTAL BOARD APPROVED	153.4	note 1	230.4	240.2	

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 INTERROGATORY 37:

2 **Reference(s):** D1/T7/S1/p. 18

3
4 The evidence states that THESL has amended its infrastructure renewal plans to reflect
5 the Board's previous decisions in EB-2007-0680, and has incorporated refinements in its
6 asset condition assessment and risk-based modeling to more effectively direct capital
7 investments. Please explain, specifically, how THESL has amended its renewal plans to
8 reflect the Board's decision.

9 10 **RESPONSE:**

11 THESL amended its plans based on the Board's previous decisions in EB-2007-0680.
12 This had implications on its spending alternatives, asset condition assessment
13 methodology, the use of risk-based modelling, and the resultant directed spending.

14 15 Spending Alternatives

- 16 • Installed additional equipment such as fuses, switches, and animal guards
- 17 • More frequent asset cleaning
- 18 • Pilot projects for injection of cables with silicone fluids
- 19 • Pilot projects for directional boring
- 20 • Station transformer life extension through the use of oil reclamation

21 22 Refinements to Asset Condition Assessment

- 23 • More refined formulas are used to derive health indices
- 24 • Higher and better granularity is achieved for circuit breakers; the
- 25 SCADAMATE category is added for switches.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

- 1 • The granularity for underground cables is being increased from circuit-
2 kms to segments
- 3 • For most asset categories, available condition data is provided for a higher
4 percentage of assets
- 5 • Most of the health index calculations were consolidated into one
6 application
- 7 • Network asset inspection practices were modified to included additional
8 collection of end-of-life condition information
- 9 • Based on the above refinements, further deterioration can be seen in a
10 number of asset classes, such as underground cable and station power
11 transformers

12

13 Risk Based Modelling

- 14 • Better prioritization process into the Asset Investment Strategy Model
- 15 • Continued development of asset-centric modelling

16

17 Directed Spending

- 18 • Increased allocation of capital funding for underground cable and wood
19 poles. Also, increased spending for oil reclamation for station power
20 transformers

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 38:**

2 **Reference(s):** **D1/T8/S1/p. 15**

3

4 Please provide a detailed budget for Underground Direct Buried Capital Requirements.

5 Please include 2008 and 2009 Board approved numbers. For each proposed project
6 please provide the business case analysis.

7

8 **RESPONSE:**

9 The 2008 and 2009 detailed budgets for Underground Direct Buried Capital
10 Requirements are detailed in the tables below.

11

12 The Board did not approve any specific projects or amounts for 2008 and 2009. Rather
13 the Board approved a total sustaining capital amount for these years.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 Detailed Budget for 2008 and 2009 Underground Direct Buried Capital Requirements:

2

2008 Underground Direct Buried Capital Requirements			
Est Number	Project Description	IOP Work Type	Total Cost
10709	DC_A08078 Cut Repair Restorations 2008	Demand Capital	\$4,400,000
9848	E07323 Fundy Bay NA502M21 UG Rebuild	Planned Capital	\$5,621,860
9630	E07358 DB@ Wickson NT47M3 UG Rebuild	Planned Capital	\$4,680,782
9838	E07317 DB@ Murison NT47M3 UG Repl.	Planned Capital	\$4,334,860
10871	E08118 Malvern NT47M1 UG Rebuild	Planned Capital	\$3,844,468
10831	E08119 Sewells, McLevin, Morningside	Planned Capital	\$2,780,292
9855	E07319 Wintermute NA502M21 UG Rebuild	Planned Capital	\$2,776,567
10671	E08069 Design for 2009 Const.Project	Planned Capital	\$1,931,575
12896	08 Apprentices Work - RC3110	Planned Capital	\$1,744,843
9631	E07358 DB@ Wickson NT47M3 UG Rebuild	Planned Capital	\$1,530,697
9839	E07317 DB@ Murison NT47M3 UG Repl.	Planned Capital	\$1,349,872
10948	E08141 Hartleywood NT63M6 UG Rebuild	Planned Capital	\$1,307,635
10872	E08118 Malvern NT47M1UG Repl	Planned Capital	\$1,293,331
9856	E07319 Wintermute NA502M21 UG Rebuild	Planned Capital	\$1,232,582
9726	E07355 Wild Briarway 51M6 UG repl	Planned Capital	\$762,561
12978	Advance of 2009 Civil Work into 2008	Planned Capital	\$750,000
4078	E08161 Military Trail YH-F1F3 Conversion	Planned Capital	\$320,333
9172	E07354 Feeder NA502M21 Reconfiguration	Planned Capital	\$255,922
11666	E08282 DB @ Parkway F. SS68F8 UG Replm't	Planned Capital	\$217,740
12979	Advance of 2009 Civil Work into 2008	Planned Capital	\$750,000
11444	W08268 Prue 35M5 UG DB Cable Rehab	Planned Capital	\$200,756
Total:			\$42,086,676

