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QUESTION 1:

Reference(s): Board Staff Interrogatory #1

This interrogatory asked whether following publication of the Notice of Application, the applicant received any letters of comment. THESL responded that it did not. However on December 1, 2010, the City of Toronto sent a letter to the Board, copied to THESL, discussing its concerns with the proposed revenue to cost ratios for streetlighting service. The letter stated that THESL had agreed to meet with city staff to explain its methodologies and rationale.

Please provide an update as to the status of this matter.

RESPONSE:

City Staff is interested in learning more about how the cost allocation model allocates costs to classes, and especially to the streetlighting class. THESL staff from the Rates group recently met with Finance and Operations staff from the City and provided information on the cost allocation model and the rate setting process.

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QUESTION 3:

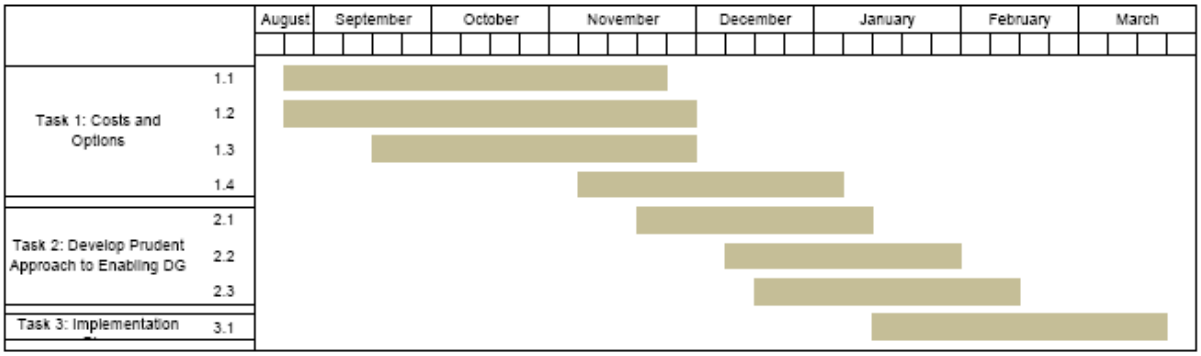
Reference(s): Board Staff Interrogatory #3

This interrogatory relates to the work that Navigant Consulting is undertaking for THESL.

With reference to the table provided on page 4 of the response to this interrogatory, please confirm that the schedule outlined is for the year 2010. If this is not the case, please state which year it represents. If it is for 2010, please state whether this work was completed on schedule and, if not, please provide the revised schedule for completion.

RESPONSE:

It is confirmed that the schedule in the table on page 4 of Exhibit R1, Tab 1, Schedule 3 is for the year 2010. The work has not been completed on schedule. Please see the revised schedule below spanning August 2010 to March 2011. Completion is scheduled for March 18, 2011.



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QUESTION 4:

Reference(s): Board Staff Interrogatory #6

This interrogatory asked THESL whether or not its Electricity Infrastructure Reliability Performance Indicators, specifically SAIFI, SAIDI and CAIDI, were broken down into more disaggregated levels of its service area (e.g. Old City of Toronto, Scarborough, etc) and if THESL did undertake such breakdowns, the extent of the disaggregation.

THESL responded that it disaggregated its Reliability Performance Indicators to the feeder level only.

Please expand on what is meant by this statement and whether or not the referenced level of disaggregation would permit THESL to provide these indicators for more disaggregated levels of its service territory such as the Old City of Toronto or Scarborough. If THESL can do this type of disaggregation, please state whether or not THESL could make more disaggregated statistics available. If THESL cannot do this, please explain why not.

RESPONSE:

THESL does not track reliability based on former service areas. Feeders are primary voltage (27.6kV, 13.8kV, 4kV) circuits that originate from the Transformer Station or Substation. The circuit can cross from one former service area to another and no restrictions are placed on these feeders as THESL considers itself one service entity. Since THESL tracks reliability down to the feeder level and customers from two different

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former service areas can be served by the same feeder, there is no way to discern the reliability differences of former service areas.

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QUESTION 5:

Reference(s): Board Staff Interrogatory #10a and b

In response to part a of this interrogatory, THESL stated that the trend variable was developed as follows:

> As the first step, class historic loads were analysed on an annual and monthly basis. Based on the analysis, determinations were made on the customer class loads that had been showing a declining trend (residential, GS<50 kW, GS 1-5 MW and Large Users), and which of them appeared to be stable (GS 50-1000 kWh, Street Lighting, USL). Then, based on the load behaviour, a number of linear time trend variables were generated for each customer class. Trend variables were distinguished and defined by the month when a decline started to take place.

a) Please explain in greater detail how the linear time trend variables were generated, specifically discussing:
   i) How much of the trend variable is driven by conservation efforts?
   ii) How much of the trend variable is attributed to the economic downturn?
   iii) Please state whether THESL believes that the trend variable adequately accounts for any load reductions due to the CDM targets issued by the Board on November 12, 2010.
   iv) Please provide historic and total system load (actual and weather-normalized up to the 2010 test year as shown in Figure 1 (K1/T1/S1 p. 2) in two scenarios based on regression calculations, one inclusive of the trend variable and one exclusive of the trend variable.

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v) Please provide a regression model and load forecast excluding the trend variable but including both an economic and a CDM variable.

RESPONSE:

a)

i) As THESL stated lines 9-13 of Exhibit K1, Tab 1, Schedule 1, for those models where a time trend is included as an explanatory variable, this variable is intended to capture the impacts which are being seen in the declining loads for those classes. This variable is being used precisely because there is no way to explicitly determine the amount of CDM and/or economic activity that is being captured by these variables. The results of the modeling exercises where an economic variable was used (see part (d) of the referenced interrogatory and part (b) of Exhibit R1, Tab 11, Schedule 12) show that that economic variables themselves cannot explain loads. Commonly, trend variables are used when it's impossible to directly estimate the impact of certain factors on the dependent variable while there is a clear tendency (in THESL's case – declining loads) in the historic observations.

ii) Please see part (i).

iii) THESL believes that the significance of the trend variables chosen for each customer class is a strong indication of ongoing declining tendency existence in loads, caused by various factors including CDM programs implementation. The trend variables account for the historic conservation activity impacts and extend them to the forecasting horizon, which is the main concept of linear regression

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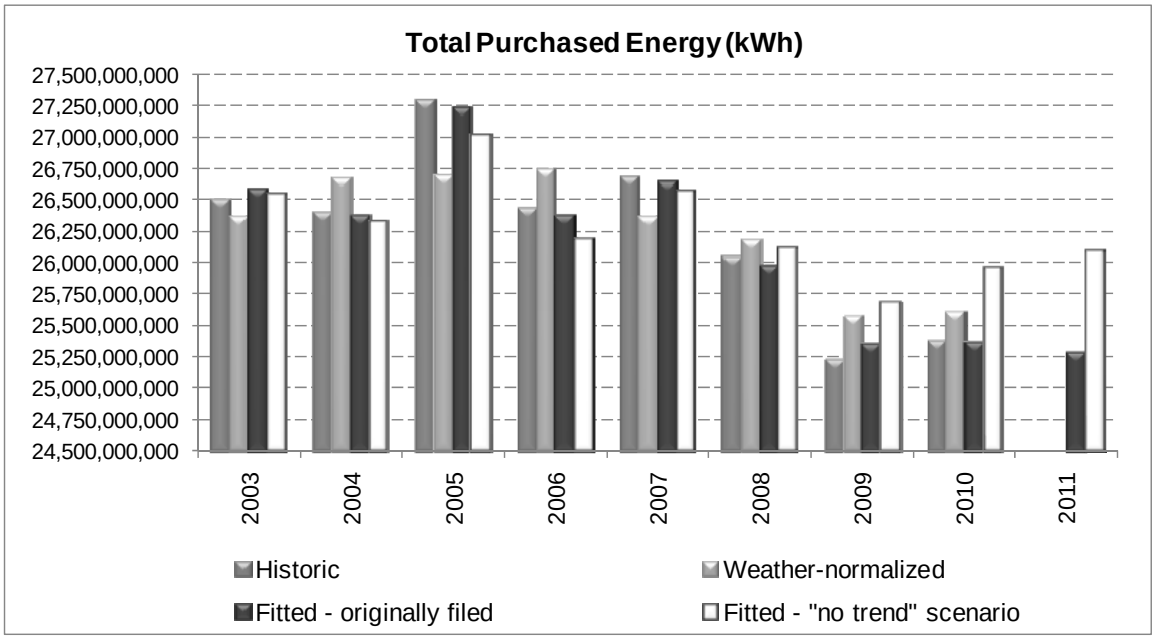
forecasting. THESL believes the use of the trend variables produces the best forecast of load for each class where it is used, which is the primary goal of the load forecast in this case.

iv) Please see below.



v) The scenario excluding trend variables, but including economic variables was produced by THESL in its response to the Board Staff Interrogatory 10, part (d). Scenarios using CDM variable scenario cannot be produced since THESL believes that there is no direct variable which can be used as proper estimation of CDM activities (and the question does not offer such a variable). The trend variables were included in the regression models to indirectly capture the observed trends, including the impact of energy conservation activities on loads.

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QUESTION 6:

Reference(s): Board Staff Interrogatory #11c and 14d

In response to Board Staff interrogatory #11c, THESL stated that the annual average sales from Merchandise and Jobbing for the historical years have been $11.5 million with related costs of $8.5 million for an annual average net gain of $3 million.

In response to Board Staff interrogatory 14d, THESL stated that net revenue from merchandise and jobbing is expected to be zero.

Please provide further explanation as to what is included in merchandise and jobbing revenue and why THESL believes that the forecasted amount of zero for the 2011 test year is justified, given an annual average net gain of $3 million in the historical years.

RESPONSE:

Merchandising and jobbing includes net revenues related to demand billable work performed by THESL. At the time the plan was prepared margin on demand work was not included however, related costs of $6.0M were estimated by THESL's operating units. If the typical administrative and overhead charges are applied to the projected costs, a margin of $1.2M would be added to revenue offsets.

Margin on scrap sales was assumed to be nil at the time the plan was prepared. If the 2009 actual margin from similar activities were applied to the Test year costs, a margin of $1.6M should be added to revenue offsets.

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QUESTION 7:

Reference(s): Board Staff Interrogatory #14a

The original evidence showed no other revenue from the sale of scrap metal for the 2010 bridge year as well as the 2011 test year. In response to Board staff interrogatory #14, THESL stated that actual sales as of September 30, 2010 are $2.2 million. Please discuss why THESL believes that that the forecasted amount of zero for the 2011 test year is justified in light of the September 30, 2010 actuals.

RESPONSE:

Please refer to Exhibit S1, Tab 1, Schedule 6.

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QUESTION 8:

Reference(s): Board Staff Interrogatory #16

This interrogatory asked for a breakdown of the changes in the category "Emerging Portfolios" which is shown as increasing from a zero level in 2008 and 2009 to $32 million in the 2010 Bridge year and $20.3 million in the 2011 Test year.

In its response, THESL provided an itemized breakdown of the referenced 2010 and 2011 amounts.

Please provide a brief explanation for the changes in each of the line items in the breakdown contained in the response.

RESPONSE:

Outlined below are change drivers, by line item:

- Standardization – The change has resulted from a reduction of the activity associated with transformer standardization and a reclassification of some of the activities to other portfolios. For example, the materials associated with replacement of metallic hand wells was re-categorized to Secondary Upgrades.
- Downtown Contingency – The scope of this activity has been reduced compared to the 2010 program.
- Worst Performing Feeder – The 2011 material requirement for this portfolio is $4.0 million, and not $0.0 million as stated in Board Staff Interrogatory #16. This amount is included in the portfolio total of $10.9 million shown in Exhibit D1, Tab 7, Schedule 1, and not an additional requirement.

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- Smart Grid Operations – Most of the 2011 material cost stated for this line is associated with projects in the sustaining portfolios, and the table in Board Staff Interrogatory #16 was not updated accordingly (costs associated with conversion to SCADA switches for example). The corrected 2011 material cost for this category is $0.5M. This change in stated material cost in this portfolio is not a capital reduction, as the material costs are captured in the sustaining portfolios.
- Externally Initiated Plant – The scope of this activity has been reduced compared to the 2010 program.
- Station System Enhancement – The increase in 2011 spend is reflective of materials required to support the Bremner Station Project.
- Secondary Upgrades – The increase from 2010 is the inclusion of materials supporting activities previously classified as Standardization projects (materials associated with the replacement of metallic handwells for example).

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QUESTION 9:

Reference(s): Board Staff Interrogatory #30

This interrogatory requested a breakdown of THESL's regulatory costs in the format of Appendix 2-H of the Filing Requirements. THESL's original response filed December 6, 2010 included an amount in the category "Operating expenses associated with Staff resources allocated to regulatory matters" of $350,000 for the 2011 Test year.

THESL filed a revised response to this interrogatory on December 20, 2010 which showed a revised amount for this category of $1,326,778 and the explanation that "The revised (highlighted) cells now include payroll costs for Regulatory Applications & Compliance and Regulatory Policy & Relations Staff only."

Please provide a more detailed explanation for this change including why this amount has increased significantly relative to the December 6th response and which payroll costs were included in the original response.

RESPONSE:

The original number inadvertently excluded the payroll costs for the Regulatory Staff from the Regulatory Applications & Compliance and Regulatory Policy & Relations departments. The original figure of $350,000 was an estimate of costs for all THESL Staff excluding Regulatory Staff that are engaged in the preparation of rate applications, and other supplementary applications.

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QUESTION 10:

Reference(s): Board Staff Interrogatory #41

This interrogatory noted that the *EDA Weekly* of October 20, 2010 had stated that THC had again been selected as one of Canada's Top 100 Employers for 2011 and that more information could be obtained at the web site www.eluta.ca.

The interrogatory further noted that the information on this web site rated THC's financial benefits for employees as "above-average" and other benefits as "exceptional" and asked THESL to state why it was necessary that THESL, as part of THC, provide "above-average" and "exceptional" benefits and whether or not these ratings would suggest that such benefits could be reduced and, if not, to please explain why not.

THESL's response stated that THESL itself did not state that it offers "above-average" and "exceptional" benefits and that this characterization was related to the editorial perspective that ELUTA had taken in its article.

Please state whether or not THESL is in agreement with ELUTA's characterization of its benefits. If yes, please discuss why it is necessary that THESL, as part of THC, provide "above-average" and "exceptional" benefits and whether or not these ratings would suggest that such benefits could be reduced. If not, please explain why not. If THESL is not in agreement with ELUTA's characterization, please state how THESL would characterize these benefits. Please comment specifically on whether or not THESL believes these benefits could be reduced and if not, why not.

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RESPONSE:

THESL would not agree with the statement that our benefits are "above-average" or "exceptional". THESL provides a benefits program that is market competitive within the industry that it operates and competes for talent. Reducing the benefit program could have multiple negative impacts, the retention of employees and THESL's ability to attract employees by providing a non-competitive benefit program and it would be in violation of our collective agreements which covers over 70% of our employee population.

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QUESTION 11:

Reference(s): Board Staff Interrogatory #59

In the continuity schedule provided by THESL the Applicant shows a depreciation rate of 25% for accounts 1920 and 1921. The EDR Handbook, Appendix B, provides a depreciation rate of 20% for account 1920 – Computer equipment: hardware. Please explain why THESL is using the 25% rate and discuss whether customer information system (CIS) assets are included in these accounts.

RESPONSE:

The rate used is as per the existing THESL accounting policy disclosed in the audited financial statements contained in Exhibit B1, Tab 6, Schedule 1, Appendix A. THESL's amortization policy is based on principles within the CICA Handbook and is consistent with the direction provided in article 410 section on Amortization Methods in the OEB's APH. Customer Information System (CIS) assets will be included in these accounts.

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QUESTION 12:

Reference(s): Board Staff Interrogatory #59
CCC Interrogatory #26

In the first reference, THESL provided updated Fixed Asset Continuity schedules as per Appendix 2-B of the Filing Requirements. These show an opening balance of $4,205.6 million for the 2011 test year. In the second reference THESL stated that "the updated fixed assets opening balance for 2011, based on THESL's most recent forecast of capital additions for 2010 is $4,183.5 million". Please reconcile these two statements and provide an updated Fixed Asset Continuity schedule for the 2011 test year, if applicable.

RESPONSE:

The Fixed Asset Continuity schedules provided by THESL in response to the first reference were prepared to be in line with THESL's filed figures for bridge and test years. These schedules therefore reconcile to the filed opening balance of $4,205.6 million for the 2011 test year.

The response provided by THESL with respect to the second reference was based on the most recent forecast of additions prepared based on actual Q3 2010 for the 2010 bridge year, which resulted in an opening balance of $4,183.5 million for the 2011 test year.

The two responses, while related to the same figures, were provided based on new and updated information. The difference of $22.1 million between the opening balance amounts in the two responses primarily relates to the delay in capitalization of the IT Customer Information System ("CIS") project.

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A full continuity schedule cannot be provided in the time available to respond to this interrogatory. However the primary change would be reflected in the OEB accounts 1920 Computer Hardware, and 1925 Computer Software.

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QUESTION 13:

Reference(s): Board Staff Interrogatory #67

This interrogatory asked THESL to provide an itemized breakdown of Underground Rehabilitation capital expenditures for the past five historical years, the bridge year and the test year.

In its response, THESL provided aggregate figures, but did not provide the requested itemized breakdown. Please provide the requested itemized breakdown, or an explanation as to why THESL is unable to do so.

RESPONSE:

Please refer to tables below for a breakdown of actual 2008 and 2009 underground rehabilitation capital expenditures. The 2010 bridge and 2011 test year amounts are shown as estimated amounts. Projects with spending less than $500,000 are grouped as "Others". THESL does not have five years of historical information that is comparable due to either re-structured or re-defined spending portfolios; the sustaining capital portfolios for example only came into existence in THESL's 2008 EDR therefore there really is no comparable prior to 2008.

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2008 Underground rehabilitation capital actual spending		
Project #	Name	Total cost
P0040371	W07366 Rear Lot Dist Forest Hill PH1	$4,897,634
P0044675	E07358 DB @ Wickson NT47M3 UG Reb Ph #2	$4,848,589
P0044178	W8029 St. Clair Phase 3 Civil Const.	$2,846,307
P0039055	W 8109 ST. CLAIR SECONDARY PHASE 2	$1,328,171
P0035379	W 7292 St. Clair Secondary Phase 1	$1,219,358
P0038733	E08053 Leaside 34M4 UG Cable Enhancement	$1,218,545
P0041244	W09145 Design for 2010 Const.Project	$1,179,165
P0044309	WINTERMUTE PH 2 (SANDYHOOK to SYLVESTRE)	$1,090,468
P0046243	W08454 BLOOR WEST TRANSF. RECOV	$1,059,222
P0044040	W08209-ST CLAIR AV W U.G 13.8KV/PRIMARY	$1,024,480
P0044625	E08141 Hartleywood NT63M6 UG Rebuild	$961,468
P0038885	W08320 55M28 UG CABLE SC111-MH428	$761,179
P0040297	E08363 Piece Out 'CS' Stn ug enhn	$744,925
P0040936	W08030 Yorkdale S C Rebuild (Main Est)	$700,297
P0040857	W08244 Bloor Transformation. 2008	$683,048
P0040847	E8128 Load Transfer GD-X A16,17GD	$657,723
P0036398	W7332 Westmount to Caledonia UG Work	$657,436
P0036752	W7365 Yorkdale OCB & Sec Replacement	$653,298
P0049293	W09145 Design for 2010 Const.Project	$635,080
P0038868	W08109-ST CLAIR AVE WEST U.G 13.8KV CONV	$619,619
P0038873	WO8213 Dupont - Bathurst to Kendal	$617,206
P0038727	E08037 Leaside 34M1 UG Cable Enhancement	$610,859
P0044052	E08461 Braymore West-Leg NT47M7	$598,262
	Others	$8,614,447
	Total	**$38,226,784**

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2009 Underground rehabilitation capital actual spending		
Project #	Name	Total cost
P0052353	W09101Rear Lot Dist Forest Hill PH2	$5,952,693
P0047547	W07366 Rear Lot Dist Forest Hill PH1	$3,871,968
P0052757	E08113100-150 Burrows NAH9M23 UG Rehab	$3,693,825
P0048346	2009 Nomenclature - MANS projects	$2,263,146
P0046243	W08454 BLOOR WEST TRANSF. RECOV	$2,156,399
P0040936	W08030 Yorkdale S C Rebuild (Main Est)	$2,009,082
P0050856	W09302 Civil ENCH & Pri Fdr Eglinton MS	$1,957,413
P0049293	W09145 Design for 2010 Const.Project	$1,629,703
P0052743	DC_E07348 Doris Ave Extension Relocn	$1,187,043
P0050152	w07216 bloor st s kingsway	$920,008
P0050755	E09257 BAYVIEW AVENUE	$896,942
P0051159	St Clair (Keele-Gunns) CC Rearrangement	$858,140
P0044040	W08209-ST CLAIR AV W U.G 13.8KV/PRIMARY	$673,540
P0052642	Strachan and Ordnance_WO_9133_05	$659,337
P0049946	DC_E08070_07 Leaside Cont UG DX Fdr New	$539,348
	Others	$7,525,867
	Total	**$36,794,454**

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2010 Underground rehabilitation capital		
Estimate #	**Name**	**Total cost**
15888	15888_005 W10054 HL Design for 2011 Const.Project	$2,680,101
15155	15155_001 W10148 Strachan feeder Upgrade	$2,406,904
16184	16184_001 2010 Apprentices Work - RC3160	$2,010,980
14054	14054_001 W10132 Ridelle Distribution ENCH	$1,736,957
16294	16294_001 W08243 Civil ENH Lake Shore Windermere	$1,699,118
15107	15107_001 W10134 242 John Garland MG-F4 UG VC	$1,680,403
16617	16617_001 W10273 Manby TS load Trsf to Horner TS	$1,673,927
13810	13810_001 E10121 Brian 51M22 UG Rehab	$1,649,509
15543	15543_001 W10174 Piece Out Wiltshire feeders	$971,179
15626	15626_005 E10182 Conlins Morningside NT47M8, M15	$927,074
12423	12423_001 E09093 Deaconwood SS68F2 Rehab, VC	$921,382
16616	16616_001 W10275 Manby TS Load Trsf to Horner TS	$870,710
13026	13026_001 W09235 85M8, 9,10,23,30 EGRESS CBLE REP	$854,771
16885	16885_001 Yorkdale SC Rbuild - 2010	$837,372
16336	16336_001 W10229 Civil Ench Avenue Rd	$800,001
15748	15748_001 E10202 Lawrence NAH9M26 UG Repl.	$797,982
12568	12568_001 W09202 Routing ug primary to Nobe_Queen	$701,014
16430	16430_001 DC_E09129 HL System Enhancement: UG	$613,118
16001	16001_001 DC_W09132 HL Syst Enh't: UG Cable Rehab	$613,118
14957	14957_001 W10117 John Garland/Finch MGF4 Civil	$607,072
16756	16756_001 Wallsend feeders tie	$579,655
16235	16235_001 W5319 LAKESHORE B-5-10-PQ CONVERSION	$532,532
	Others	$5,952,113
	Total	**$32,116,991**

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2011 Underground rehabilitation capital projects		
Portfolio Name	**Name**	**Total cost**
Rear Lot	W11219 RATHBURN SAFI CONVERSION ETSAFI	$6,465,001
Rear Lot	E11382 SCGGF1 Livingston/Guild Rear Lot VC	$4,438,224
Rear Lot	W11168-Albion F1 Silverstone	$3,976,000
Rear Lot	FOREST HILL REAR LOT (PH-3) TOB1OV	$3,353,606
Rear Lot	E12076 Banbury Larkfield RL Rebuild - Civil -	$3,033,733
UG Capacity Growth	CABLE REP/BATHURST M04-24-25 NY85M04	$2,400,000
Rear Lot	E11197 Lesmill MS F2 Charnwood Rear Lot Voltage Conversion (Civil)	$2,163,543
Rear Lot	FOREST HILL REAR LOT - CIVIL (PH-5)	$2,151,619
UG Capacity Growth	W11448 1201 Wilson_MTO_Hospital_Ele_Ph1 Bathurst II TS	$1,900,000
UG Rehab (XLPE etc)	W11236 A-51-WR Feeder Upgrade and Replacing PILC	$1,840,001
UG Rehab (XLPE etc)	W11388 FESI 55M08 Lat Cable Rep - Jane Street	$1,531,487
UG Rehab (XLPE etc)	FESI 55M8 - Lateral Cable Replacmnt - Jane St	$1,531,487
UG Rehab (XLPE etc)	W11204 FESI NY55M22 UG CABLE ENHN (PH-4)	$1,089,583
UG Rehab (XLPE etc)	E10182 Conlins Morningside Hwy 401 UG NT47M8, Na47M15 SCN	$859,098
UG Rehab (XLPE etc)	W11285 FESI NY55M22 UG CABLE ENHN (PH-2)	$824,167
UG Rehab (XLPE etc)	W11203 A3-4T to A9-10T Strachan Fdr Transfer	$650,000
UG Rehab (XLPE etc)	W11277 FESI NY55M22 UG CABLE ENHN (PH-1)	$649,584
UG Rehab (XLPE etc)	E10368 Leakers and Piece Outs of George & Duke Feeders	$645,065
UG Rehab (XLPE etc)	W11287 FESI 55M22 Lat Cable Rep - Rowntree	$628,116
UG Rehab (XLPE etc)	X11532 Terauley Piece Out and Leakers	$606,000
UG Rehab (XLPE etc)	W11033 A47-49H Feeder Upgrade	$604,266
	Others	$8,501,970
	Total	**$49,842,550**

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QUESTION 14:

Reference(s): Board Staff Interrogatory #68

In response to Board staff interrogatory #68, THESL provided a breakdown of overhead capital expenditures. The category 'Other' increased by $5.5million or 51.9% in the 2011 test year over the 2010 bridge year. Please provide a further explanation of what is included in this category and the reasons for this increase.

RESPONSE:

The "Others" category is comprised of Overhead Portfolio projects that cost less than $500,000. The increase in the "Others" category in the 2011 test year over the 2010 bridge year is primarily due to the increased quantity of lower cost projects.

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QUESTION 15:

Reference(s): Board Staff Interrogatory #69

In the itemized breakdown of network capital expenditures THESL shows capital spending for this category of between $4.7 and $5.5 million between 2008 and 2010. In the 2011 test year, an increase to $15.1 million, or a $9.6 million or 174 percent increase over the 2010 bridge year is shown. Please provide an explanation for this increase, including an explanation as to what is included in the category 'Other' and an explanation of the 200 percent increase for this particular category.

RESPONSE:

As noted in Exhibit D1, Tab 8, Schedule 1, page 23, the spending increase in 2011 is attributable to the enhanced availability in condition data which shows a significant amount of deteriorating network infrastructure. The need to address these issues is paramount due to the exposed risks to worker and public safety.

The "Others" category is comprised of lower cost projects. The increase in the "Others" category in the 2011 test year over the 2010 bridge year is primarily due to the increased quantity of lower cost projects.

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QUESTION 16:

Reference(s): Board Staff Interrogatory #59 and #62

In the first reference, THESL provided a Fixed Asset Continuity Schedule for the years 2009 through 2011. Account 1996 Hydro One S/S Contribution shows a zero balance in cost as well as accumulated depreciation for 2011.

In the second reference, THESL shows capital contributions to HONI in the amount of $15.0 million to be included in the THESL Capital Budget.

a) Please explain the origin and nature of account 1996.
b) Please reconcile the contribution shown in the continuity schedule provided in response to Board Staff interrogatory #59 and the contributions shown in the capital budget summary provided in response to Board staff interrogatory #62.

RESPONSE:

a) Account 1996 should not have been included in the schedule as it was not a Chapter 2 Filing Requirement as published on June 28, 2010.

b) Capital contributions to HONI are included in Account 1815 Transformer Station Equipment > 50kV as presented in the response to Board Staff Interrogatory 59, Appendix A, Table 3.

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QUESTION 17:

Reference(s): Board Staff Interrogatory #70a

In its response to Board staff Interrogatory #70a, THESL stated that the capital contribution enters rate base. THESL further stated that the capital contribution to Hydro One will be amortized over 25 years. Please provide further explanation as to why cost recovery of capital contribution prior to the asset being used and useful should be allowed.

RESPONSE:

Please refer to response to SEC Interrogatory 51 found at Exhibit R1, Tab 9, Schedule 51.

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QUESTION 18:

Reference(s): **Board Staff Interrogatory #73**
EP Interrogatory #42

In the first reference THESL stated that a capital expenditure of $1.1 million for a Smart Grid initiative shown as IT Program Cost "is not incremental to the Smart Grid Plan, but is included in the $2.4 million capital expenditure as described under Exhibit G1/T1/S1" (see table 1 below).

Table 1: Smart Grid Projects for 2011

	2011 Test	
Project	**Capital ($000s)**	**Operating ($000s)**
Energy Storage	1,100	
Electric Vehicle Charging Infrastructure	600	
Active Demand Response	700	
Studies and Planning Exercises		500
Education and Training		50
Total Business Funding Required	2,400	550

In the second reference, THESL describes the $1.1 million Energy Storage project in G1/T2/S1 as "a demonstration project for new advances in technology, including state-of-the art lithium-ion and lithium-polymer battery systems….In contrast, the $30.0 million Energy Storage System in Exhibit D1/T9/S8 incorporates 4MW capacity at a downtown station using commercially available sodium-sulphur battery technology to support grid reliability".

TECHNICAL CONFERENCE QUESTIONS OF ONTARIO ENERGY BOARD STAFF

a) Please confirm that THESL is not seeking cost recovery for the $30 million 4MW Energy Storage Project in 2011.

b) Please provide further explanation as to whether the $1.1 million cost listed as "Energy Storage" in the above table is related to the "IT Program Cost" as discussed in response to Board staff IRR #73.

(i) If that is not the case, please provide further explanation and a table showing source of the cost related to the $1.1 million in IT Program Cost. (i.e. Energy Storage, EV Charging Infrastructure, and Active Demand Response).

(ii) If yes, please state what is the IT component of this project.

RESPONSE:

a) THESL confirms that it is not seeking cost recovery for the $30 million 4MW Energy Storage Project in 2011. It is included in CWIP and THESL will be seeking recovery in 2012.

b) The $1.1 million cost listed as Energy Storage in the above table is related to the IT Program Costs as discussed in response to Board Staff Interrogatory 73. The IT component of this project is budgeted to be $100,000.

TECHNICAL CONFERENCE QUESTIONS OF ONTARIO ENERGY BOARD STAFF

QUESTION 19:

Reference(s): Board Staff Interrogatory #73
EP Interrogatory #42

In response to Board Staff interrogatory #77 THESL states that:

> Hydro One will be providing the 115 kV supply connection between their John x Esplanade transmission cable circuits and the THESL-owned 115kV switchgear at the proposed Bremner TS…The estimated capital contribution to Hydro One will be required for Hydro One to carry out design and installation of the 115kV cable circuit connection between their John x Esplanade circuits and the proposed Bremner TS…THESL will be exploring carrying out this work itself, after considering regulatory and cost issues. The issues include the classification of the transmission line work and the costs of Hydro One relative to independent contractors for the same.

a) Please confirm that THESL is not planning to include capital contributions to Hydro One for this project in the 2011 rate base.

b) Please elaborate on what steps have been taken at this point to assist in the determination as to whether Hydro One or independent contractors for THESL will be contracted to do this work.

c) Please state if THESL has received any cost estimates for this work from Hydro One and/or independent contractors.

   (i) If no, why not.

   (ii) If yes, please provide a copy of the estimates.

TECHNICAL CONFERENCE QUESTIONS OF ONTARIO ENERGY BOARD STAFF

d) Please confirm that in the case where THESL decides to subcontract the building of the 115kV supply connection to a party other than Hydro One, capital contributions to Hydro One for this project will not be required in the future.

RESPONSE:

a) The Bremner project is not expected to be ready for energization in 2011 and therefore will not be included in rate base.

b) It is THESL's intent to issue a Request for Proposal for this work. Hydro One will be invited to participate along with independent contractors and their reply will be rated using evaluation criteria that will be applied to all respondents in accordance with our Procurement Policy.

c) THESL has not received any cost estimates for this work from Hydro One and/or independent contractors. A Request for Proposal for the design of the tunnel will be issued in late January 2011 with a subsequent contract to the successful respondent in March 2011. The issue of the Request for Proposal for the construction of the tunnel is planned for August 2011 with subsequent award to the successful respondent planned for October 2011.

d) In the case where THESL decides to subcontract the building of the 115kV supply connection to a party other than Hydro One, it is expected that some capital contributions to Hydro One will still be required for other aspects of connection to Hydro One's transmission system. These costs have yet to be estimated by Hydro One.

TECHNICAL CONFERENCE QUESTIONS OF ONTARIO ENERGY BOARD STAFF

QUESTION 20:

Reference(s): Board Staff Interrogatory #84

This interrogatory discusses disposition of IFRS costs contained in account 1508.

ExhJ1/Tab1/Sch2/Appendix A provides a breakdown of these costs. Please provide a more detailed breakdown and explanation of these costs.

RESPONSE:

Please see the additional breakdown of these costs in the response to Ontario Energy Board Staff Interrogatory 89 (c) Appendix A: Detailed Breakdown of IFRS Costs (Exhibit R1, Tab1, Schedule 89, Appendix A).

TECHNICAL CONFERENCE QUESTIONS OF ONTARIO ENERGY BOARD STAFF

QUESTION 21:

Reference(s): Board Staff Interrogatory #87

This interrogatory related to the regulatory ratemaking treatment of stranded meter costs.

The Hydro One Brampton 2011 cost of service application (EB-2010-0132) is currently in the submission phase. Board staff filed its submission on January 14, 2011. With respect to the treatment for stranded meters, staff submitted that since smart meter programs are nearing completion, the Board should consider whether approved estimated total costs related to the stranded meters be removed from rate base (and Account 1860, Meters) and tracked in "Sub-account Stranded Meter Costs" of Account 1555 for recovery. The associated recoveries from the separate rate rider would be recorded in this sub-account to draw down the balance in the sub-account. The approved estimate of stranded meter costs was to be trued-up to actual costs, recorded in the sub-account, and submitted for review in the distributor's next cost of service application.

Please provide THESL's view on a similar accounting treatment for its stranded meters.

RESPONSE:

Consistent with the accounting treatment commented above by Hydro One Brampton, a similar accounting treatment would be acceptable to THESL.

TECHNICAL CONFERENCE QUESTIONS OF ONTARIO ENERGY BOARD STAFF

QUESTION 22:

Reference(s): Board Staff Interrogatory #88

This interrogatory discusses THESL's treatment of HST.

In its response to part a), THESL states that its budget was not developed by subtracting an amount from a "PST-based" budget, and therefore, there is no way to identify an amount for OM&A or capital that has been "saved."

In its response to part b), THESL states that it "has been recording amounts into the HST deferral account. The revenue requirement impact of the Tax harmonization has been estimated based on PST that has been historically paid. On this basis an estimate of the "savings" beginning July 1, 2010 has been derived and the related impact to customers has been recorded in the deferral account."

Please reconcile these two responses, stating why if THESL is able to record an estimate of the HST savings in the deferral account beginning July 1, 2010, it is not able to also identify an amount for OM&A or capital that may be saved for the test year.

RESPONSE:

For the historical year, the PST impact after June 30, 2010 on revenue requirement was established based on actual PST paid in preceding years to meet the OEB's requirement to include a related amount in the deferral account.

TECHNICAL CONFERENCE QUESTIONS OF ONTARIO ENERGY BOARD STAFF

The 2011 Test Year forecast was prepared based on operational requirements considering that PST was no longer applicable for 2011 and as such, was not budgeted in the 2011 CapEx and OM&A expenses. As a result, PST was not uniquely quantified by cost categories for the Test Year. THESL's Test Year forecast reflects the implementation of the HST and was not developed by subtracting an amount from a PST-based budget.

TECHNICAL CONFERENCE QUESTIONS OF ONTARIO ENERGY BOARD STAFF

QUESTION 23:

Reference(s): Board Staff Interrogatory #93

In its response to Board Staff interrogatory #93, THESL stated that "THESL's smart meter rollout will be complete in 2010", and "THESL takes the view that post-rollout smart meter activities are part of the core business of the utility and do not represent extraordinary undertakings."

In the application Exhibit D1/T7/S1 p.7, THESL states that it expects to have substantially completed the smart meter program by the end of 2010 with less than three percent remaining for 2011.

a) Please provide a status report on the smart meter initiative as of December 31, 2010.

b) Please include the following information as per the Board's Smart Meter Guidelines (G-2008-0002) for 2011 smart meter asset costs that are sought to be approved on a final basis in this application:

- capital and operating unit cost per installed smart meter and in total for:
  - procurement and installation of the components of the AMI system
  - customer information system
  - incremental operating and maintenance activities
  - changes to ancillary systems

RESPONSE:

a) As of December 31, 2010, THESL had installed 667,805 smart meters as part of the smart meter initiative. Hourly interval data is collected from 641,630 meters on a daily basis. A total of 34,914 meters remain to be changed, including 13,979 at

TECHNICAL CONFERENCE QUESTIONS OF ONTARIO ENERGY BOARD STAFF

residential accounts, 19,223 at General Service Accounts having demands less than 50 kW, and 1,712 at commercial accounts with peak demands greater than 50 kW.

b) THESL has budgeted $12.6 million for the procurement and installation of the remaining components of the AMI system, or an average cost of $360 per meter for the remaining installations. An additional $1.3 million will be spent to upgrade the Operational Data Store for added smart meter functionality, with no additional smart meter costs allocated to the customer information system.

At this time, THESL has included incremental operating and maintenance activities for smart meter support with the core business meter maintenance costs.

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

QUESTION 1:

Reference(s): R1-T2-S1 (AMPCO Interrogatory #1)

With the response, THESL provided an organizational chart showing 12 executive level positions and incumbents.

At reference C2-1-2, Appendix A, 10 executive positions are shown in the 2011 Test Year.

Please explain the forecasted decrease from 12 to 10 executive positions in 2011.

RESPONSE:

Organizational chart provided in Exhibit R1, Tab 2, Schedule 1 included two executives that are employees of THC organization.