3

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1

2009 Underground Direct Buried Capital Requirements			
Est Number	Project Description	IOP Work Type	Total Costs
14668	2009 CUT REPAIR RESTORATIONS DPE + DPW	Sustaining	\$2,600,000
13857	HL - John Tabor NT47M3 UG Rehab (Phase2)	Sustaining	\$4,125,013
14674	E07323 DB @FUNDY BAY NA502M21 REPLACEMENT	Sustaining	\$4,143,072
13851	HL - John Tabor NT47M3 UG Rehab (Phase1)	Sustaining	\$3,612,887
13118	E07315 Goldhawk ph1	Sustaining	\$3,267,723
13119	E09245 Goldhawk NT63M12 UG Rebuild Ph 2	Sustaining	\$2,769,001
11963	E09147 HL Design for 2010 Const.Proj	Sustaining	\$2,389,934
14671	E07323 DB @FUNDY BAY NA502M21 REPLACEMENT	Sustaining	\$2,284,664
14919	09 Apprentices Work - RC3110	Sustaining	\$2,284,489
9849	E07323 Fundy Bay NA502M21 UG Rebuild-el	Sustaining	\$2,052,037
14271	WINTERMUTE ELECTRICAL	Sustaining	\$1,439,011
14942	HL Civil work 2010 advanced to 2009	Sustaining	\$1,295,000
13746	E09308 HL - Goldhawk NT63M12 Rehab-Ph 4	Sustaining	\$704,251
10949	E08141 Hartleywood NT63M6 UG Repl-Elect	Sustaining	\$388,464
14765	E07212 Morningside NAR26M31,M36 ELECTRCL	Sustaining	\$504,733
Total:			\$33,860,279

2

3 A brief business case was submitted for each of the projects with an estimated cost over
4 \$500,000 in the 2007 EDR submission (reference EB-2007-0680, Exhibit D1, Tab 8,
5 Schedules 8-1 and 8-2). The 2008 and 2009 Underground Direct Buried projects were
6 primarily driven by:

- 7 • The results of THESL's first external Asset Condition Assessment completed by
8 Kinectrics in 2006.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

- 1 • An external study called “Evaluation of Medium Voltage Cable System of
2 Toronto Hydro Electric System Limited” conducted by John Densley of AborLec
3 Solutions Inc.
- 4 • An internal study called “Design Strategy for Underground Residential Rebuild
5 Projects Business Case Summary” prepared by the Standard Design Practice
6 Team on April 21, 2006.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 **INTERROGATORY 39:**

2 **Reference(s):** **D1/T8/S1/p. 28**

3

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

7

8 **RESPONSE:**

9 Please see the detailed budget presented in Exhibit R1, Tab 1, Schedule 63. The OEB's
10 EB-2007-0680 Decision established overall capital investment levels, but did not specify
11 figures for individual portfolios. Therefore, no Board-approved numbers exist for
12 Transformer Station investments.

13

14 Business case analyses for projects satisfying the materiality threshold may be found in
15 Exhibit R1 Tab 8 Schedule 9-5.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

INTERROGATORY 40:

Reference(s): 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.

RESPONSE:

The forecast for the customer capital contributions is based on an 18-month historical trend of actual contributions. The trend data is adjusted for the impact of expected major projects and economic outlook.

Forecast and actual customer capital contributions for 2006-2009 are provided in Table 1 below.

Table 1: Customer Capital Contributions (\$ millions)

2006		2007		2008		2009		
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Forecast	YTD October Actual
22.0	23.6	19.6	27.0	23.0	32.7	19.8	18.4	16.2

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

INTERROGATORY 41:

Reference(s): 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.