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

QUESTION 2:

Reference(s): R1-T2-S9 (AMPCO Interrogatory #9)

The response indicates that Mercer Human Resources completed an external benchmarking study for THESL in May 2007.

Please provide a copy of this study.

RESPONSE:

A copy of the Mercer Human Resource study is provided as Appendix A to this Schedule.

Toronto Hydro-Electric System Limited
EB-2010-0142
Exhibit S1
Tab 2
Schedule 2
Appendix A
Filed: 2011 Jan 24
(32 pages)

31 May 2007

Compensation and Benefits Competitiveness
Toronto Hydro Corporation

MERCER
Human Resource Consulting

Contents

Appendices

1

Introduction & Overview

Mercer Human Resource Consulting ("Mercer") has been engaged by the Management of Toronto Hydro Corporation ("Toronto Hydro") to complete a broad-based market pay review for positions within the Corporation. The purpose of this review is to assess the competitiveness of Toronto Hydro's compensation and benefits programs. In order to provide a comprehensive report, we have referenced market data and comparisons from other non-Mercer compensation and benefit studies completed over the past two years, as described throughout this report.

To complete its review, Mercer assessed the competitiveness of Toronto Hydro's current compensation programs. This review included an analysis of base salaries, bonus levels, benefits, and pension arrangements for bargaining and non-bargaining employees in all levels and major job families of Toronto Hydro.

This compensation study employed standard market analysis methodologies used by Mercer in conducting similar reviews for other organizations. Mercer's analysis relied upon current incumbent compensation data provided to Mercer by Toronto Hydro. The competitiveness of current practices included comparisons to a variety of external market sources including proprietary Mercer compensation surveys, market survey data provided to Toronto Hydro by HayGroup, published data on collective bargaining agreements and other data sources available to Toronto Hydro.

In addition to the compensation competitiveness benchmarking, Mercer also reviewed the Company's compensation philosophy. Over the past two years, Toronto Hydro has made a considerable change in its approach to compensation for management and professional employees, moving towards a market competitive pay for performance compensation model. While Mercer has not reviewed the effectiveness of the performance-based compensation philosophy, we can observe that these programs are consistent with market best practice.

Introduction & Overview (cont'd)

Section 2 of this report describes our general analysis methodology; the findings of our analysis are reported in sections 3, 4 and 5 of this report.

Summary Conclusions

Toronto Hydro's pay policy provides its non-bargaining unit employees with base salaries, annual performance pay (bonuses), and benefits including OMERS pension plan.

As is typical with market compensation reviews, market comparators for the non-bargaining unit compensation levels were selected based on a sample of national organizations with revenues comparable to Toronto Hydro. In order to facilitate a comparison to the non-utility sector, we have excluded flow-through revenues (i.e., the cost of electricity) from the revenue scoping to provide a comparison on a similar value-add basis. By doing so, the review excluded large companies whose compensation levels would have been significantly higher than those at the companies used in this review.

Overall, we note that Toronto Hydro's compensation and benefits plans are appropriately competitive; however, as outlined throughout this report, the competitive positioning relative to the market benchmarks varies by level within the organization. Due to upward pay pressures and legacy pay issues from the bargaining group, supervisory pay levels exceed market median levels. The management and professional levels appear to be positioned competitively against both the national and utilities markets. At the senior executive level, base salary and annual bonus levels fall below market median levels; when compared to total compensation levels, the lack of long-term incentives further positions Toronto Hydro pay levels below market median.

Toronto Hydro's pay policy structure is consistent and aligned with market. Incumbent pay levels within the structure are varied, which would be considered consistent with a pay for performance delivery model.

To compare Toronto Hydro's benefits offerings to market competitive levels, we referenced data from national industrial organizations, Ontario and national utilities and collective agreements. From the analysis, we determined that Toronto Hydro's benefits offerings are competitive with market practice.

Toronto Hydro employees participate in the OMERS pension plan. While this plan is consistent across all Ontario municipal utilities, we have compared its competitiveness to offerings from other municipal utilities located outside of Ontario.

Toronto Hydro's compensation policies and practices are appropriately competitive and well administered. The introduction of a pay for performance model has further aligned Toronto Hydro's compensation policy with corporate performance, and has moved the Company's policy closer to market competitive practice.

2

Market Analysis Methodology

This section outlines the methodology used to benchmark the competitiveness of Toronto Hydro's pay policy. For this review, we have benchmarked actual compensation, benefits and pension levels within the Bargaining Unit, the Society of Energy Professionals, and the Executive, Management and Professional employees of Toronto Hydro. Unless otherwise noted, the market compensation data was effective as of April 1st, 2006.

Mercer's methodology used for benchmarking cash compensation varies from that used to benchmark benefits and pensions. Cash compensation levels tend to be aligned with the scope and complexity of the individual position and, as such to the extent possible we have analyzed market data specific to the individual position. Benefit and pension programs tend to be common to all participants within a defined group and, as such the comparison to market is done on a plan or aggregate basis.

The goal of any competitiveness review is to map a reasonable sample of Toronto Hydro's positions to an appropriate competitive data source(s) and document the relative positioning and any misalignments. To accomplish this, Mercer considered a variety of data sources and made best efforts to map as many positions as practical to the market. To this end, Mercer compared approximately 65% of the executive, management and professional employees within Toronto Hydro to market sources.

Compensation for the bargaining group positions were benchmarked separately against collective agreements from national utilities. This analysis compared 12 key positions representing 47% of the Toronto Hydro's bargaining unit population to market sources.

Mercer notes that all of the survey sources used in this analysis were based on Canadian data only. We did not reference the US market as this would be beyond the scope of a typical market review; furthermore, we note that the US market typically exhibits different pay structures and practices than the Canadian market.

Market Analysis Methodology (cont'd)

Benchmark Summary

The following table highlights the various comparators/data sources used to benchmark Toronto Hydro's compensation programs.

Compensation Component	Data Source			
	Broad National Market	*Ontario Utilities*	*National Utilities*	*Collective Agreements*
Cash Compensation				
Executive/Management/Professional	✓		✓	
Bargaining Unit		✓		✓
Benefits				
Executive/Management/Professional	✓	✓		
Bargaining Unit		✓	✓	✓
Pension				
Executive/Management/Professional		✓	✓	
Bargaining Unit		✓	✓	

Cash Compensation

The following table provides an overview of the sample coverage used to conduct the cash compensation market benchmarking analysis:

Level		# Incumbents Per Level	# of Unique Positions Matched	# of Matches *(incumbents)*	% of Level Matched
Bargaining Unit Total		**1200**	**12**	**565**	**47%**
Administrative	A2 - B3	38	12	32	84%
Supervisory / Professional	CP1 - CP3	108	25	74	69%
	C1 - C3	108	23	57	53%
	DP1	17	3	14	82%
Management	D2	21	11	11	52%
	D3	18	7	7	39%
Executive	E1	5	5	5	100%
	E2	9	8	8	89%
	E3	2	2	2	100%
	F1	1	1	1	100%
	F2	1	1	1	100%
Non-Bargaining Total		**328**	**98**	**212**	**65%**

Market Analysis Methodology (cont'd)

Cash Compensation (cont'd)

It is Mercer's opinion that the samples outlined in the table on the preceding page are appropriate to assess the overall pay practices for employees and are generally representative of all major job specialties and organization levels within Toronto Hydro.

Non-Bargaining Unit

Cash compensation surveys are conducted annually by Mercer and other firms to provide data on a wide range of compensation practices in the market. The most typical methodology asks participating organizations to match their jobs to established benchmark job descriptions in the survey. Once a reasonable match has been identified, the participating organization then submits the current compensation levels (base salary, job rate, bonus award, target bonus, etc.) for all incumbents in the respective jobs.

In addition to compensation data, companies also provide specific organizational characteristics to enable Mercer to segment the survey results in order to create data samples that are relevant to the scope and complexity of the company being analyzed (i.e., Toronto Hydro). Typically, the data is segmented by industry when there is an adequate sample size, and by organization size, usually measured by revenue.

To provide an objective analysis, several data sources are often used to provide independent views of the market. We note, however, that these data sources represent different samples and methodologies so simple aggregation of the results is generally not appropriate.

When analyzing companies, the typical market practice is to consider companies that are one-half to two times the revenue of the target company (i.e., Toronto Hydro) – this range is generally considered an appropriate estimate of the scope and complexity of the organization. For purposes of this analysis, Mercer has reduced the overall revenue of Toronto Hydro for comparison purposes by the approximate amount of flow-through revenue. This reduced revenue scope better approximates the value-added of the business, and provides a conservative view of the pay market. For some positions that have accountability for total revenue, however, we do note that this reduced revenue range may understate the scope, i.e., finance, treasury positions.

For purposes of this analysis, non-bargaining group positions were compared to two data sources: i) National organizations with revenues between $250 million and $1.2 billion; and, ii) a sample of utility sector organizations from HayGroup. While we note that the competitive market for the majority of non-bargaining positions covered by this review is the national revenue scope, we have provided pay data for the Utilities sector to provide further context. To compare against the Utility sector, 12 benchmark positions were selected and compared (based on job content) against the 2006 Hay Utility Sector Compensation Survey, provided by HayGroup.

Market Analysis Methodology (cont'd)

Cash Compensation (cont'd)

Bargaining Unit

Bargaining Unit comparative data is provided from current collective agreements from organizations typically utilized as the basis for comparison at Toronto Hydro – these organizations are surveyed regularly by Toronto Hydro to capture the market data for specific positions within the bargaining group. These data include organizations where agreements have been recently ratified as well as contracts where new negotiations are underway or are expected in the near future. Our comparison includes data on 12 positions which represent approximately 47% of the bargaining unit work force; these positions are typical of benchmarks used within the industry to assess pay competitiveness.

Benefits

Benefit programs tend to be common to all employees in a participating group but the cost and value of the benefit to the employee can vary significantly by company and/or employee, depending on such factors as demographics and utilization rates. Furthermore, benefit survey databases are populated independently of cash compensation survey sources, so organizations' samples are not directly comparable to one another on a cost/value basis.

This analysis is intended to assess the reasonableness of overall benefit plan costs. Because specific benefits designs vary from company to company and because the costs of these plans are dependent on each respective company's employee base and utilization, Mercer developed a straw-model design and cost that would be typical of market practice, to facilitate the comparison of Toronto Hydro's specific plan design and costs to the market. Mercer compiled its straw-model design referencing the Mercer Plan Design Database which includes detailed benefit plan descriptions from 326 general industry organizations and 10 organizations from the Utilities sector.

Comparisons for this review included a broad comparison to the general market and a specific comparison to Ontario-based Utilities for executive, management and professional employees as well as bargaining unit employees within Toronto Hydro.

Market Analysis Methodology (cont'd)

Pension

We have been advised that all Ontario local distribution companies ("LDC") are required to participate in the OMERS pension plan. Therefore, the pension benefits provided to the employees of Toronto Hydro are consistent with the pension benefits provided to employees of other Ontario LDCs. Because participation in this plan is mandatory, this analysis focuses on the comparison of the attributes of the OMERS plan to offerings from other Canadian Utilities, as generated through our proprietary Mercer Pension Database. For purposes of this analysis, we have excluded the enhanced benefits provided to police and firefighters under the OMERS plan.

The Mercer Pension Database includes plan design information for Mercer clients, including 14 companies classified as being utilities. The information in this database is not available on a named basis in order to maintain confidentiality of the data.

3

Market Analysis Results – Cash Compensation

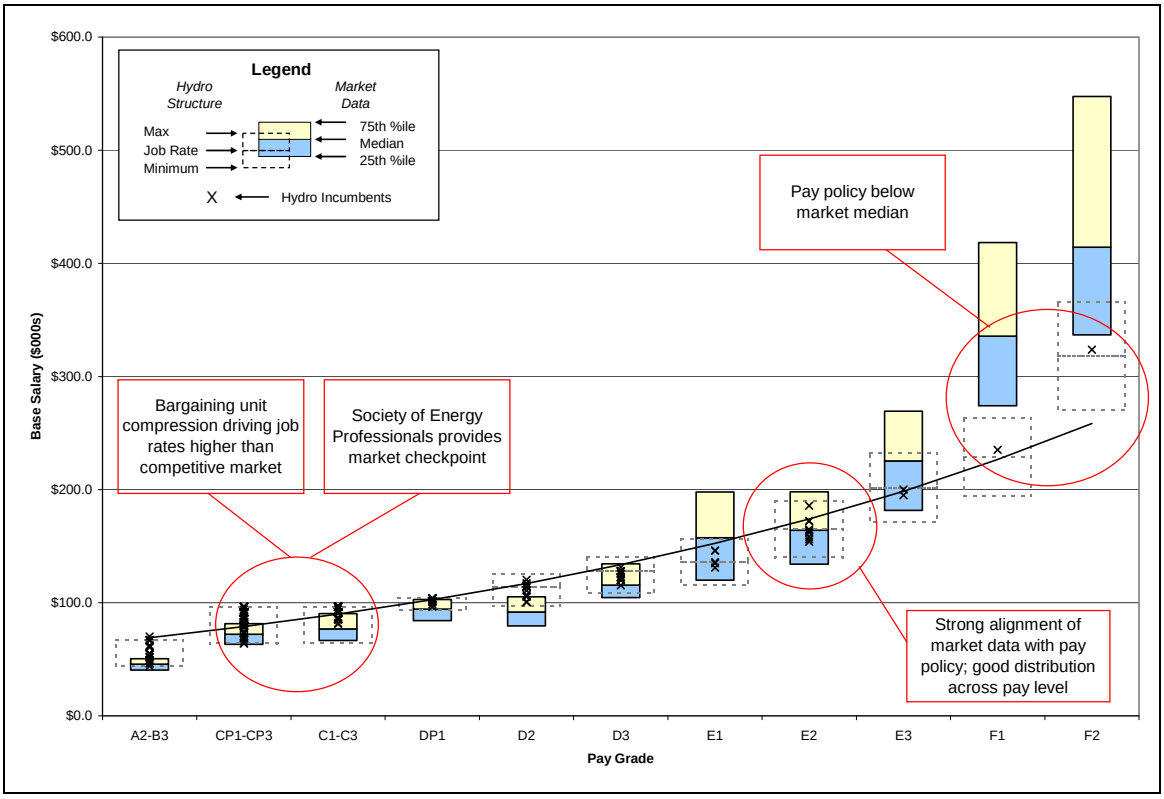
This section outlines the results of the market competitiveness review of Toronto Hydro's cash compensation levels. The charts which follow compare Toronto Hydro's actual market compensation and the pay range applicable to the salary grade for each position to the competitive market.

Market data reflects the range of pay practices for comparable roles. These data highlight the 25th percentile, 50th percentile (i.e., median), and 75th percentile market practices, unless otherwise noted. Specific variances to the market are highlighted on the applicable chart. The survey samples are segmented to reflect Toronto Hydro's size and complexity (i.e., revenue scope) accordingly. Fully competitive pay should approximate (i.e., within +/- 5%) the median of these samples.

Appendix A provides further details on the charts on the following pages, including a description of the components used to describe compensation.

Market Analysis Results – Cash Compensation (cont'd)

Base Salary

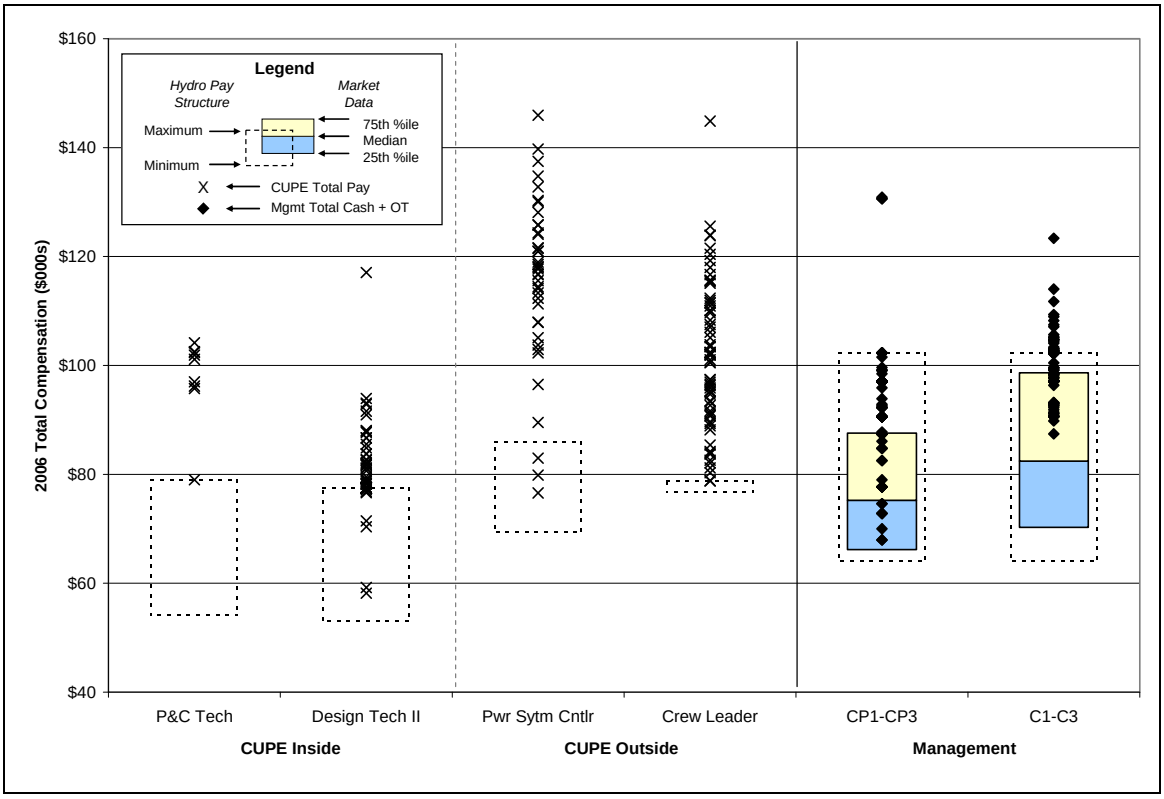


Commentary

- Pay levels at first-level supervisor levels (C-levels) are above market competitive levels due to compression from the bargaining unit – see following page;
- Society of Energy Professionals' compensation is negotiated with comparisons made to other Society roles within the utilities sector. This data becomes an external reference for internal pay equity at the supervisor/professional levels;
- Executive level E2 illustrates competitive and consistent market positioning – pay policy is closely aligned to market competitive data, and incumbents are distributed evenly across the level.
- Pay policy for Senior Executive levels (E3 through F2) falls short of market median levels.

Market Analysis Results – Cash Compensation (cont'd)

Bargaining Unit / Supervisory Compression Issues



Commentary

- The chart above outlines the compression issues facing Toronto Hydro at the supervisory level. 'Compression' describes the pressure placed upon the supervisor pay levels by the high pay opportunity at the senior bargaining unit positions.
  - The CUPE Inside and CUPE Outside positions above reflect the top levels within each bargaining unit, from which Toronto Hydro would typically draw potential supervisory candidates.
  - The data above outlines the regular pay policy for each position (hourly/weekly wage for 52 weeks) outlined by the dashed-line box. Mapped over these pay policy boxes are the total compensation levels, including overtime, for all incumbents within each position.
  - These bargaining unit pay levels are benchmarked against other public sector Collective Bargaining Agreements

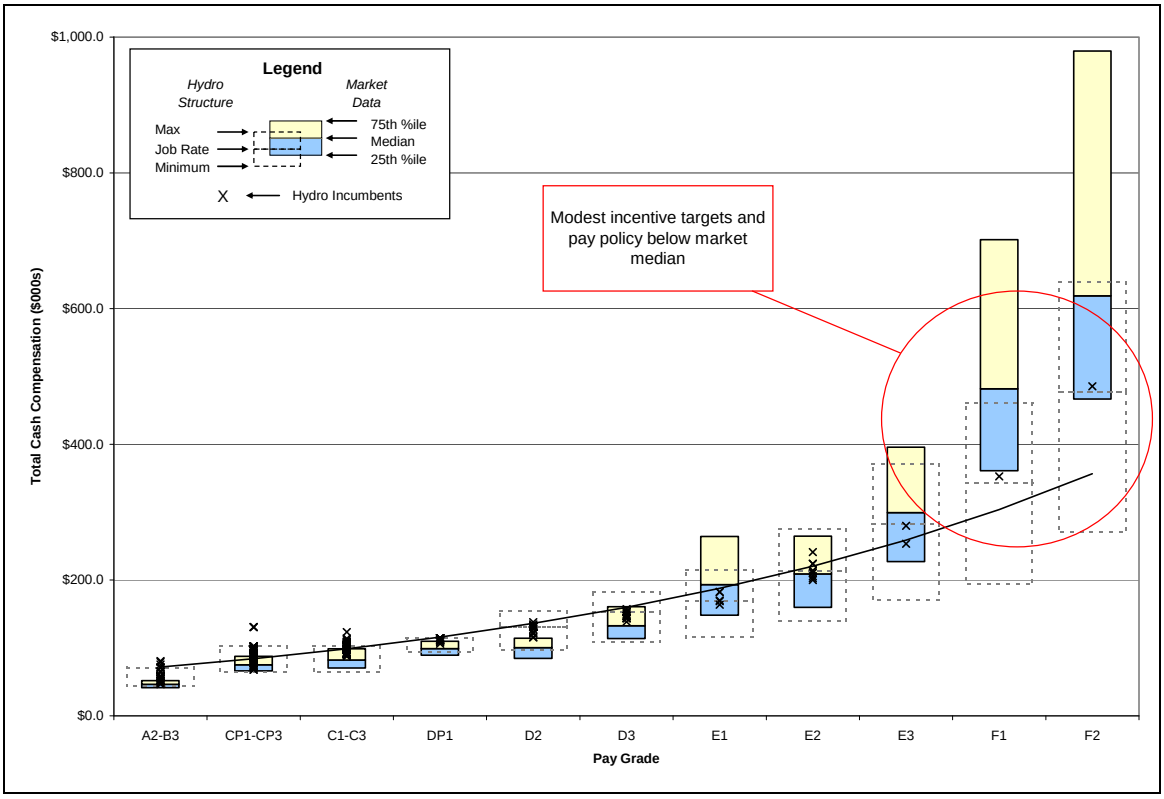
Market Analysis Results – Cash Compensation (cont'd)

Commentary (cont'd)

- The compression from these above-policy pay levels has driven the supervisory compensation to above market levels, as displayed on the Management side of the chart. This outcome is typical of organizations that have both bargaining and non-bargaining employee groups.
- We note that the total cash compensation level at the supervisory level is below the total cash levels of the CUPE outside and comparable to those of CUPE Inside.

Market Analysis Results – Cash Compensation (cont'd)

Total Cash Compensation

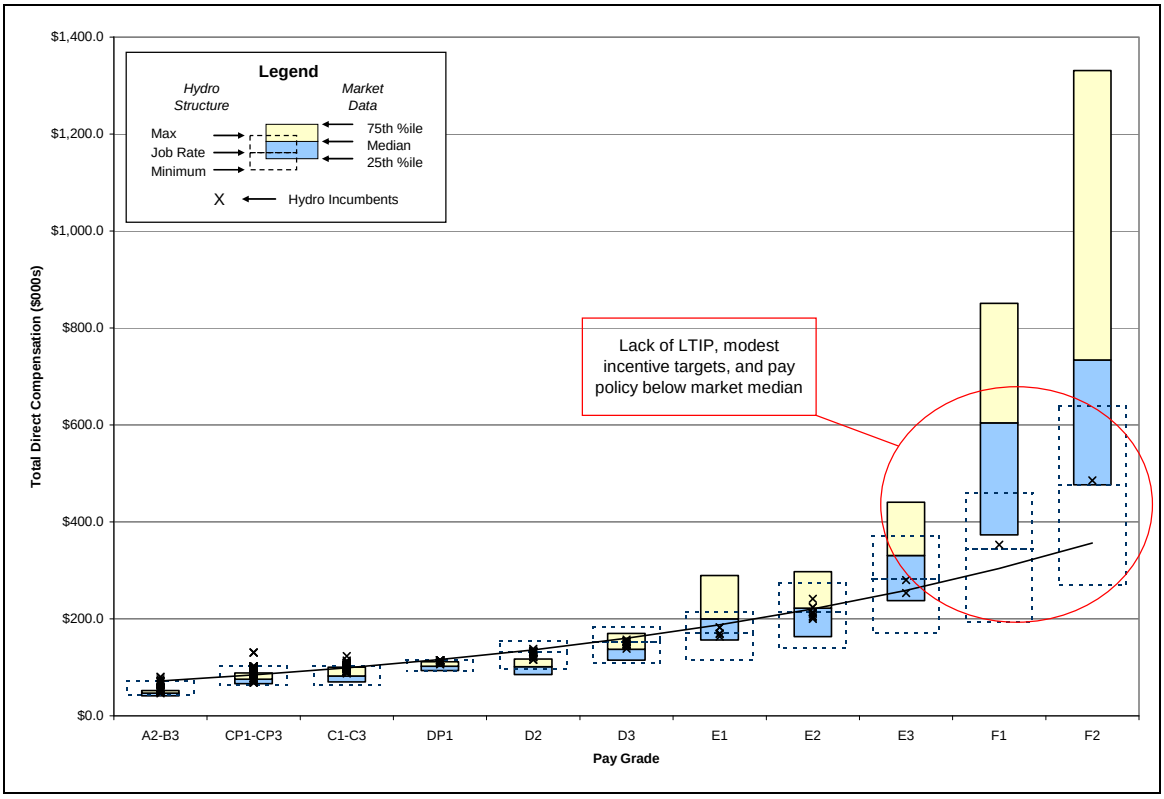


Commentary

- Total Cash Compensation = Base Salary + Actual Bonus
- The competitiveness of total cash compensation is impacted by both the competitiveness of base salary levels as well as the size of annual bonus awards.
- As noted, base salaries are more competitive at the professional/supervisory levels; as a result, overall total cash compensation continues to be above market.
- At the management level, overall total cash compensation is competitive with market.
- At the senior executive level, both base salary and annual bonus awards are below competitive levels.
- Although there is a shortfall at the senior-most executive levels, the introduction of the variable pay policy better aligns Toronto Hydro's pay with corporate performance.
  - Pay for performance was extended to supervisors and professionals in 2007.
- Bonus programs are found in over 90% of broad industrial organizations in Mercer's database. While bonus compensation is less common in the public sector, we note that the use of bonuses is becoming increasingly prevalent in the utilities sector.

Market Analysis Results – Cash Compensation (cont'd)

Total Direct Compensation

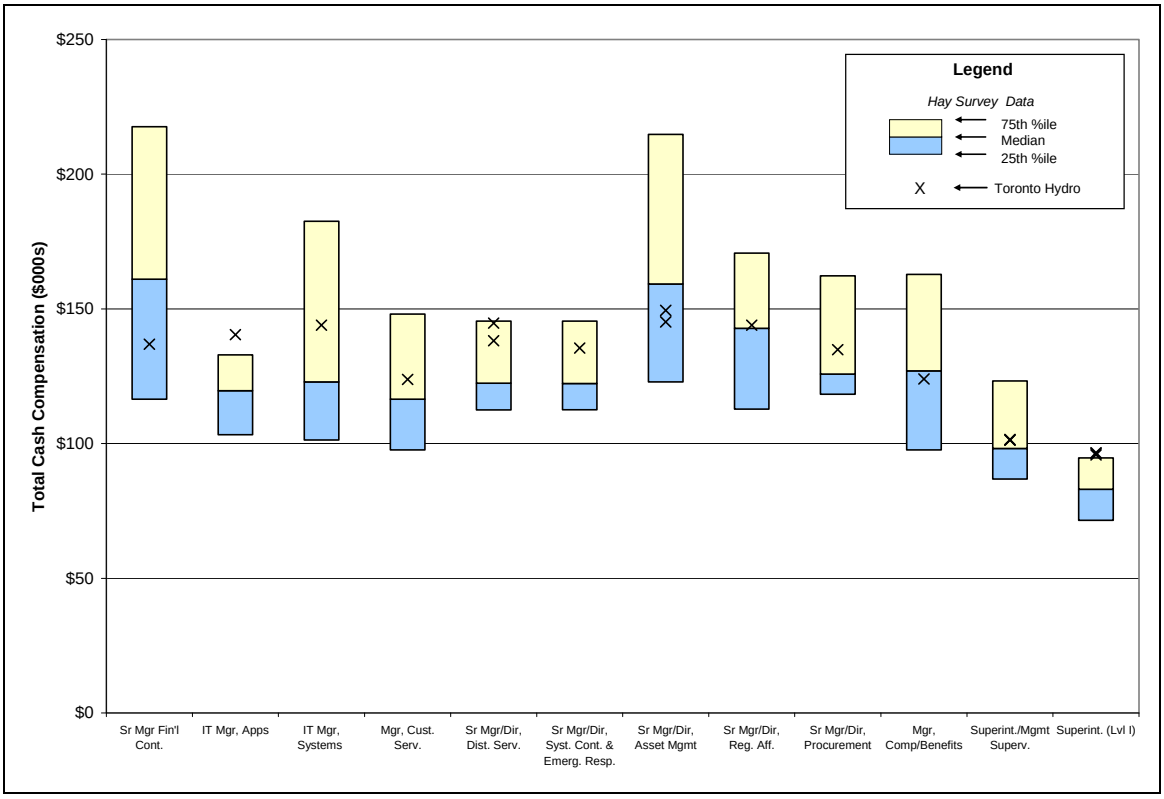


Commentary

- Total Direct Compensation = Base salary + Actual Bonus + Long-Term Incentives
- At the total direct compensation level (base salary plus all incentives), the pay gaps are increased due to the lack of a long-term incentive plan ("LTIP").
- For private sector companies, LTIPs are typical market practice at the executive level, and can represent a significant proportion of total direct compensation (e.g. 50%).

Market Analysis Results – Cash Compensation (cont'd)

Comparison vs. Utility Market Data

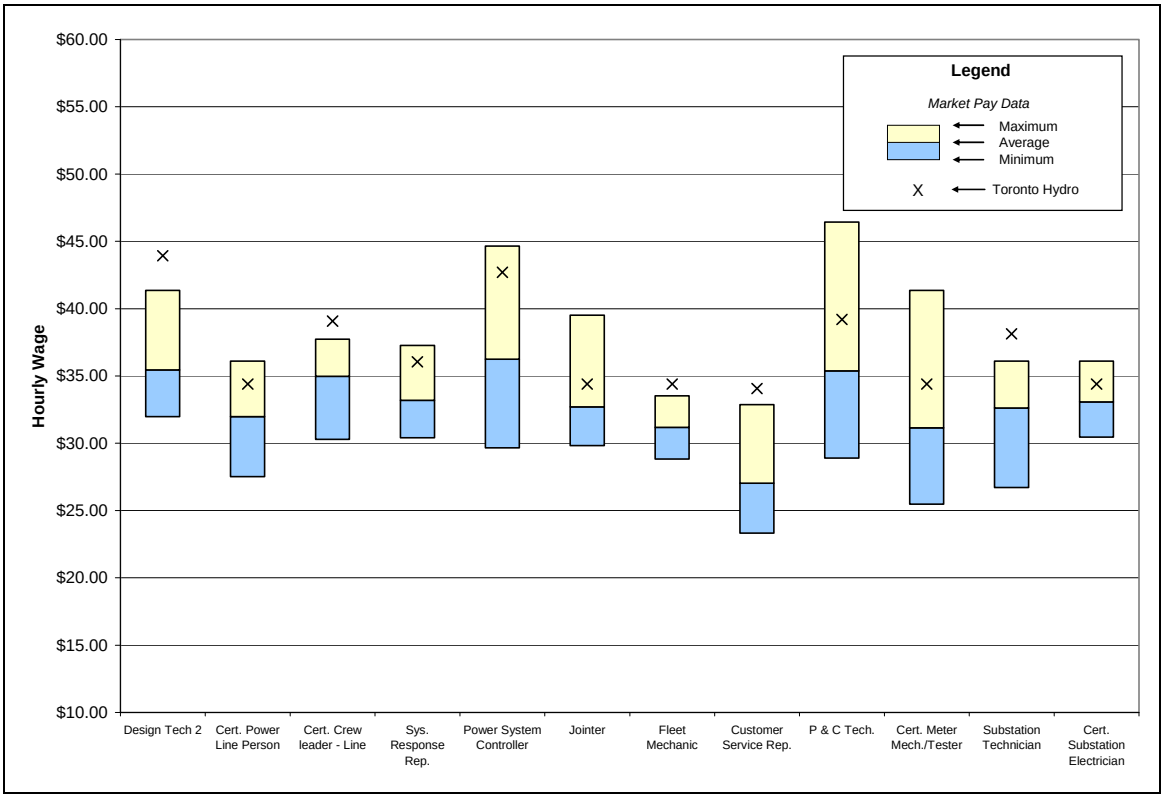


Commentary

- 12 management benchmark positions were compared to a survey of utilities sector compensation practices for organizations throughout Canada. This data was provided to Mercer by HayGroup.
- Generally Toronto Hydro total cash compensation levels are positioned competitively against the utilities sector.

Market Analysis Results – Cash Compensation (cont'd)

Comparison vs. CUPE Bargaining Agreements



Commentary

- For positions at this level, this market comparison is not adjusted for the size and complexity of individual jobs. Variance against the market is a function of collective bargaining and differences in the scope and complexity of Toronto Hydro jobs versus those in other bargaining groups. In addition, this analysis does not consider the impact of cost of living differentials.
- 12 benchmark positions were compared against similar positions within other utilities, based on pay levels determined through collective bargaining agreements.
- The sample of organizations (detailed in Appendix A) includes 14 utilities with CUPE bargaining units across Canada, and reflects a reasonable basis from which to compare the competitiveness of Toronto Hydro's pay levels.
- The positions chosen are those that are typically used in collective bargaining negotiations and reflect a robust sample of the bargaining unit positions within Toronto Hydro.
- Toronto Hydro pays above market average in all cases, and in 5 of the 12 positions, pays at the top of the market.

4

Market Analysis Results – Benefits

This section outlines the results of the market competitiveness review of Toronto Hydro's benefits, including tables outlining benefits costs as a percentage of payroll. Appendix B provides a detailed description of the assumptions and the methodology used to analyze the benefits data.

General Salaried Plans

The following table outlines the cost as a percentage of payroll of the Toronto Hydro benefit plans, segmented by Executive & Senior Management, Management & Professional, and Professional Engineers, as compared to the benchmark of general salaried plans.

	% of Payroll*		
	Toronto Hydro	Salaried Benchmark	Difference
Exec. & Sr. Mgmt	4.8%	4.2%	0.6%
Mgmt & Professional	6.6%	6.0%	0.6%
Engineers	6.1%	5.7%	0.4%

* Percentages rounded

The Toronto Hydro plans are slightly above market relative to general salaried plans.

Utility Market

The following table outlines the cost as a percentage of payroll of the Toronto Hydro benefit plans, segmented by Executive & Senior Management, Management & Professional, and Professional Engineers, as compared to the benchmark of plans for Ontario-based utilities.

Market Analysis Results – Benefits (cont'd)

Utility Market (cont'd)

	% of Payroll*		
	Toronto Hydro	Utilities Benchmark	Difference
Exec. & Sr. Mgmt	4.8%	4.2%	0.6%
Mgmt & Professional	6.6%	6.1%	0.5%
Engineers	6.1%	5.8%	0.3%

* Percentages rounded

The plans for employers in the utilities market are marginally more competitive than the most prevalent plan in the comparator sample.

Collectively Bargained Plans

The following table outlines the cost, as a percentage of payroll, of the Toronto Hydro bargaining benefit plan, as compared to the plans for bargaining unit employees for 12 utilities located across Canada.

	% of Payroll*		
	Toronto Hydro	Utilities Benchmark	Difference
Bargaining Unit	8.3%	8.1%	0.2%

* Percentages rounded

When reviewed against the comparator market, the overall plan offered to bargaining unit employees is slightly more competitive than the most prevalent plan in the comparator market.

Commentary

The actual cost of delivering benefits varies based not only on the plan design, but on the characteristics of the covered employee population, actual claims experience under each benefit plan, and administration fees charged by the benefits providers. For this reason, it is not practical to benchmark one employer's benefit cost to an actual average cost of a particular market comparator.

Market Analysis Results – Benefits (cont'd)

Commentary (cont'd)

Based on the analysis of the most prevalent plan provisions in the defined comparator groups, an estimated market variance was calculated and was applied to Toronto Hydro's cost profile. Given that the maximum calculated variance ranges from 0.3% to 0.6% of an estimated non-bargaining payroll of $33.5 million, we conclude that the Toronto Hydro plans for management and professional employees, while more competitive than those provided in the comparator market, are consistent with the range of benefits provided in comparator markets, and fall within a band typical of minor design differences. The total cost of benefits provided expressed as a percentage of payroll is reasonable.

Similarly, the plan for bargaining unit employees, while slightly more generous than the most prevalent in the comparator group, is consistent with the range of benefits provided in the comparator market, with a variance of 0.2% of an estimated payroll of $80.4 million.

5

Market Analysis Results – Pension

It is our understanding that all LDCs are required to participate in the OMERS retirement plan. Therefore, the pension benefits provided to the employees of Toronto Hydro are consistent with the pension benefits provided to employees of other Ontario LDCs.

Each of the main provisions of the OMERS plan, with the exception of the employee contributions and the average earnings period, would be considered market competitive or above market when viewed on a stand-alone basis. When taken in aggregate, we expect that the provisions of the OMERS plan would be considered above market due to the fact that often market plans include a mix of provisions with some above market and some below market characteristics. While on a provisions basis the OMERS plan may seem above market competitive levels, this generosity should be taken into account considering the higher than market contribution rate that employees are required to contribute towards this larger benefit. **Considering the characteristics of the OMERS plan and the employee contribution levels, we consider this plan to be at or slightly above market competitive plans for utility organizations included in the Mercer Pension Database.**

Examples of provisions under the OMERS that are above market include the following:

- Unreduced 66.67% survivor benefit for married members. While practice is mixed with respect to the survivor benefit provided for married members, the 66.67% benefit is at the top-end of the market with some companies providing a 50% benefit and other providing a 60% benefit. A 66.67% survivor benefit is the maximum survivor benefit permitted under the Income Tax Act (without a reduction to the pension). In addition, we expect that the provision of child pension under the OMERS plan would be considered generous when compared with other utility companies.
- Provision of a bridge benefit for members who retire prior to their normal retirement date. Less than half of the utility companies in our database provide a bridge benefit.