RESPONSE:

The revised strategy will require additional execution time. Based on a five- to seven-year execution timeline for the new strategy THESL will require additional investments to complete essential work to keep the properties useful to support operations.

2010 Facility Baseline budget of \$12.6M includes;

- \$0.8M Office Furniture replacement, Ongoing improvement of obsolete common area furnishing and equipment
- \$0.7M improvements at leased work centres, Modification to accommodate increased workforce (Program Management Office, EHS Office, Warehousing)
- \$5.0M improvements at 14 Carlton, modifications to address compliance issues, accommodate increased workforce and support operations
- \$0.4M improvements at 28 Underwriters, modifications to address obsolescence and provide additional capacity to address increased workforce (Trouble Response Consolidation)
- \$2.3M improvements at 500 Commissioners, modifications to address obsolescence and provide additional capacity to address increased workforce
- \$2.0M improvements at Yonge, modifications to address obsolescence

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

- 1 • \$0.1M improvements at 60 Eglinton, two major systems at this site which is the back-
2 up Control Room require replacement (Computer Room Fire Protection and Cooling
3 Systems)
4 • \$1.1M improvements at Substations
5
6 Proposed budgets include, upgrading backup power systems at 500 Commissioners and at
7 14 Carlton, replacing fire protection systems to comply with legislation at 14 Carlton and
8 at 5800 Yonge (Halon), upgrading passenger elevators at 14 Carlton, upgrading fire
9 suppression system 500 Commissioners, roof replacement at 5800 Yonge.

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INTERROGATORY 42:

Reference(s): Exhibit D1, Tab 8, Schedule 7, page 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.

RESPONSE:

The suite meter capital budget for 2010 includes:

Item	\$ million
Labour, Installation and Vehicles	0.4
Material and Contracts	2.0
Total	2.4

The suite meter OM&A budget for 2010 is \$0.3 million.

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INTERROGATORY 43:

Reference(s): 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 Tab1 – Summary of Overall Capital Expenses of IT-Enabled Programs please explain the reasons for the variances.

RESPONSE:

On May 15th, 2008, OEB released its decision with respect to the THESL filing EB-2007-0680, establishing a total IT&S capital budget of \$48.3 M for the 2008 and 2009 years combined. This amounts to a reduction of \$6.6 M from the amounts requested for the two years. Based on the budget established by the OEB, IT&S reprioritized its portfolio of projects, resulting in several projects and/or deliverables being deferred to 2010. The revised 2010 budget request is now required to complete the original planned scope of these programs and deliver the stated benefits, as outlined in Exhibit D1, Tab 8, Schedule 8.

Below is a breakdown by program that includes a table comparing the original IT&S Plan that was provided to the Board in EB-2007-0680 to the most recent filing EB-2009-0139, followed by a cost variance explanation for each program.

Business Intelligence – Data Warehouse, Analytics & Reporting

Table 1: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	2.4	2.7	1.7	6.8
EB-2009-0139	2.4	2.4	2.0	6.9

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Cost Variance Explanation:

The original scope of this program has not materially changed, and as such there are no material changes to the overall program budget. The revised 2010 budget is required to deliver on the full scope of the program and allow the overall stated benefits to be realized.

Core Legacy Application Upgrades

Table 2: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	0.5	2.6	6.4	9.4
EB-2009-0139	0.7	1.3	2.4	4.4

Cost Variance Explanation:

The original budget included an upgrade cost of \$5M to the existing THESL ERP system (Ellipse) for 2010. Due to IFRS requirements and evolving business needs, THESL has decided to revisit its ERP strategy. As such, further investments into the current ERP system were halted until the strategy is completed and a decision is reached.

Customer Information System

Table 3: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	9.7	6.6	0.3	16.6
EB-2009-0139	9.1	6.6	2.5	18.3

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

Cost Variance Explanation:

As stated in Exhibit D1, Tab 8, Schedule 8-4, THESL decided to delay the implementation of the new CIS application in order to concentrate on the TOU billing implementation as a top priority in 2009. The cost variance shown in Table 3 is a result of the extra labour required due to this delay as well as the additional functionality to be implemented including: security data encryption, interface to ODS, and enablement of commercial and industrial functionality.