Market Analysis Results – Pension (cont'd)

- Cost of living adjustments of 100% of CPI both prior to retirement and after retirement (capped at 6% with a carry forward provision). Approximately 2/3rds of the utility companies in our database provide automatic post-retirement indexing, with many of the remaining 1/3rd providing ad-hoc adjustments. On average, indexing is less than inflation for many of the plans that provide automatic indexing.

The tables below include a detailed comparison of the main provisions of the OMERS plan to the provisions for the utility companies in the Mercer Pension Database. As mentioned previously, all comparisons are made without taking into consideration the OMERS provisions that apply to the police and firefighters.

OMERS(1)	Market Commentary
▪ Benefit accrual rate (prior to integration with government benefits): – 2% of final average earnings for each year of pensionable service (contributory benefit)	▪ 9 of the 14 comparator companies provide a contributory final average pension plan with an accrual rate of the same 2% of average earnings ▪ 2 of the 14 comparator companies provide a non-contributory final average pension plan with an accrual rate of less than 2% of average earnings ▪ 3 of the 14 comparator companies provide a hybrid defined benefit / defined contribution pension plan where a comparable accrual rate cannot be calculated from the available data **The benefit accrual rate is consistent with the comparator industry for contributory defined benefit pension plans**
▪ Employee Contributions – Employees contribute 6.5% of earnings up to the YMPE and 9.6% of earnings in excess of the YMPE	▪ Among the 9 contributory pension plans, all have employee contributions that are less than OMERS. **The employee contribution rate is higher than the comparator companies**
▪ Average earnings are based on: – highest five consecutive years	▪ 8 of the 14 companies use a three year averaging period ▪ 6 of the 14 companies use a five year averaging period **The current average earnings period of 5 years is at the lower end of the comparator industry**
▪ Pensionable earnings – includes all T4 earnings excluding overtime and some one-time lump sum payments	▪ 10 of the 14 companies include only base salary ▪ 4 of the 14 companies include base salary and at least some portion of bonus

(1) Excludes enhanced benefits provided to police and firefighters

Market Analysis Results – Pension (cont'd)

OMERS[1]	Market Commentary
▪ The normal form of pension is: – a lifetime pension with 66.67% of the pension continuing for the lifetime of the spouse, plus 10% for each dependent child (up to a maximum of 100%). – If member does not have a spouse when he/she dies, 66.67% of the pension continues to the eligible children for as long as they are eligible	▪ 3 of the 14 companies provide a 50% survivor pension to a spouse ▪ 5 of the 14 companies provide a 60% survivor pension to a spouse ▪ 3 of the 14 companies provide a 66.67% survivor pension to a spouse (OMERS category) ▪ survivor benefits cannot be determined for 3 of the 14 companies from the data available ▪ No information is available on the provision of child pension for the comparator companies **The unreduced 66.67% survivor pension at OMERS is at the top end of common practice and is equal to the maximum percentage permitted under the Income Tax Act. Although specific data on child pension is not available, the provision of child pension at OMERS is expected to be at the high end of the range.**
▪ There are no early retirement reductions for benefits commencing after 30 years of service or after 90 points, but members have to be at least age 55 (i.e. 10 years within normal retirement age). ▪ Otherwise, 5% per annum early retirement reductions from the earliest of age 65, 30 years of service and 90 points	▪ 12 of the 14 companies allow an unreduced pension to members with at least 90 points (three of these companies also require members to be at least 55 and two also require members to be at least 60) ▪ 12 of the 14 companies provide an early retirement reduction factor of 5% or less if conditions for unreduced pension are not met **The unreduced early retirement provisions at OMERS are in line with (to slightly above) the typical practice at the comparator companies.**
▪ Bridge benefits – 0.675% of average earnings (up to the average YMPE) payable to age 65	▪ 5 of the 14 companies provide bridge benefits to members who retire early ▪ Level of bridge benefits cannot be determined from the available data **Providing a bridge benefit puts OMERS at the higher end of the comparator companies.**

(1) Excludes enhanced benefits provided to police and firefighters

Market Analysis Results – Pension (cont'd)

OMERS[1]	Market Commentary
▪ Indexing – Guaranteed - 100% of CPI with a maximum rate of 6%. Excess of CPI over 6% is carried forward and applied in future years	▪ 8 of the 14 companies provide guaranteed post-retirement indexing ▪ 4 of the 14 companies have provided at least one ad-hoc post-retirement increase in the past five years ▪ 2 of the 14 companies do not index benefits ▪ of the 8 companies that provide guarantee post-retirement indexing – 2 provide indexing between 50% and 60% of CPI – 1 provides indexing between 60% and 75% of CPI – 1 provides indexing at 100% of CPI in excess of 3% – 4 provide indexing at 100% of CPI **Indexing at 100% of CPI and the carry forward provision for indexing put OMERS at the top end of the comparator companies. Based on inflation of 2% per annum, the average indexation for plans that provide automatic indexing (or target ad-hoc indexing), is 1.58%. This increase compares with 2.0% in the OMERS. Currently, low inflation is limiting the cost of indexing at 100% of CPI. However, the OMERS is subject to a larger risk and cost when inflation increases.**

(1) Excludes enhanced benefits provided to police and firefighters

Appendix A

Pay Competitiveness Analysis

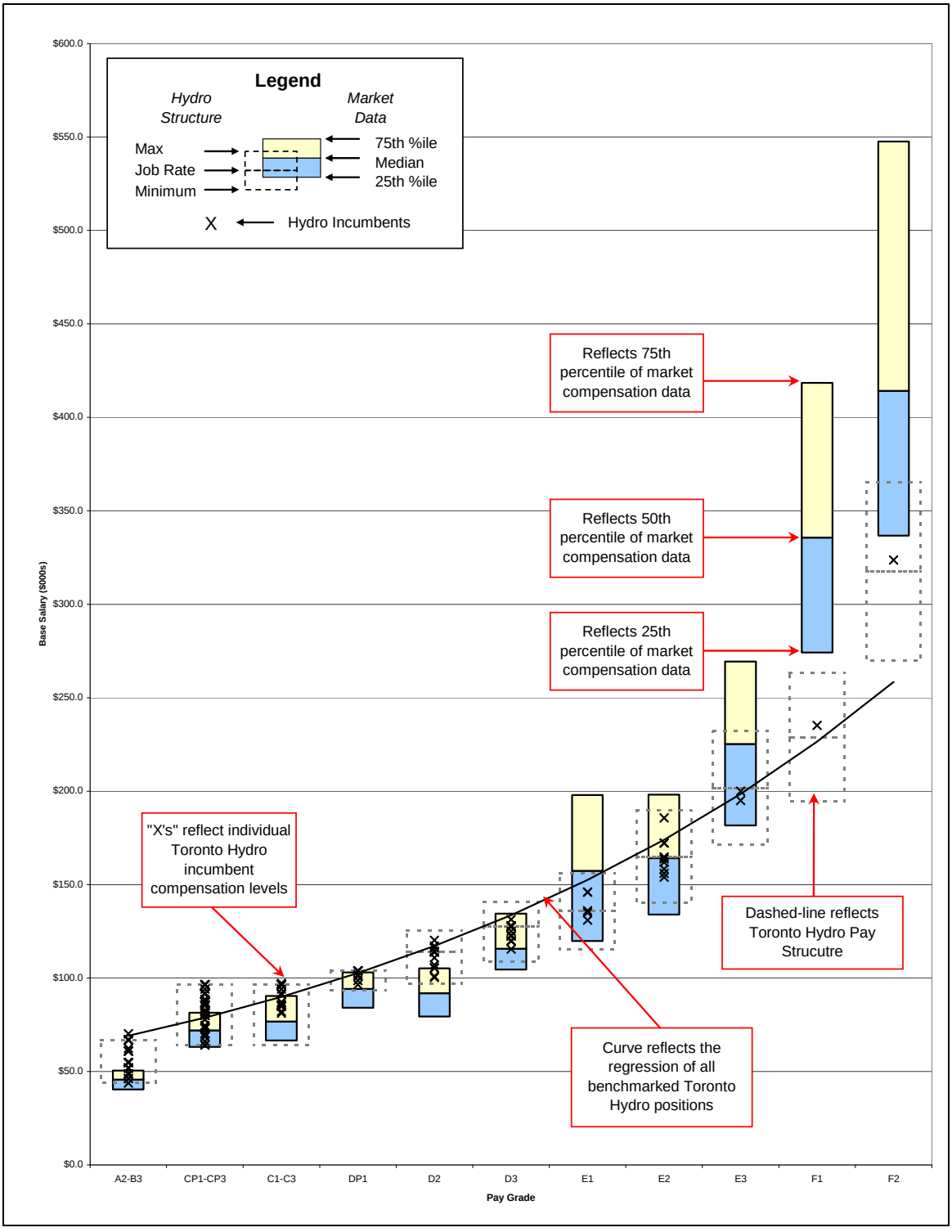
This section provides larger and more descriptive versions of the pay competitiveness charts displayed in section 3. In addition, we have also provided the list of organizations that the bargaining unit pay levels were benchmarked to.

The table below outlines the description of the various positions included in the analysis on the following pages:

Level	Description
A2 – B3	Administrative, Analysts
CP1 – CP3	Professional, Consultant
C1 – C3	Supervisors
DP1	Project Leaders, Team Leaders, Senior Consultants
D2	Managers
D3	Senior Managers, Directors
E1	Vice President
E2	Senior Vice Presidents
E3	Chief Financial Officer, Chief Operating Officer
F1	President THESL
F2	Chief Executive Officer

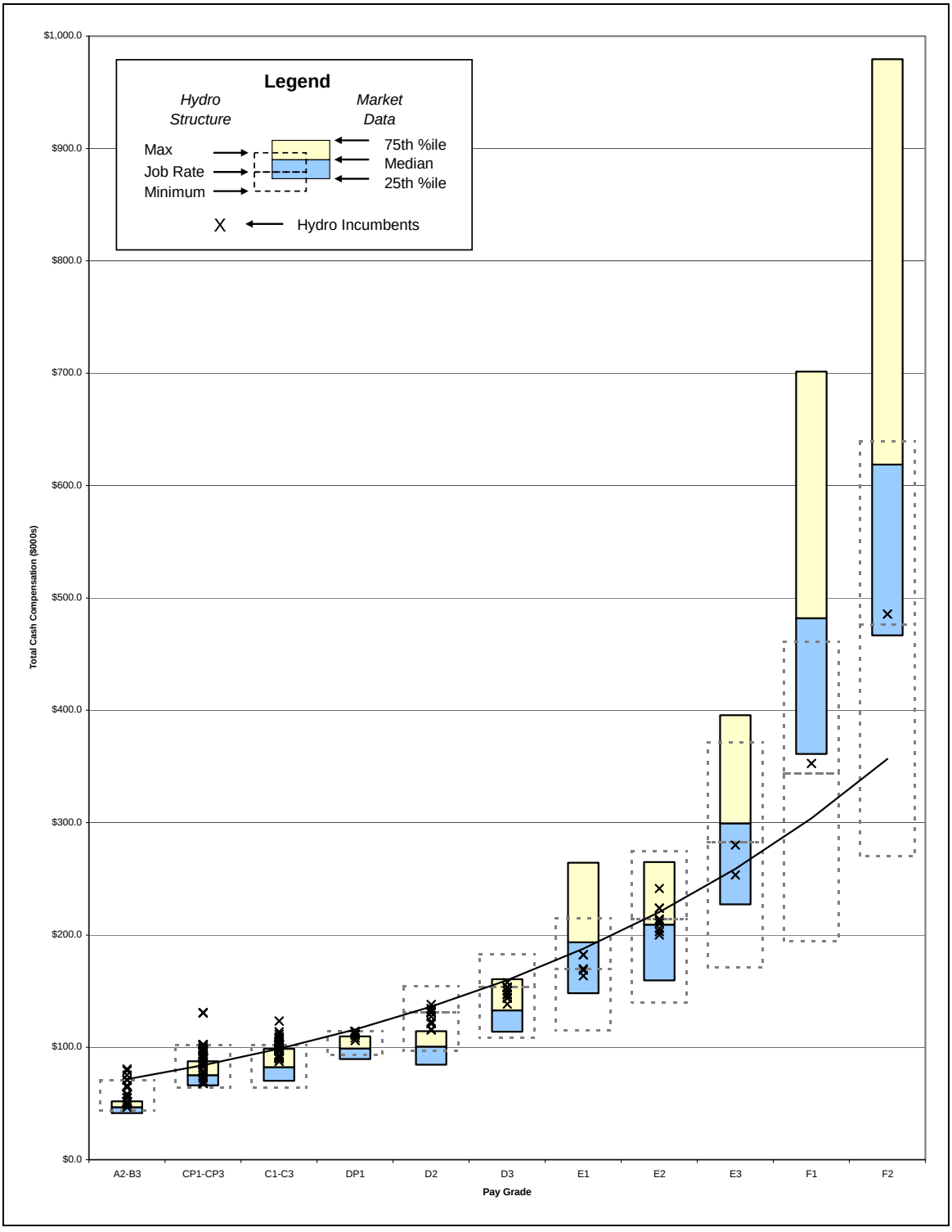
Pay Competitiveness Analysis (cont'd)

Base Salary *(with Graph Descriptions)*



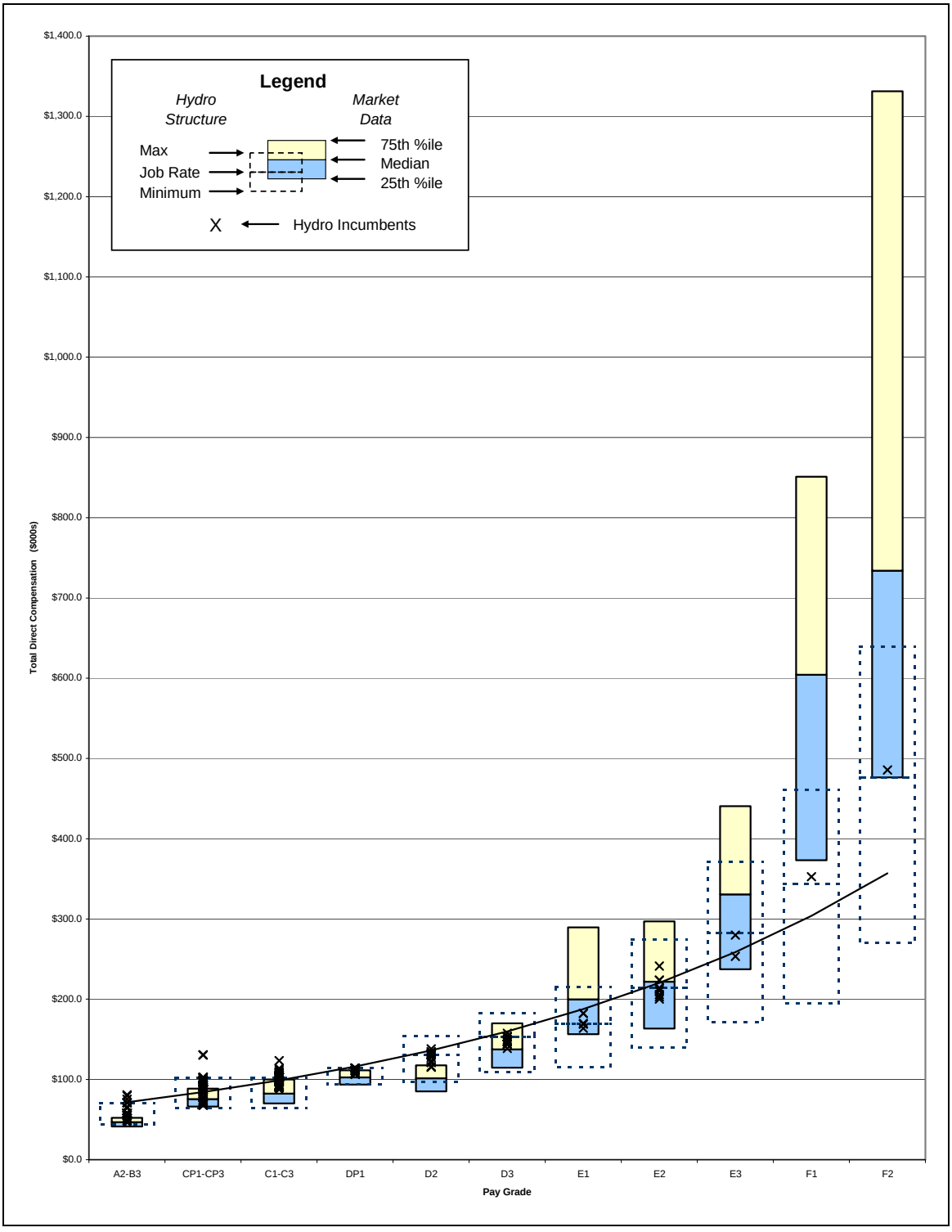
Pay Competitiveness Analysis (cont'd)

Total Cash Compensation



Pay Competitiveness Analysis (cont'd)

Total Direct Compensation



Pay Competitiveness Analysis (cont'd)

Bargaining Unit Comparators

The following organizations were used to benchmark the bargaining unit wages for 12 key positions:

Brampton (Hydro One)
Enbridge Gas Distribution
Enersource Corporation (Mississauga)
Enmax Corporation (Calgary)
Oshawa PUC
Veridian
Hydro One
Manitoba Hydro
Fortis
BC Hydro
New Brunswick Power
London Power
Horizon Utilities Corporation (Hamilton)
Hydro Ottawa

Appendix B

Benefits Assumptions and Methodology

Benefits Assumptions and Methodology (cont'd)

Data and Assumptions

Toronto Hydro benefit costs were calculated based on premium rates and deposits effective January 1, 2007. Payroll data and the number of employees were derived from data provided by Toronto Hydro. Annual earnings for Inside Bargaining Unit employees were based on weekly earnings multiplied by 52. For Outside Bargaining Unit employees, annual earnings were based on the hourly rates times 2080 hours per year.

To provide an appropriate context to benchmark Toronto Hydro's benefits, Mercer looked at different comparator groups as described below. The management and professional group's plans were compared to both general salaried plans, predominantly for Ontario employers, as well as utilities based in Ontario. Where slightly different plan provisions exist for Executives and Senior Management, and members of the Society of Energy Professionals, these differences were not taken into account since the number of employees covered under these plans and the plan differences are not material in the scope of this review. More material plan differences, such as higher life insurance coverage and health care spending accounts were taken into account.

Collectively bargained plans were compared to plans in place for bargaining unit employees in other utilities located across Canada.

General Salaried Plans

Our analysis was based on comparing the major benefit plan provisions for the Management and Professional benefit plans to the most prevalent plan provisions in the Mercer Benefits Database for general salaried plans. There are 772 salaried plans in the benchmark group.

Utility Market

While we note that the competitive market for the majority of positions covered by this review is the broad industrial marketplace, benefits are often differentiated based on industry sector. Therefore we benchmarked the management and professional benefit plans against Ontario based organizations in the utilities sector to provide further context to the competitive position of the benefit plans. There are 13 salaried plans in this benchmark group.

Collectively Bargained Plans

Toronto Hydro has two Collective Agreements with CUPE Local No. 1 representing Inside and Outside employees. We have compared the plans provided to these employees with other collectively bargained plans in place for 12 utilities located across Canada. The bargaining-unit benefit plans play a significant role in driving the plan design for non-bargained employees, with many plan provisions being common across all employee groups at Toronto Hydro.

MERCER
Human Resource Consulting

Mercer Human Resource Consulting Limited
161 Bay Street, PO Box 501
Toronto, Ontario
Canada M5J 2S5
416 868 2000

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

QUESTION 3:

Reference(s): R1-T2-S12 (AMPCO Interrogatory #12)

THESL provided the following Table on unfilled vacancies.

# of Unfilled Vacancies	2008 Actual at Dec 31	2009 Actual at Dec 2009	2010 Actual at Dec 31	2011 Test Projected at Dec 31
Executive				
Managerial				
Management/Non-Union				
Union				
Total				
Total number of employees* *Ref: C2-1-2, Appendix A				

a) The table indicates that taking into account the 89 vacancies, the number of filled positions in 2010 is 1684. Please confirm.

b) Is THESL planning to fill these 89 unfilled vacancies in 2011? If so, how many and by when? If not, why not?

c) Please provide details on how long these positions have been vacant. How many of the positions have been vacant for six months and under? How many positions have been vacant for six months to a year and how many for more than one year any why?

d) In 2011, THESL is proposing to add an additional 171 FTE's. Please provide a breakdown of FTEs by Executive, Managerial, Management/Non-union and Union.

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

RESPONSE:

a) The number of filled positions as of December 31, 2010 is 1657.

# of Unfilled Vacancies	2008 Actual at Dec 31	2009 Actual at Dec 2009	2010 Actual at Dec 31	2011 Test Projected at Dec 31
Executive	0	0	0	
Managerial	6	4	0	
Management/Non-Union	19	8	37	
Union	92	45	75	
Total	117	57	111	
Total number of employees* *Ref: C2-1-2, Appendix A	1546	1574	1657 *Actual	1944

b) THESL is planning to fill the unfilled vacancies in 2011 and expect to fill those vacancies in the first half of the year.

c)

Time Period	# Vacant
Six Months and Under	20
Six Month To A Year	91
More Than A Year	0

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

d)

Category Group	# Vacancies
Executive	-2
Managerial	-1
Management/Non-Union	81
Union	94
Total	171

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

QUESTION 4:

Reference(s): R1-T2-S13 (AMPCO Interrogatory #13)

The response indicates that effective January 1, 2010, 33 employees from THC joined THESL. Did the reorganization include the transfer of unfilled vacancies from THC to THESL? If so, how many?

RESPONSE:

No.

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

QUESTION 5:

Reference(s): R1-T2-S14 (AMPCO Interrogatory #14)

It is unclear to AMPCO from the response how THESL projects a shortfall based on current staffing levels of approximately 320 FTEs in 2011.

Please provide the underlying calculations of the capacity gap between current staffing levels and what is needed to i) deliver the expanded distribution system; and ii) mentor new staff, to arrive at approximately 320 full-time employees.

RESPONSE:

Of the 320 FTEs, approximately 270 are required to deliver the expanded distribution system and 50 are required to mentor new staff.

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

QUESTION 6:

Reference(s): R1-T2-S15 (AMPCO Interrogatory #15)

The response indicates that job harmonization has enabled THESL to replace numerous job classifications with consolidated jobs of greater scope.

a) How many job classifications have been harmonized to date since amalgamation?

b) What job classifications are affected?

c) Are additional job harmonization efforts planned in 2011 and beyond? If yes, please describe.

RESPONSE:

With respect to (a) above, THESL harmonized 532 job classifications into 147 classifications in 1999, and 41 job classifications into ten classifications in 2007-2008.

With respect to (b) above, all job classifications in the Inside and Outside Collective Agreements were affected in the harmonizations undertaken in 1999. The schedules (Appendices A and B) from the Inside and Outside Collective Agreements set out which job classifications have been affected by harmonizations.

With respect to (c) above, to date no additional job harmonization plans have been finalized or agreed to by THESL and CUPE Local One.

Inside Classification Schedule Job Harmonization	
New Classification	**Previous Classification**
Distribution System Technologist (Outside Collective Agreement)	• Protection & Control Technician (Moved to the Outside Collective Agreement)
Engineering Technologist Level 1	• Design Technician 1 • System Performance Technician 1
Engineering Technologist Level 2	• Design Technician 2 • System Performance Technician 2
Supply Chain Specialist	• Buyer • Material Analyst
Construction Inspector (Outside Collective Agreement)	• Underground Construction Field Technician (Moved to the Outside Collective Agreement)

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
Students		
	Clerical	35
	Field	40
	Technical	40
	Senior Technical	40
Printer		
	Blue Printer (T)	35
	Engineering Clerk, Level 5 (S)	35
	Blue Print Machine Operator (NY)	35
Accounting Clerk Level 1		
	Senior Typist (T)	35
	Clerk Grade 2 (T)	35
	Clerk Grade 3 (T)	35
	Level 5, Accounting Clerk (S)	35
Office Clerk		
Toronto	Word Processor Grade 2 (T)	35
	Typist (T)	35
	Senior Typist (T)	35
	Stenographer Grd 2 (T)	35
	Stenographer Grade 3 (T)	35
	Data Entry Clerk Grade 2 (T)	35
	Clerk Grade 1 (T)	35
	Clerk Grade 2 (T)	35
	Clerk Grade 3 (T)	35
	Receptionist/Centrix Operator(T)	35
Scarborough	Level 2, Billing Clerk (S)	35
	Level 4, Clerk Typist (S)	35
	Level 4, Receptionist Clerk (S)	35
	Level 4, Reference Clerk	35
	Level 5, Cashier Clerk (S)	35
	Level 5, Receptionist/Typist	35
	Level 5, Reference Clerk (S)	35
	Level 5, Switchboard Operator (S)	35
	Level 6, Billing Clerk (S)	35
	Level 6, Cashier (S)	35
	Level 6, Data Entry Clerk (S)	35
	Level 6, Senior Mail Clerk	35
North York	Group 1, Office Clerk (NY)	35
	Group 2, Cashier (NY)	35
	Group 2, Office Services Clerk	35
	Group 3, Switchboard Operator	35

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
	Group 4, Clerk Typist	35
East York	Cashier Level 2	35
	E.D.P. Clerk	35
Etobicoke	Grade 3, Office Service Clerk	35
	Grade 4, Cashier (E)	35
	Grade 4, Clerk Receptionist (E)	35
	Grade 5, Clk Typ Cust. Serv. (E)	35
	Grade 5, Energy Mgmt Clerk (E)	35
	Grade 5, Energy Supply Clerk	35
York	Group 3, Cashier (Y)	35
	Group 4, Clerk Typist Engineering (Y)	35
Cable Locate Dispatcher		
Toronto	Dispatch Clerk Grade 2 (T)	40
Station Inspector		
Toronto	Inspector (T)	40
Scarborough	Substation Attendant (S)	40
Engineering Records Technician		
Toronto	Field Technician Grade 1 (T)	35
	Field Technician Grade 2 (T)	35
Scarborough	Level 6, Engineering Clerk (S)	35
North York	Records Operator I (NY)	35
Dispatcher		
Toronto	Dispatch Clerk Grade 3 (T)	40
	Telephone Dispatch (T)	40
North York	Field Services Dispatcher (NY)	40
York	Dispatcher (Y)	40
Garage Clerk		
Toronto	Technical Clerk Garage (T)	40
Lab Assistant		
Toronto	Laboratory Assist. (T)	40

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
Underground Construction Field Technician		
Toronto	Field Tech UG Construction (T)	40
Warehouse Dispatch Clerk		
Toronto	Dispatch Clerk Grade 3 (T)	40
Scarborough	Stores Records Clerk (S)	35
Customer Enquiry Clerk		
Toronto	Customer Enquiry Clerk Grd 2 (T)	40
	Customer Enquiry Clerk Grd 3 (T)	40
Energy Field Service Representative		
Toronto	Field Rep. Complaint (T)	40
	Customer Service Technician (T)	Shift, 40
	Field Rep. Service Order (T)	40
	Service Electr'n Grade 1 (T)	40
	Service Electr'n Grade 2 (T)	40
East York	Level 7, Customer Service Technician (EY)	35
Etobicoke	Grade 9, Energy Supply Technician (E)	35
Senior Office Clerk Level 1		
Toronto	Clerk Grade 4 (T)	35
	Clerk Grade 5 (T)	35
	Supervisor Clerk Grade 1 (T)	40
	Supervisor Clerk Grade 2 (T)	40
	Technical Clerk Grade 2 (T)	35
	Technical Clerk Grade 3 (T)	35
	Technical Clerk Grade 4 (T)	35
	Technical Clerk Grade 5 (T)	35
	Dispatch Clerk Grade 1 (T)	40
Scarborough	Level 7, Billing Clerk (S)	35
	Level 7, Secretary (S)	35
	Level 8, Sr. Billing Clerk (S)	35
North York	Group 4, Customer Data Clerk (NY)	35
	Group 6, Senior Clerk Operations (NY)	35
Etobicoke	Grade 8, Distribution Engineering Clerk (E)	35
	Engineering Service Office Clerk (E)	35
York	Level 6, M.I.S. Clerk (Y)	35

Inside Classification Schedule Mapping Document		
New Classification	**Job Mapping**	**Hrs/Wk**
Engineering Cost Clerk		
Scarborough	Project Planner/Design & Construction (S)	40
	Project Planner/Standards & Maintenance (S)	40
	Level 6, Engineering Clerk (S)	40
North York	Construction Clerk (NY)	40
Etobicoke	Grade 5, Eng. Serv. Clerk (E)	40
Accounting Clerk Level 2		
Toronto	Clerk Grade 5 (T)	35
	Clerk Grade 6 (T)	35
Scarborough	Level 7, Accounting Clerk (S)	35
Computer Operator		
Toronto	Computer Operator	35
Scarborough	Level 7, Computer Operator (S)	35
North York	Group 10, Computer Machine Operator (NY)	35
Etobicoke	Grade 7, Computer Operator (E)	35
Energy Service Clerk		
Toronto	Clerk Grade 5 (T)	35
	Clerk Grade 6 (T)	35
	Technical Clerk Grade 6 (T)	35
Scarborough	Meter Records Clerk (S)	35
	Level 7, Senior Meter Records Clerk (S)	35
	One Stop Shopping Consultant (S)	35
North York	Office Clerk- Meter Group 1 (NY)	35
Etobicoke	Grade 5, Meter/ Water Heater Office Clerk (E)	40
	Meter/Water Heater Information Clerk (E)	40
	Grade 7, Cust. Accts. Field Services Clerk (E)	35
York	Meter Department Clerk Level 3 (Y)	35

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
System Performance Technician Level 1		
Toronto	Field Tech Grade 1 (T)	35
	Field Tech Grade 2 (T)	35
	Field Tech Grade 4 (T)	35
Telecom Field Technician		
Toronto	Field Technician Grade 4	35
Telecom Technician Level 1		
Toronto	Telecom Technician	35
Underground Field Technician		
Toronto	Field Tech Grade 2 (T)	35
	Field Tech Grade 4 (T)	35
Customer Service Representative		
Toronto	Customer Service Clerk (T)	35
	Clerk Grade 6 (T)	35
	Customer Accounts Representative (T)	35
	Teller (T)	35
Scarborough	Customer Service Representative (S)	35
	Level 7, Collection Clerk (S)	35
	Level 8, Sr. Cashier (S)	35
	Level 8, Customer Consultant (S)	35
North York	Customer Information Clerk (NY)	35
	Sr. Cashier (NY)	35
Etobicoke	Group 7, Customer Accts Operating Rep. (E)	35
	Customer Accts Information Rep. (E)	35
York	Level 4, Senior Collection Clerk (Y)	35
	Level 5, Customer Consultant (Y)	35
	Level 6, Collection Officer (Y)	35
East York	Level 3, Accts. Receivable (EY)	35
	Level 3, Cust. Inquiry Clerk (EY)	35
	Level 4, Cust. Service Rep (EY)	35
	Level 4, Sr. Cust. Inquiry Clk (EY)	35
Senior Office Clerk Level 2		
Toronto	Clerk Grade 6 (T)	35

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
Customer Service Advisor		
Toronto	Collection Clerk Grade 3 (T)	35
	Clerk Grade 7 (T)	35
Scarborough	Level 9, Senior Customer Accts Cons (S)	35
	Level 9, Senior Collector (S)	35
	Level 9, Senior Customer Consultant (S)	35
Etobicoke	CA/CC Unit Head (E)	35
York	Level 7, Senior Customer Consultant (Y)	35
	Asst. Billing Supervisor (Y)	35
	Level 8, Billing Supervisor (Y)	35
	Level 8, Customer Accounts Supervisor (Y)	35
Energy Service Advisor		
Toronto	Conservation Field Rep. (T)	35
Scarborough	Level 9, Customer Advisor (S)	35
York	Level 5, Consumer Service Clerk (Y)	35
	Service Representative (Y)	35
East York	Customer Service Representative (EY)	35
Etobicoke	Level 8, Energy Management (E)	35
	Level 8, Residential Energy Advisor (E)	35
Plant Locator		
Toronto	Field Technician Grade 3	35
	Field Technician Grade 5	35
Senior Office Clerk Level 3		
Toronto	Clerk Grade 7 (T)	35
	Technical Clerk Grade 7 (T)	35
Demand Clerk		
Toronto	Demand Clerk Grade 1 (T)	35
	Demand Clerk Grade 2 (T)	35
	Demand Clerk Grade 3 (T)	35
	Technical Clerk Grade 6 (T)	35
York	Level 6, General Service Billing Clerk (Y)	35

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
Electrical Service Inspector		
Toronto	Field Rep. Power Service (T)	35
	Field Rep. Grade 1 (T)	40
	Field Rep. Grade 2 (T)	40
	Field Rep. Grade 3 (T)	40
Engineering Technician Level 2		
Toronto	Field Tech Grade 4 (T)	35
	Tech Assist. Grade 1 (T)	35
	Draftsperson Grade A (T)	35
	Draftsperson Grade B (T)	35
North York	CADD Operator 1 (NY)	40
	CADD Operator 2 (NY)	40
	Records Operator 1 (NY)	40
	Records Operator 2 (NY)	40
	Senior Drafter (NY)	40
	Field Checker (NY)	40
Scarborough	CADD Operator (S)	35
Etobicoke	Design Clerk (E)	35
	Draftsperson (E)	35
	Engineering Records Clerk (E)	35
	GEM Clerk (E)	35
	Records Assistant (E)	35
	Records Operator II (E)	35
Facilities Technician Level 1		
Toronto	Assistant Estimator (T)	35
	Facilities Planner (T)	35
Field Tester		
Toronto	Field Tester Grade1 (T)	35
	Field Tester Grade 2 (T)	35
	Field Tester Grade 3 (T)	35
Project Scheduler		
Toronto	Tech Clerk Grade 7 (T)	35
	Tech Assist. Grade 1 (T)	35
Rates Technician		
Toronto	Tech Assist .Grade 1 (T)	35

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
Research Assistant		
Toronto	Tech Assist. Grade 1 (T)	35
SCADA/DMS System Technician		
Toronto	Tech Assist. Grade 1 (T)	35
Senior Office Clerk Level 4		
Toronto	Clerk Grade 8 (T)	35
Telecom Technician Level 2		
Toronto	Tech Assist .Grade 1 (T)	35
Protection & Control Technician		
Toronto	Protection & Control Technician (T)	40
	Relay Meter Test (T)	40
Telecom Analyst		
Toronto	Telecom Analyst (T)	35
Accounting Clerk Level 3		
Toronto	Clerk Grade 7 (T)	35
	Clerk Grade 8 (T)	35
	Clerk Grade 9 (T)	35
Scarborough	Level 9, Financial Analyst (S)	35
North York	Senior Accounting Clerk (NY)	35
York	Senior Accounting Clerk (Y)	35
End User Support Representative		
Toronto	Tech Assist. Grade 2 (T)	35
Scarborough	Level 9, End User Support Analyst (S)	35
Etobicoke	Grade 9, Support Services Unit Head (E)	35
Engineering Technician Level 3		
Toronto	CADD AM/FM Operator (T)	35
Scarborough	AM/FM Programmer (S)	35
	AM/FM Programmer/Trainer (S)	35

Inside Classification Schedule Mapping Document		
New Classification	**Job Mapping**	**Hrs/Wk**
Fleet Technical Clerk		
Toronto	Tech Assist. Grade 2 (T)	35
Material Analyst		
Toronto	Tech Clerk Grade 8 (T)	35
Meter Technician		
Toronto	Tech Assist Grade 2 (T)	35
Programmer Analyst		
Toronto	Information Centre Analyst (T)	35
	Programmer (T)	35
	Programmer/Analyst (T)	35
	Software Analyst (T)	35
	Systems Analyst (T)	35
Scarborough	Level 10, Programmer/Analyst (S)	35
	Level 11, Senior Programr/Analyst (S)	35
	Level 11, Systems Programmer (S)	35
North York	Group 12, Programmer (NY)	35
	Group 13, Programmer/Analyst (NY)	35
Etobicoke	Programmer/Analyst (E)	35
SCADA Technician		
Toronto	Tech Assist. Grade 2 (T)	35
Stations Equipment Tester		
Toronto	Tech Assist. Grade 2 (T)	35
Civil Designer		
Toronto	Field Tech Grade 5 (T)	35
	Tech Assist. Grade 2 (T)	35
Design Technician Level 1		
Toronto	Design Draftsperson Grade C (T)	35
	Field Tech Grade 2 (T)	35
	Senior Draftsperson (T)	35
	Tech Assist. Grade 1 (T)	35
North York	Technical Coordinator (NY)	40

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
Buyer		
Toronto	Purchasing Clerk Grade 1 (T)	35
	Purchasing Clerk Grade 2 (T)	35
	Purchasing Clerk Grade 3 (T)	35
Scarborough	Buyer (S)	35
	Senior Buyer (S)	35
North York	Purchasing Clerk (NY)	35
Etobicoke	Grade 8, Buyer/Expeditor (E)	35
York	Purchasing Clerk (Y)	35
Civil Technician		
Toronto	Tech Assist. Grade 3 (T)	35
Facilities Technician level 2		
Toronto	Tech Assist. Grade 3 (T)	35
Design Technician Level 2		
Toronto	Estimator (T)	35
	Field Tech Grade 4 (T)	35
	Planners (T)	35
	Power Reps. (T)	35
	Senior Estimator (T)	35
	Senior Planner (T)	35
	Tech Assist. Grade 1 (T)	35
	Tech Assist. Grade 2 (T)	35
	Tech Assist. Grade 3 (T)	35
	Tech Clerk Grade 7 (T)	35
Scarborough	Technician Design & Construction (S)	35
	Technician, Surveying (S)	35
North York	Consumer Service Tech, Electric Supply (NY)	40
	Engineering Technician (NY)	40
Etobicoke	Level I, Engineering Technician (E)	35
	Level II, Engineering Technician (E)	35
	Engineering Service Technician (E)	35
	Installation Technician (E)	35
	Project Technician (E)	35
East York	Level 5, Engineering Technician (EY)	35
	Level 6, Senior Engineering Technician (EY)	35