Customer Relationship Management

Table 4: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	-	-	0.9	0.9
EB-2009-0139	-	-	0.9	0.9

Cost Variance Explanation:

As stated in the 2007 submission, EB-2007-0680, the Customer Relationship Management program will begin in 2010.

Infrastructure Maintenance/Refresh

Table 5: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	4.3	3.6	3.7	11.6
EB-2009-0139	3.7	3.6	5.2	12.4

Cost Variance Explanation:

The major changes between the EB-2007-0680 to the current EDR submission EB-2009-0139 involve the Radio System Enhancement and the Firewall Enhancement initiatives.

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1
2 Radio System Enhancement: A full assessment of the radio system was concluded in
3 2009 that covered: 1) confined space underground system, 2) 900Mhz voice radio
4 system, and 3) the Data Radio system that serves critical communication and data feeds
5 for both the SCADA system and the control centre. The assessment showed that all three
6 systems are essential to SCADA and the control centre, in terms of safety and
7 functionality. The systems are more than 20 years old, the equipment is not supported
8 and parts are not available from vendors. The increased spend for 2010 is to overhaul
9 and upgrade the critical data radio system and the balance of the 900MHz system.

10
11 Firewall Enhancements: This project was to address upgrades to the firewall and other
12 security requirements. Security reviews of the network were performed and identified a
13 number of key gaps to be addressed involving the security requirements of the three-tier
14 network, implementation of an in-depth network defence and improvements to the
15 perimeter defence. Toronto Hydro is part of the energy sector that belongs to the
16 National Security Infrastructure of Canada. Therefore, it is important to build an efficient
17 and effective network security platform.

18
19 As a result of these reviews, and to address the noted vulnerabilities, the revised plan for
20 2010 includes the provision for the following activities: Application Firewall, Perimeter
21 Defence Integration, IDS/IPS Manager, Anti-virus Manager, Three-Tier Network
22 (continues into 2011), and Log Consolidation Control.

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Infrastructure Productivity

Table 6: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	2.4	2.5	1.4	6.2
EB-2009-0139	1.2	2.1	2.9	6.3

Cost Variance Explanation:

The original scope of this program has not materially changed, and as such there are no material changes to the overall program budget. The revised 2010 budget is required to deliver on the full scope of the program and allow the overall stated benefits to be realized.

Mobile Enablement

Table 7: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	2.5	0.5	0.5	3.5
EB-2009-0139	0.3	2.4	1.6	4.3

Cost Variance Explanation:

In 2008, THESL decided to defer this initiative to 2009 in order to gain additional efficiencies. The program scope was revisited later that year to better align with THESL's needs and strategy, and the revised business case was approved.

The additional budget requirement of \$0.8 M was identified due to the need to procure additional software licenses and due to the decision to engage a qualified vendor to aid THESL with the implementation of the solution.

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Operational Data Store (ODS)

Table 8: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	0.7	0.1	0.2	1.0
EB-2009-0139	0.6	0.9	0.2	1.6

Cost Variance Explanation:

The variance between the EB-2007-0680 and the current EDR submission EB-2009-0139 is primarily due to the requirement to implement the Commercial and Industrial (“C&I”) functionality for TOU. In order to accomplish this implementation, our current ODS must be upgraded to EIP Release 6.2 or higher. Toronto Hydro is in the process of upgrading its existing ODS to Release 6.3 to support C&I and implement the same version of ODS as used by IESO. In 2009 the project’s technical work will be completed. In 2010, user acceptance testing and implementation of the upgrade will be completed.

Security, Disaster Recovery & Business Continuity

Table 9: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	1.6	2.7	1.4	5.8
EB-2009-0139	2.4	1.9	2.3	6.6

Cost Variance Explanation:

One of the key projects in the current Security Program is the implementation of Identity & Access Management (“IAM”). The solution as originally proposed was based upon the concept that the THESL requirement for multiple IAM environments could be hosted on a virtual platform. During the execution of the project, it was discovered that the software could not be supported on a virtual platform and therefore the environments had

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to be hosted on physical servers resulting in increased project cost. The requirement for additional network hardware, beyond what was originally anticipated, to properly deliver a High Availability solution also contributed to the increase in the program cost.