Inside Classification Schedule Mapping Document

New Classification	Job Mapping	Hrs/Wk
Energy Service Technician		
Toronto	Conservation Technician (T)	35
Scarborough	Level 10, Customer Advisor (S)	35
	Level 11, Senior Technician (S)	35
North York	Cons. Service Tech. Energy Services (NY)	40
Etobicoke	Energy Management Technician (E)	35
York	Senior Service Representative (Y)	35
East York	Customer Service Technician (EY)	35
Station Designer		
Toronto	Designer (T)	35
	Design Draftsperson Grade B (T)	35
System Performance Technician Level 2		
Toronto	Assistant Estimator (T)	35
	Estimator (T)	35
	Field Tech Grade 5 (T)	35
	Tech Assist. Grade 2 (T)	35
	Tech Assist. Grade 3 (T)	35
Scarborough	Technician Planning & Operations (S)	35
	Technician Standards & Maintenance (S)	35
	Operations Analyst (S)	35
North York	Engineering Technician (NY)	40
Etobicoke	Project Technician (E)	35
Technical Clerk - Water Heater		
Toronto	Technical Clerk - Water Heater (T)	40

Outside Classification Schedule Job Harmonization	
New Classification	**Previous Classification**
Distribution System Technologist	• CCL – Substations Technician • Crew Leader- Stations • Substation Technician • Protection & Control Technician (Outside and Inside) • Station Response Representative • Certified Substation Electrician
Logistics Handler	• Equipment Distribution Person • Senior Material Handler • Material Handler • Warehouse Dispatch Clerk • Transformer Maintainer
Plant Mechanic	• Cement Finisher • Utility Hand-Chamber Maintenance • Utility Hand - Construction • Charge Hand - Cable • Charge Hand – Construction • Charge Hand – Chamber Maintenance • Cable Installer • Driver/Operator • Driver • Labourer
Crew Leader- Plant Mechanic	• Crew Leader – Construction • Crew Leader – Maintenance • Crew Leader – Pit Inspector • Crew Leader Cable
Certified Power Cable Person	• Electrical Mechanic • Jointer • Power Cable Person
Certified Crew Leader, Power Cable Person	• Crew Leader, Electrical Mechanic • Crew Leader, Jointer • Crew Leader, Power Cable Person
Construction Inspector	• Linestaker • Linestaker Assistant • Field Inspector (Outside)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Labourer	Labourer (S) Labourer [2111] (T) Labourer [2121] (T) Labourer [2131] (T) Labourer [2171] (T) Labourer [2191] (T)
Custodian	Building & Groundskeeper (E) Caretaker (S) Sr Caretaker (S) Rest Room Attendant [6.02] Cleaner [6.03] Senior Cleaner [6.04] Custodian [6.61] Caretaker (Y) Electrician Helper [6.20]
Linestaker Assistant	Linestaker Assistant (NY)
Utility Hand ***	Maint Hand [2231] (T) Const Hand [2233] (T) Shop Hand [2251] (T) Supply Hand [2213] (T) Reclaim Hand [2221] (T) Water Heater Hand [2291] (T)
Ground Person	Groundperson (EY) Groundman (E) Groundperson (S) Ground Worker [2312] (T) Groundperson (Y)
Utility Person ***	Mech/Help Test [2321] (T) Utility Wrkr Reclaim [2322] (T) Station Hand [2351] (T)
Driver	Truck Driver (E) Truck Driver (S) Driver, Mtce U/G [2211] (T) Driver O/H [2212] (T) Driver SC [2252] (T) Driver GAR [2271] (T) Driver MM [2283] (T) Delivery Driver U/G [2332] (T) Delivery Driver MET [2361] (T) Special Driver GAR [2373] (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Assembler, W/H	Assembler A [2391] (T) Assembler B [2292] (T)
Custodian A	Substation Utility Person (E) Sr Station Cleaner [2345] (T) Station Cleaner [2242] (T)
Building Maintainer C	Admin Services Maintainer (NY) Bldg Mtce Services Gr1 [6.16] Labourer (Y)
Meter Person	Meter Cleaner Tester (EY) Meter Repairs Helper (S) Meter Hand [2262] (T)
Meter Reader	Meter Reader A (EY) Domestic M/R (NY) Meter Reader (S) Meter Reader (Res) (Y) Meter Dept Verifier (Y)
Fleet Utility Hand	Garage Helper (E) Garage Utility Hand (NY) General Maintenance (S) Lubricator (S) Utility Person [2427] (T) Tire Repairer [2471] (T) Utility Worker [2474] (T) Vehicle Maintenance (Y)
Driver / Operator	Cable Truck Driver [2437] (T) Driver (Const) [2232] (T) Delivery Driver O/H [2311] (T) Grd Wrkr Driver O/H [2313] (T)
Supply Attendant ***	Supply Attendant [2475] (T)
Field Collector	Field Collector (Y)
Pit Inspector	Pit Inspector Helper [2324] (T) Pit Inspector [2521] (T)
Cable Installers	Cable Hand [2234] (T) Power Cable Hand [2334] (T) Rigger [2532] (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Meter Stock Hand ***	Meter Stock Hand [2561] (T)
Cement Finisher	Cement Finisher [2512] (T) Cement Finisher [2536] (T)
Meter Reader A	Comm M/R (NY) Meter Reader A (S) Meter Reader (Gen) (Y)
Office Clerk, Stores ***	Office Clerk, Stores (NY)
Heavy Equipment Operator	MCO U/G [2631] (T)
MCO / Driver	Equipment Operator (E) Driver Operator Auger (NY) BoomTruck Operator (NY) Truck Driver A (S) MCO [2611] (T) Driver / Groundperson (Y)
St Lt Maintainer	Street Light Spotter (E) St Lt Maintainer (NY) St Lt ServicePerson (T) St Lt RepairPerson (T)
Building Maintainer B	Bldg Mtce Services Gr2 [6.17] Gen Mtce & Grds Keeper (S) Bldg Mtce Mechanic (Y) General Repairman (E)
Material Handler	Warehouse Person (EY) Stockkeeper (E) Mat Dist Person, Stores (NY) Stockkeeper, Stores (S) Warehouse Person (T) Material Handler (T) Store Keeper (Y) Ass't Store Keeper (Y)
Parts & Inventory Clerk, Fleet	Parts & Inventory Clerk (NY) Stockkeeper, Gar (S) Parts Keeper GAR [2572] (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Equipment Distribution Person	Tool Room Clerk (E) Supply Dist Person, Tool (NY) Equip Attendant [2342] (T) Equip Attendant [2352] (T)
St Lt Line Service Technician	Service & St Lt Maintainer (NY)
Dispatcher, Locates	Dispatcher, Locates (NY)
Senior Material Handler	Store Keeper S/F (EY) Stores S/F (E) Lead Hand Stores (NY)
Charge Hand W/H	Charge Hand W/H [2791] (T)
Charge Hand Chamber Mtce.	Charge Hand MH [2734] (T)
Meter Installer	1p Meter Ser Rep (NY) 1p Whr Meter Installer (NY) Installation Repair Tech (EY) Meter Installer (S)
Building Maintainer A	Bldg Mtce Services Gr3 [6.18] Building Maintainer (NY)
Field Service Representative	Consumer Service A (EY) Customer Acc't Field Rep (E) W/H Service Rep (E) Field Service Rep (NY) Technical Serviceperson (S) Field Service Person (Y)
Cable Locator	Cable Locator (NY)
Linestaker	Linestaker (NY)
Charge Hand, Construction	C/H Construction [2831] (T) C/Hand Cement O/H [2811] (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Transformer Maintainer	Transformer Maintainer (E) Transformer Maintainer (NY) Test Mechanic TT (T)
Trouble Dispatcher	Trouble Dispatch [1.39] (T)
Field Inspector	Contract Inspector (E) Inspector (S)
Senior Service Representative	Consumer Service S/F (EY) W/H S/F (E) Meter Reader S/F (E) L/H Field Service (Y)
Building Mechanic A	Bldg Mtce Mechanic A (T)
Lead Hand St Lts ***	Service & St Lt L/H (NY)
Fitter, Fleet	Fitter (NY)
Carpenter	Carpenter A (T)
Welder	Welder A (T)
Machinist	Machinist A (T)
Painter	Painter A (T)
Forester	Forester (S)
Maintenance Electrician	Maint Elec Gr2 [6.22] Maint Elec Gr3 [6.23]
Plumber	Plumber (T)
Cert Substation Electrician Substation Electrician **AP**	SS Electrician (E) *{non CET}* Station Mtce Journeyman (EY) Substation Electrician (NY) J Substations (S) Elec Mech A SC (T) SS Apprentice 4 (S) Elec Mech B SC (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Meter Mechanic / Tester	Meter Relay Tech (EY) Meter Tech J (E) Comm Meter Ser Rep (NY) J Meter Tech (S) Meter Mech A (T) Meter Mech J (Y)
Meter Mechanic / Tester **AP**	Meter Relay Tech App (EY)

Cert Power Line Person	J Line Person (EY) Line Journeyman (E) Cert Power Line Person (NY) J Line Person (S) Line Person A (T) J Line Person (Y) Service Mtce Mechanic (T)
Power Line Person **AP**	Line Apprentice D (EY) Line Apprentice (E) Line Person B (T) Line Person D (T)

Cert Power Cable Person	Cable J (E)

Jointer	Jointer A (T) Jointer B (T) Jointer C (T)

Electrical Mechanic	Elec Mech A (T) Elec Mech B U/G (T)

Fleet Mechanic	Stores / Mechanic (EY) Garage Mechanic (E) Licenced Mechanic (NY) Mechanic (S) Auto Mechanic (T) Auto Mechanic (Y)

Charge Hand, Bldg Services	Painter AA (T) Bldg & Grounds S/F (E)

Charge Hand, Cable	Charge Hand Cable [2832] (T)

Crew Leader, Pit Inspection	Foreperson, Vault Inspect (T)

OUTSIDE CLASSIFICATION SCHEDULE MAPPING DOCUMENT	
Crew Leader, Maintenance	Foreperson, Maintenance (T)
System Response Reps	Line Journeyman (E) Trouble Shooter (NY) J Line Person (S) O/H Trouble (T) J Line Person (Y)
Station Response Reps	Station Trouble (T)
Building Maintainer AA	Bldg Supt (S) *{* Use 35 hour wk}*
Senior Fleet Mechanic	Garage S/F (E) Senior Mechanic (NY) Auto Mechanic L/H (Y) Auto Mechanic S/F (Y)
Substation Technician *{CET and Journeyman Substation Electrician}*	Substation Electrician (E)
System Operator Operator **AP**	Operator (EY) System Control Sub Foreman E Senior System Control Op (E) Senior Operator (NY) Systems Operator (S) *{System Controllers (T)}* Operator / Dispatch (EY) Control Room Operator (E) Operator Intermediate (NY)
Crew Leader, Building Services	F/P Building Services (T)
Crew Leader, Machine Shop	F/P Machine Shop (T)
Crew Leader, Cable	F/P A Cable (T)
Crew Leader, Construction	F/P Construction (T)

OUTSIDE CLASSIFICATION SCHEDULE
MAPPING DOCUMENT

Cert Crew Leader, Line	S/F 1 (E/Y) S/F 2 (E/Y) Line S/F (E) Cert Power Line Coord. (NY) F/P A/Line (T) F/P A Overhead (T) Line S/F (Y)
Crew Leader, Elec. Mechanic	F/P Pit (T)
Cert Crew Leader, Power Cable	Cable S/F (E) F/P Pit (T) F/P Jointer (T)
Cerw Leader, Jointer	F/P Jointer (T)
Cert Crew Leader, Stations	S/F Station Mtce (EY) Substation S/F (E) S/S Crew Co-ord (NY) F/P Station Const (T)
Cert Crew Leader, Meter	Meter Dept S/F (EY) Meter Tech S/F (E) F/P Meter (T) Meter Mech S/F (Y)
Metering Technician	Metering Technician (NY) Instrument Technician (S)
P&C Technician	P&C Technician (NY) Measurement Technologist (S) P&C Technician (S)
Students	Clerical (35 hour) Field (40 hour) Tech (40 hour) Sr. Tech (40 hour)

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

QUESTION 7:

Reference(s): R1-T2-S19 (AMPCO Interrogatory #19)

The response provides the recruiting fees for 2006 to 2010.

a) Please provide the recruiting fees forecasted for 2011.

b) Please provide the number of positions where recruiters were used to fill the position in the past four historical years and the test year.

RESPONSE:

a)

Year	Recruiting Fees TOTAL
2011 Forecast	$1,100,000

b)

Year	Number of Positions TOTAL
2007 Historical	4
2008 Historical	23
2009 Historical	52
2010 Historical	38
2011 Test	50

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

QUESTION 8:

Reference(s): R1-T2-S27 (AMPCO Interrogatory #27)

Please provide the fixed and variable components for the Large User class if the fixed/variable split is maintained for the Large User class at 2010 approved levels.

RESPONSE:

If the fixed/variable split is maintained for the Large User class at 2010 approved levels, the resulting 2011 rates are as follows:

- Fixed Rate $3,145.87 per 30 days
- Variable Rate $4.6905 per kVA/per 30 days

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

QUESTION 9:

Reference(s): R1-T2-S28 (AMPCO Interrogatory #28)

AMPCO's interrogatory # 28 contained a typo in the units requested.

If possible, please provide the Distribution Volumetric Rate for the Large Use class using the units $/kW, not $/kWh as previously requested.

RESPONSE:

If kW is used as the rate determinant instead of kVA, the proposed 2011 Distribution Volumetric Rate for the Large User class is $5.0984 per kW per 30 days. Note that THESL's demand-based rates have been Board-approved on a kVA basis since at least 2002.

TECHNICAL CONFERENCE QUESTIONS OF ASSOCIATION OF MAJOR POWER CONSUMERS IN ONTARIO

QUESTION 10:

Reference(s): R1-T2-S29 (AMPCO Interrogatory #29)

AMPCO requested a sample bill for a typical Large User Customer. The response directed AMPCO to Exhibit O1, Tab 1, Schedule 1, page 5 for a comparison of the 2011 proposed bill components vs. 2010 approved bill components.

If possible, please provide a sample of the form of bill that is rendered by Toronto Hydro to the large volume customer.

RESPONSE:

Please see attached Appendix A for a sample bill for a Large Use customer.

Your electricity bill

toronto hydro electric system

[redacted]

Page 1 / 1

Statement Date	Jan 17 2011
Amount Due	$183,295.85
Due Date	Feb 06 2011
Amount Paid	

Contact us at **416.542.8000**

Web site **www.torontohydro.com**

Interest will be charged on any amount not received by the due date at the rate of 1.5% compounded monthly (19.56 % per annum) from the due date until receipt of such amount and all accrued interest

Our Conditions of Service have changed. View this document on our website at torontohydro.com/conditionsofservice or call Customer Care at 416.542.8000 to request a copy.

Your Electricity Charges

Delivery	
Distribution Charge 22139.766 KVA @ $4.28520	94,873.33
Regulatory Asset Recovery Charge 22139.766 KVA @ -$0.74770	16,553.90CR
Shared Savings Charge 22139.766 KVA @ $0.00130	28.78
Lost Revenue Adjustment Charge 22139.766 KVA @ $0.02410	533.57
Transformer Allowance 22139.766 KVA @ -$0.62000	13,726.65CR
Transmission Connection Charge 20544.398 KW @ $1.94160	39,889.00
Transmission Network Charge 20544.398 KW77 @ $2.63790	54,194.07
Customer Charge	2,970.52
Your Total Electricity Charges	**162,208.72**
H.S.T. (H.S.T. Registration [redacted]	**21,087.13**
Your previous charges	
Amount of last bill	164,466.81
Total Payments-Thank you	164,466.81
Balance Forward	**0.00**
Total Due by Feb 06 2011	**$183,295.85**

Your electricity usage

Meter Number	Number of Days	Reading Dates: Current	Reading Dates: Previous	kWh Used	Demand Readings: KW	Demand Readings: Peak KW (7:00 - 19:00)	Demand Readings: KVA
426	31	Dec 31 2010	Nov 30 2010	10526011.000	20082.500	20082.500	21642.000

Units Self-Contained	Loss Factor Adjustment	Metering Adjustment	Adjusted KWH Used	Adjusted / Prorated Demand Readings: KW	Adjusted / Prorated Demand Readings: Peak KW (7:00 - 19:00)	Adjusted / Prorated Demand Readings: KVA
	1.0187	.9900		20544.398	20544.398	22139.766

E-Bill MULT

Please detach and return this section with your payment made payable to Toronto Hydro-Electric System Ltd.

[redacted]

Statement Date: **Jan 17 2011**

Interest will be charged on any amount not received by the due date at the rate of 1.5% compounded monthly (19.56 % per annum) from the due date until receipt of such amount and all accrued interest

Amount Due: **$183,295.85**

Due Date: **Feb 06 2011**

Amount Paid:

[redacted]

*** This document is not valid for payment processing ***

TECHNICAL CONFERENCE QUESTIONS OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

QUESTION 1:

Reference(s): Exhibit R1, Tab 3, Schedule 3, parts e, f, g

Please provide the number of customers at the end of each month from January 2009 through to the most recent month available, along with the forecast for each of the remaining months in 2010 and each month in 2011 for each of the rate classes.

RESPONSE:

Please see Appendix A to this Schedule.

Month	Resid	GS<50 kW	GS 50-999 kW	GS 1,000-4,999 kW	Large Users	Street Lighting connections	USL customers	USL connections
Jan-09	605,998	65,700	12,147	516	47	162,219	1,134	22,102
Feb-09	607,139	66,133	12,181	516	47	162,219	1,016	20,162
Mar-09	607,805	66,140	12,189	514	47	162,219	1,143	22,048
Apr-09	608,247	65,846	12,163	514	47	162,219	1,098	21,394
May-09	608,952	65,795	12,208	515	47	162,219	1,122	21,857
Jun-09	609,439	66,074	12,231	515	47	162,219	1,093	21,286
Jul-09	609,776	65,854	12,287	511	47	162,324	1,150	22,392
Aug-09	609,846	66,047	12,295	510	47	162,324	1,109	21,603
Sep-09	610,213	66,100	12,337	510	47	162,371	1,097	21,364
Oct-09	610,419	65,873	12,316	506	47	162,371	1,102	20,927
Nov-09	610,821	65,835	12,384	502	47	162,472	1,072	20,362
Dec-09	611,357	65,883	12,444	509	47	162,476	1,131	21,472
Jan-10	612,664	65,607	12,597	507	47	162,509	1,128	21,417
Feb-10	614,383	66,056	12,574	511	47	162,513	1,018	19,333
Mar-10	615,165	66,156	12,703	510	47	162,520	1,122	21,308
Apr-10	615,049	65,995	12,826	510	47	162,640	1,087	20,652
May-10	615,451	65,681	12,829	511	47	162,713	1,120	21,279
Jun-10	616,394	65,799	12,873	509	47	162,964	1,107	21,021
Jul-10	617,786	66,029	12,906	509	46	162,969	1,113	21,139
Aug-10	617,486	65,895	12,916	507	46	162,985	1,124	21,341
Sep-10	617,799	65,794	12,978	506	46	162,988	1,092	20,734
Oct-10	618,263	66,040	12,980	505	46	163,001	1,125	21,365
Nov-10	619,012	65,976	13,021	504	46	163,007	1,134	21,543
Dec-10	620,501	66,167	13,168	500	50	163,014	1,113	21,139
Jan-11	620,117	65,827	12,893	514	47	162,684	1,130	21,729
Feb-11	621,589	65,820	12,927	514	47	162,702	1,130	21,729
Mar-11	622,329	65,813	12,962	514	47	162,721	1,130	21,729
Apr-11	622,564	65,806	12,996	514	47	162,740	1,130	21,729
May-11	623,035	65,799	13,031	514	47	162,758	1,130	21,729
Jun-11	623,406	65,792	13,067	514	47	162,777	1,130	21,729
Jul-11	623,448	65,785	13,102	514	47	162,796	1,130	21,729
Aug-11	623,892	65,778	13,138	514	47	162,814	1,130	21,729
Sep-11	624,391	65,772	13,174	514	47	162,833	1,130	21,729
Oct-11	624,819	65,765	13,210	514	47	162,852	1,130	21,729
Nov-11	625,601	65,758	13,246	514	47	162,870	1,130	21,729
Dec-11	626,341	65,751	13,283	514	47	162,889	1,130	21,729

TECHNICAL CONFERENCE QUESTIONS OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

QUESTION 2:

Reference(s): **Exhibit R1, Tab 3, Schedule 5**
Exhibit C2, Tab 1, Schedule 5, page 9

It is not clear based on the response on the numbers in Table 4 are related to the figures in Tables 2 and/or 3. For example, why are there only 99 positions shown in Table 4 for 2011 when in Table 2 there are 145 hires and only 17 graduates?