Also, in July 2009, a vulnerability was identified when a THC internet portal was attacked by a malicious hacker. The cause of the incident was attributed to a flaw in the registration processes and session management. The immediate threat was addressed using a short-term solution, but the need for a more robust long-term solution was identified. THESL decided to implement Customer Identity & Access Management (“CIAM”) functionality in order to better protect THC’s external portals.

Service Oriented Architecture

Table 10: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	2.1	1.1	0.6	3.8
EB-2009-0139	1.5	1.0	0.5	3.1

Cost Variance Explanation:

The original plan provided an allocation of \$700K to support projects to properly integrate with the Service Oriented Architecture (“SOA”) platform. However, it was determined that this funding would be better managed by the individual projects using these services and therefore a decision was made to reduce the SOA budget in 2010. This has resulted in a number of smaller increases across several programs and projects to accommodate the requirements of adapting and integrating the individual project with the SOA.

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Support Area Applications

Table 11: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	0.8	1.8	-	2.6
EB-2009-0139	0.7	1.0	2.0	3.8

Cost Variance Explanation:

The change in budget requirements for the Support Area Applications program can be attributed to two significant changes:

An application Upgrade of Hyperion from version 3.5 to version 9.3 ("System 9") together with its associated components including Hyperion Reports, Essbase and all existing business rules, interface, forms and reports was not in the 2007 EDR submission. This upgrade was required to address application version currency and performance issues.

After the initial successful deployment of Clarity, the project and portfolio software system, within the IT&S division as originally planned, a new requirement was identified to roll it out to other business units that can leverage the success of the initial limited deployment.

Web Enablement

Table 12: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	0.8	1.2	1.4	3.4
EB-2009-0139	1.2	1.1	1.9	4.2

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Cost Variance Explanation:

The change in the budget needs of the Web Enablement Program is due to the introduction of a few deliverables that were not in the original scope of the program as it was defined in 2007:

- Customer Move Functionality on the web: providing a web-based front-end that customers can use to notify THESL of move-in / move-out transactions.
- Outage Map: providing a web based interface that maps the outage area resulting in reduced call volume.

Portfolio Contingency

Table 13: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	-	2.0	3.9	5.9
EB-2009-0139	-	-	0.3	0.3

Cost Variance Explanation:

As the understanding of various program requirements were further refined, the need for a large contingency diminished.

SCADA Security, Governance and Operations

Table 14: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	-	-	-	-
EB-2009-0139	-	-	1.4	1.4

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Cost Variance Explanation:

The SCADA Security, Governance and Operations program was not in the EB-2007-0680 submission. Please refer to Exhibit D1 Tab 8 Schedule 8-15 for more details regarding this initiative.

Smart Grid / Green Energy Act Enablement

Table 15: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	-	-	-	-
EB-2009-0139	-	-	6.7	6.7

Cost Variance Explanation:

The Smart Grid / Green Energy Act Enablement program was not in the EB-2007-0680 submission. Please refer to Exhibit D1, Tab 8, Schedule 8-16 for more details regarding this initiative.

SAP Solution Implementation

Table 15: Program Cost Comparison (\$M)

	2008	2009	2010	Total
EB-2007-0680	-	-	-	-
EB-2009-0139	0.7	3.5	0.4	4.5

Cost Variance Explanation:

The SAP Solution Implementation program was not in the EB-2007-0680 submission. Please refer to Exhibit D1, Tab 8, Schedule 8-14 for more details regarding this initiative.

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1 **INTERROGATORY 44:**

2 **Reference(s):** **D1/T8/S8-2**

3

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

7

8 **RESPONSE:**

9 As noted for the Business Intelligence – Data Warehouse, Analytics and Reporting
10 Program in Exhibit D1, Tab 8, Schedule 8-2, page 1, program benefits do not commence
11 until 2011. A list of expected benefits starting in 2011 is shown on pages 1 and 2 of that
12 Schedule.

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1 **INTERROGATORY 45:**

2 **Reference(s):** **D1/T8/S8-4**

3

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

7

8 **RESPONSE:**

9 The initial budget for the Customer Information System Upgrade program can be found
10 below in Table 1. The most recent actual and future forecast of the Customer
11 Information System Upgrade program can be found in Table 2.

12

13 **Table 1: Customer Information System Initial Detailed Budget (\$ Millions)**

	2006-2007 Budget	2008 Budget	2009 Budget	2010 Budget	
Labour	1.58	5.90	6.61	0.30	14.40
Materials & Equipment	0.71	3.74	-	-	4.45
	2.30	9.65	6.61	0.30	18.86

14

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1 **Table 2: Customer Information System Actual Cost to date + Most Recent Forecast**
2 **(\$ Millions)**

	2006-2007 Actual	2008 Actual	2009 Actual (as of Oct31) + Forecast (Nov & Dec)	2010 Budget	
Labour	1.33	7.38	6.35	2.54	17.60
Materials & Equipment	0.33	1.74	0.81	-	2.88
	1.67	9.12	7.16	2.54	20.48

3

4 In summary:

- 5
- The overall original program budget was \$18.86 M.
- 6
- The most recent forecast (including actual costs) is \$20.48 M.
- 7
- The variance to original budget is 8.59%.

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1 **INTERROGATORY 46:**

2 **Reference(s):** **D1/T8/S8-6**

3

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

6

7 **RESPONSE:**

8 The Infrastructure Maintenance/Refresh Program is comprised of the projects identified
9 in Exhibit D1, Tab 8, Schedule 8-6, Table 1. The forecast cost of the Infrastructure
10 Maintenance program in 2010 is \$5.2M. As this program consists of projects necessary
11 to support and sustain the THESL IT environment, this program is not expected to
12 provide financial benefits and no business case was developed for the program. Instead,
13 the component projects will provide other benefits, such as:

- 14 1. Reduced risk of obsolescence.
- 15 2. Reduced risk of failure across all systems.
- 16 3. Reduced software maintenance downtime.
- 17 4. Reduced maintenance costs on Radio System arrays.
- 18 5. Increased reliability and reduced reliance on manual process.
- 19 6. Improved data restore and recovery turnaround time.
- 20 7. Improved ability to prevent unauthorized access to THESL resources.

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INTERROGATORY 47:

Reference(s): D1/T8/S8-7

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

RESPONSE:

The Infrastructure Productivity Program is comprised of the projects identified in Exhibit D1, Tab 8, Schedule 8-7, Table 1. While no business case was conducted at the program level, the forecast cost of the program in 2010 is \$2.9M. Building on the progress achieved in 2008 & 2009, the estimated quantified benefits over a ten-year period starting in 2011 are \$10.4M.

These quantifiable benefits are the results of:

- Reduction costs for technical support due to reduced calls;
- Reduction in incident handling time;
- Reduction in the number of failed and installed with problem changes to production;
- Cost avoidance to manage increased numbers of servers and environment;
- Reduction in server maintenance and administration costs;
- Reduction in licensing costs;
- Reduction in labour and storage costs for database backup;
- Reduction in labour costs for telecom moves, add and changes; and
- Reduction in maintenance costs relating to increased competition with industry standard technology.

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- 1 In addition, there are also expected non-quantifiable benefits, such as:
- 2 • Better alignment with industry benchmarks;
- 3 • Better alignment with environmental direction to “green” datacentres;
- 4 • Improved security through better logging and comprehensive audit trails;
- 5 • Better integration of services with enterprise backup system allowing proper
- 6 incremental backups to occur without service interruption; and
- 7 • Cost savings due to improved application performance.

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1 **INTERROGATORY 48:**

2 **Reference(s):** E1/T1/S1/p. 3

3

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

8

9 **RESPONSE:**

10 Please see response to Board Staff interrogatory #83.

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INTERROGATORY 49:

Reference(s): 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?

RESPONSE:

The need to transform and modernize IT assets is a key aspect of THESL’s strategy. This is reflected in the current EDR submission EB-2009-0139, and is also consistent with the IT requirements presented in the previous EDR submission EB-2007-0680.

However, Smart Grid has widened the perimeter of the network from the corporate environment to the entire distribution grid. This has heightened the need for a robust infrastructure design that is scalable and secure, introducing various incremental requirements. Those incremental requirements have been identified separately, and accounted for under the Smart Grid program as indicated in Exhibit D1, Tab 8, Schedule 8-16.

As is shown in Table 1 of Exhibit D1, Tab 8, Schedule 8-1, the Smart Grid investments represent \$6.74M or about 20% of the overall IT Capital budget of \$33.35M for 2010.

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1 **INTERROGATORY 50:**

2 **Reference(s):** **D1/T8/S8-16**

3

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

6

7 **RESPONSE:**

8 Although THESL has performed preliminary business case analyses for the projects
9 listed in Table 1, the projects have not yet gone through an economic assessment, as
10 explicit benefits and costs have yet to be measured. The primary purpose of the
11 demonstration projects is to learn about the technology, its impact on THESL operations,
12 and to collect information which will enable THESL to further evaluate the potentials of
13 project deployment.

14

15 The value proposition and rationale for each of the 2010 initiatives are discussed in
16 Exhibit G1, Tab 1, Schedule 3. Each project is fully aligned with the definition and
17 requirements of the GEGER, THESL's corporate strategy, and the Smart Grid objectives
18 as described in Exhibit G1, Tab 1, Schedule 1, page 5.

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INTERROGATORY 51:

Reference(s): **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.

RESPONSE:

THESL has prioritized its Smart Grid projects in the 25-year roadmap based on the criteria indicated in Exhibit G1, Tab 1, Schedule 1, page 7, and determined specific projects to move forward within 2010 based on the criteria indicated in page 10 of that same schedule.

Each of the smart grid projects has been subjected to a preliminary business case analysis. THESL's efforts have been dedicated to actively exploring the needs of developing the smart grid in compliance with provincial mandate and in meeting utility and distributed generation requirements. THESL also has a responsibility to explore, be familiar with, and apply new technologies considering the uniqueness of its customer base and infrastructure. However, the projects have not gone through an economic assessment as explicit benefits and costs have yet to be measured. The primary purpose of the demonstration projects is to learn about the technology, its impact to THESL operations, and to collect information which will enable THESL to further evaluate the potentials of project deployment.

INTERROGATORIES OF CONSUMERS COUNCIL OF CANADA

1 The business case analyses for each of the 2010 initiatives are discussed in Exhibit G1,
2 Tab 1, Schedules 2 and 3. Each project is fully aligned with the definition and
3 requirements of the GEGEA, THESL's corporate strategy, and the smart grid objectives
4 as described in Exhibit G1, Tab 1, Schedule 1, page 5.

5

6 The budget for each project was developed by first determining a scope for the project
7 that would be appropriate and sufficient to demonstrate its benefits. Material and labour
8 cost requirements were then calculated.

9

10 IT requirements to support the implementation of the selected operations projects were
11 analyzed and IT infrastructure projects were initially formulated. These projects were
12 then grouped, optimized for schedule requirements, and reviewed to ensure alignment
13 with the technology plans according to the high level Smart Grid IT Strategy developed
14 by THESL with the support of a major consulting firm, to draw on their North American
15 and global expertise. Technology cost estimates were prepared corresponding to
16 hardware, software, and other requirements, and project labour was estimated between
17 internal, external, and consulting resources. Please refer to Table 1 in Exhibit R1, Tab 1,
18 Schedule 114 for additional detail on each project.

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1 **INTERROGATORY 52:**

2 **Reference(s):** G1/T1/p. 6

3

4 Please provide THESL's current estimate of the cost of its 3-year Smart Grid Plan.

5 Please explain how that budget was developed.

6

7 **RESPONSE:**

8 Please reference Table 5: 2010 Smart Grid Projects – Operations, and Table 6: 2010
9 Smart Grid Projects – Information Technology in Exhibit R1, Tab 1, Schedule 107 for the
10 near-term forecast of the expenditure for each activity for 2010 through 2012. The
11 forecast assumes successful demonstration of the initiatives and that projects move into a
12 deployment phase with continued legislative, regulatory, and market support, and omits
13 initiatives where enabling technologies are not yet available or sufficiently mature for
14 demonstration.

15

16 Working with a major consulting firm to draw on their North American and global
17 expertise, the budget for each project was developed based on an appropriate scope for
18 the project that would be sufficient to demonstrate its benefits, and allow movement from
19 a study/pilot/demonstration to a deployment and support phase. Technology and
20 infrastructure plans were aligned with the THESL IT Smart Grid Strategy to support
21 these initiatives, and material and labour cost requirements were then calculated.