RESPONSE:

The 99 trades apprentices (Table 4, Row 1) are current active trades apprentices. The 145 trades apprentices number (Table 2, Row 1) is cumulative, and the 17 trades apprentices number is non-cumulative.

TECHNICAL CONFERENCE QUESTIONS OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

QUESTION 3:

Reference(s): Exhibit R1, Tab 3, Schedule 10, Appendix A

Does THESL have more recent estimates for the amount spent in 2010 now that the year is over? If yes please provide these estimates.

RESPONSE:

As the financial results for 2010 are currently subject to audit and not finalized, the 2010 year end actuals are not available at this time.

TECHNICAL CONFERENCE QUESTIONS OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

QUESTION 4:

Reference(s): Exhibit R1, Tab 3, Schedule 13

What amount was actually paid to Hydro One in 2010?

RESPONSE:

The amount paid to HONI in 2010 was $0.3M. Of the $2.8M previously forecasted contribution for 2010, $1.1M was recognized in 2010.

TECHNICAL CONFERENCE QUESTIONS OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

QUESTION 5:

Reference(s): Exhibit R1, Tab 3, Schedules 19 through 25

The responses all indicate that it is not possible to identify specific test year projects that are in rate base as test year projects are aggregated by portfolio and energization rates are applied at a portfolio basis and that the test year energization rates are based on a historical energization profile.

a) For each of the 7 portfolios referred to in the interrogatories, please show the estimated cost of all the projects in the portfolio, along with the proportion that is estimated to be energized and included in rate base in the test year.

b) For each portfolio, please provide the energization rate use and the historical energization profiles used to estimate this rate.

RESPONSE:

a) Please see the following table:

	Estimated Cost of all the Projects in the portfolio	Proportion of Test Year Costs energized & included in rate base
Underground Direct Buried	$62.6	78%
Underground Rehabilitation	$49.8	41%
Overhead	$46.8	36%
Network	$15.1	63%
Transformer Station	$14.3	0%
Municipal Substation Investment	$8.2	100%
Standardization	$4.7	95%
Other	$296.6	55%

TECHNICAL CONFERENCE QUESTIONS OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

b) Since the test year energization rate is based on the historical energization profile, please refer to the table provided in part a).

TECHNICAL CONFERENCE QUESTIONS OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

QUESTION 6:

Reference(s): Exhibit R1, Tab 3, Schedule 26

a) Please explain what is meant in the response for the first two projects where the "Forecast completed by end of 2011" is "2011/2012".

b) The estimate costs for these two projects is shown as $5.89 and $4.01 million in Table 1 of Exhibit D1, Tab 8, Schedule 9-10. Are these the total costs for these projects, or the costs associated the portion of the projects that are forecast to be placed in service by the end of 2011?

RESPONSE:

a) The response "2011/2012" means that a portion of the project will be completed by end of 2011 and the remainder will be completed by end of 2012.

b) The cost associated for project number 19068 in 2011 is $4.89 million. The cost associated for project number 19070 in 2011 is $3.00 million.

TECHNICAL CONFERENCE QUESTIONS OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

QUESTION 7:

Reference(s): Exhibit R1, Tab 3, Schedule 30

How much of the $9.7 million shown for 2011 is associated with the GO Transit expansion noted in the response?

RESPONSE:

A total of $3.99 million is associated with GO Transit expansion out of the total $9.7 million.

TECHNICAL CONFERENCE QUESTIONS OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

QUESTION 8:

Reference(s): Exhibit R1, Tab 3, Schedule 37

If available, please provide an update to Table 2 to show more recent year-to-date figures.

RESPONSE:

The latest 2010 forecast prepared by THESL is reflected in the bridge year amounts in the 2011 application.

TECHNICAL CONFERENCE QUESTIONS OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

QUESTION 9:

Reference(s): Exhibit R1, Tab 3, Schedule 40

Please expand the table to provide the actual R&D tax credits claimed for the taxation years 2001 through 2007.

RESPONSE:

	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Forecast	2011 Forecast
R&D Credits	-	-	0.5	0.3	0.5	1.0	1.2	1.1	1.3	0.7	0.7

TECHNICAL CONFERENCE QUESTIONS OF BUILDING OWNERS AND MANAGERS ASSOCIATION OF THE GREATER TORONTO AREA

QUESTION 10:

Reference(s): **Exhibit R1, Tab 3, Schedule 42**
Exhibit H1, Tab 1, Schedule 1

a) Please provide the prior claims for each of the federal apprenticeship job creation tax credit, the Ontario apprenticeship training tax credit and the Ontario co-operative education tax credit that were used in calculating the average that was used for 2011.

b) For each of the tax credits in part (a), please provide the number of eligible positions in each of the years used to calculate the averages used for 2011.

c) Please provide the expected tax credits and number of eligible positions for each of the three tax credits for 2010.

d) Please provide the number of eligible positions for each of the three tax credits for 2011.

RESPONSE:

a) Summary of the dollar value for the tax credits listed below ($ millions):

	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual
Federal Apprenticeship Job Creation Tax Credit (AJCTC)	-	0.06	0.07	0.12	0.09
Ontario Apprenticeship Training Tax Credit ("ATTC")	0.08	0.14	0.16	0.26	0.53
Ontario Co-operative Education Tax Credit ("CETC")	0.03	0.04	0.08	0.09	0.23

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b) Summary of the number of eligible positions for the tax credits listed below:

	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual
Federal AJCTC	-	32	49	62	46
Ontario ATTC	16	32	59	62	60
Ontario CETC	31	38	82	93	98

c) Expected tax credits and eligible positions for 2010

	2010 Credits ($ millions) Forecast	2010 Positions Forecast
Federal AJCTC	0.07	47
Ontario ATTC	0.77	89
Ontario CETC	0.49	162

Note that for the Federal AJCTC and Ontario ATTC not all eligible positions are eligible for the maximum credit in 2010.

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d) Eligible positions for 2011

	2011 Positions Forecast
Federal AJCTC	55
Ontario ATTC	114
Ontario CETC	162

Note that for the Federal AJCTC and Ontario ATTC not all eligible positions are eligible for the maximum credit in 2011.

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QUESTION 11:

Reference(s): Exhibit R1, Tab 3, Schedule 43

If available, please update the table in response to part (a) to reflect more recent year-to-date information.

RESPONSE:

The latest 2010 forecast prepared by THESL is reflected in the bridge year amounts in the 2011 application.

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QUESTION 12:

Reference(s): **Exhibit R1, Tab 3, Schedule 48**
Exhibit K1, Tab 8, Schedule 2

a) Does the reduction in rate base shown in the response to part (d) of $18.35 million include the HST impact on the cost of power? If not, what is the impact on rate base of the change in the cost of power for HST purposes?

b) What is the impact on rate base if the Network Rate, Line Connection Rate and Transformer Connection Rate are updated to reflect the figures shown in the 2011 Uniform Electricity Transmission Rate Order dated January 17, 2011 ($3.22, $0.79 & $1.77, respectively). Please show the impact of the change in the cost of power and the change related to the HST.

RESPONSE:

a) The rate base reduction of $18.35 million in the cost of power does not include the HST impact on cost of power. The impact of HST is an additional $2.7 million reduction in the rate base.

b) The impact of the 2011 Uniform Electricity Transmission Rate Order dated January 17, 2011 on rate base is a reduction of $342,000. The HST impact is an additional $50,000 reduction in the rate base.

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QUESTION 13:

Reference(s): Exhibit R1, Tab 3, Schedule 55

Does THESL expect any significant change in the number of eligible positions in 2011 relative to the figures shown for 2009 for each of the three tax credits shown?

RESPONSE:

Please see responses to BOMA technical questions 10 b) and 10 d) found at Exhibit S1, Tab 3, Schedule 10.

TECHNICAL CONFERENCE QUESTIONS OF CONSUMERS COUNCIL OF CANADA

QUESTION 1:

Reference(s): CCC 7

For each category of Other Revenue please provide the forecast numbers for 2008, 2009 and 2010. In addition, please explain the variances in each year.

RESPONSE:

Forecasted amounts as requested are included in the bridge year of the applications previously filed within OEB.

TECHNICAL CONFERENCE QUESTIONS OF CONSUMERS COUNCIL OF CANADA

QUESTION 2:

Reference(s): CCC 8

For each of the line items in the Distribution Expense Summary please provide the forecast numbers for 2008, 2009 and 2010.

RESPONSE:

Forecasted amounts as requested are included in the bridge year of the applications previously filed within OEB.

TECHNICAL CONFERENCE QUESTIONS OF CONSUMERS COUNCIL OF CANADA

QUESTION 3:

Reference(s): CCC 9

Please indicate whether the Service Agreements between THESL and its affiliates have been signed and if so, please file them.

RESPONSE:

The Service Level Agreements between THESL and its affiliates have been signed and have been filed in response to Interrogatory 28 from School Energy Coalition, in Exhibit R1, Tab 9, Schedule 28, Appendices A-D.

TECHNICAL CONFERENCE QUESTIONS OF CONSUMERS COUNCIL OF CANADA

QUESTION 4:

Reference(s): CCC 10

Please provide a more detailed explanation as to what services are provided to THESL under the heading "Governance". For 2011 THESL is paying $1.18 million to THC of which $1.08 million relates to the Office of the CEO and $ .11 million for the Board of Directors. What proportion of the total CEO costs are paid for by THESL? What proportion of the Board of Directors costs are paid by THESL?

RESPONSE:

As previously provided in THESL's original submission in Exhibit C1, Tab 2, Schedule 2, the specific functions included in "Governance" for the Board of Directors are to provide strategic direction, leadership and communication to the organization.

Note that in THESL's response to CCC Interrogatory 10, the amount relating to the Office of the CEO for 2011 was $1.07 million and not $1.08 million as stated above.

The proportion of the total CEO costs paid for by THESL is $1.07 million of the total $1.48 M, or 72.3%.

As previously provided in response to Energy Probe Research Foundation Interrogatory 52, the proportion of the Board of Directors costs paid by THESL is $0.11 million of the total $0.36 million, or 30.6%.

TECHNICAL CONFERENCE QUESTIONS OF CONSUMERS COUNCIL OF CANADA

QUESTION 5:

Reference(s): CCC 12

Please provide forecast numbers of Employee Compensation for the years 2008-2010.

RESPONSE:

See attached Appendix A (Table 1: Employee Compensation).

TABLE 1: EMPLOYEE COMPENSATION

	2008 Test	2009 Bridge	2010 Bridge
Number of Employees (FTEs including Part-Time)			
Executive	10	9	12
Managerial	47	47	55
Management/Non-Union	294	310	398
Union *	1312	1265	1308
Total *	1664	1630	1773
** Excludes President & Vice President of CUPE Local One*			
Number of Part-Time Employees			
Executive			
Management (Managerial)			
Non-Union (Management/Non-Union)			
Union			
Total			
Total Salary and Wages			
Executive		1,677,709.00	2,345,675.00
Managerial		5,953,672.00	7,232,385.00
Management/Non-Union		30,478,810.00	37,044,705.00
Union		96,095,110.00	101,201,545.00
Total		**134,205,301.00**	**147,824,311**
Total Benefits			
Executive		833,806.00	1,126,848.00
Managerial		2,127,067.00	2,617,604.00
Management/Non-Union		10,915,727.00	13,668,698.00
Union		33,867,173.00	36,863,855.00
Total		**47,743,773.00**	**54,277,005.00**
Total Compensation (Salary, Wages, & Benefits)			
Executive		2,511,515.00	3,472,523.00
Managerial		8,080,739.00	9,849,989.00
Management/Non-Union		41,394,537.00	50,713,403.00
Union		129,962,283.00	138,065,400.00
Total		**181,949,074.00**	**202,101,316.00**
Compensation - Average Yearly Base Wages			
Executive	178,136.00	186,412.00	195,472.92
Managerial	122,756.00	126,674.00	131,101.00
Management/Non-Union	91,665.00	98,478.00	93,197.00
Union	72,711.00	75,995.00	77,379.00
Compensation - Average Yearly Overtime			
Executive	-	-	-
Managerial	-	-	-
Management/Non-Union	3,508.00	2,371.00	3,039.95
Union	7,081.00	11,027.00	10,216.00
Compensation - Average Yearly Incentive Pay			
Executive	74,817.00	85,746.00	66,473.75
Managerial	19,409.00	26,474.00	22,754.00
Management/Non-Union	7,446.00	7,891.00	7,962.00
Union**	7,497.00	6,583.00	3,422.00
***Only inlcudes The Society of Energy Professional, Crew Leaders, System Response Rep*			(161 FTEs for Union)
Compensation - Average Yearly Benefits			
Executive	82,993.00	92,645.00	93,904.00
Managerial	43,721.00	45,257.00	47,449.00
Management/Non-Union	32,541.00	35,269.00	34,388.00
Union	25,560.00	26,783.00	28,186.00
All Inclusive (Base Wages, Overtime, Incentive Pay, Benefits)			
Total Compensation		201,289,096.00	222,435,763.00
Total Compensation Charged to OM&A		108,756,499.00	118,825,184.59
		92,532,597.00	103,610,578.41

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QUESTION 6:

Reference(s): CCC 15

For each of the categories included in Summary of Distribution O&M Budget please include forecast numbers.

RESPONSE:

The latest 2010 forecast prepared by THESL is reflected in the bridge year amounts in the 2011 application.

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QUESTION 7:

Reference(s): CCC 16

The2011 Fleet and Equipment Services budget is increasing by $2 million over 2010. Please provide a more detailed explanation for the increase. Specifically, please explain the nature of the increases in External Contract Services and the Occupancy Charge referred to in the response.

RESPONSE:

The budgeted amount in External Contract Services represents a subtotal of multiple accounting expense elements. These elements include *consulting fees, professional fees, maintenance contracts, tool repair,* and *purchased services*.

Within the External Contract Services subtotal, *professional fees*, *maintenance contracts*, and *tool repair* were budgeted to increase by 3% above 2010 bridge estimates. Together, these particular expense categories account for 4% of the total increase of $448,093.64.

Purchased services increased by 47%. Within that increase is:

- a $150,000 increase to enable the implementation of ARI Fleet Management contract services – i.e., advanced fuel management, fleet management software enabling improved fleet maintenance analysis, streamlined vehicle administration, procurement, and licensing.
- a $272,000 GPS system licensing and service fee, charged at $34.79 per vehicle per month.

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Occupancy charges are calculated based on the total estimated utilized square footage. Three different rates per square foot are applied based on the type of square footage occupied:

- Office – down 15.6% in 2011 vs. 2010
- Warehouse – up 3.6% 2011 vs. 2010
- Outdoor – flat year over year

As a result of an administrative error, Occupancy charge calculations for 2010 were based on inaccurate 2009 carry-over square footage allocation estimates. Consequently, the total square footage was revised up for 2011 from 878,000 square feet to 1.2 million square feet, for increases in office, warehouse, and outdoor square footage occupied of 17.78%, 60.63% and 48.4%, respectively.

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QUESTION 8:

Reference(s): CCC 18

Please provide forecast numbers for each of the categories in Table 1 for the years 2008, 2009 and 2010.

RESPONSE:

Forecasted amounts as requested are included in the bridge year of the applications previously filed within OEB. The latest 2010 forecast prepared by THESL is reflected in the bridge year amounts in the 2011 application.

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QUESTION 9:

Reference(s): CCC 20

With respect to Regulatory Affairs please explain what items are included in the category "All Other Categories".

RESPONSE:

The bulk (about 90%) of the costs in the "All Other Categories" of the Regulatory Affairs budget pertains to OEB Cost Awards (and penalties and fees) which THESL is obligated to pay. The remaining expense categories relate to printing supplies, occupational and IT charges, and other miscellaneous employee expenses.

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QUESTION 10:

Reference(s): CCC 21

Please include forecast numbers for 2008, 2009 and 2010 Legal Services. Please explain why the 2011 budget for external contract services is almost twice the actual level in 2009.

RESPONSE:

Forecasted amounts as requested are included in the bridge year of the applications previously filed with the OEB.

The 2011 budget for external services is higher primarily due to an expected increase of workload in Litigation and Commercial law area.

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QUESTION 11:

Reference(s): CCC 26

Please provide the forecast numbers in each of the categories included in Table 2 – Summary of Capital Investments.

RESPONSE:

The latest 2010 forecast prepared by THESL is reflected in the bridge year amounts in the 2011 application.

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QUESTION 12:

Reference(s): CCC 32

Please provide the projected in-service date (month) for each of the projects identified in the interrogatory.

RESPONSE:

As THESL noted in its response to BOMA Interrogatory 19 filed as Exhibit R1, Tab 3, Schedule 19, it is not possible to identify specific test year projects that are in rate base as test year projects are aggregated by portfolio and energization rates are applied at a portfolio level. The test year portfolio energization rates are based on an historical energization profile. Therefore the projected in-service date by month is not available.

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QUESTION 13:

Reference(s): CCC 41

With respect to THESL's Operational Data Store and billing system, please explain the statement "...THESL has been authorized by the province to use those systems for that purpose."

RESPONSE:

On April 22, 2009 THESL received from then Minister of Energy and Infrastructure George Smitherman a letter concerning implementation of time-of-use pricing, which in part provided as follows:

> This Letter of Intent will confirm discussions between Toronto Hydro, the Independent Electricity System Operator (IESO) and Ministry of Energy and Infrastructure staff, and set forth our mutual understanding regarding the steps to be undertaken by Toronto Hydro, IESO and ministry staff for the introduction of TOU pricing in Toronto Hydro's service territory.
>
> 1. Introduction of TOU Pricing
>
> Toronto Hydro will introduce TOU billing to its customers in accordance with the attached roll-out schedule. Toronto Hydro is also encouraged to consider a more aggressive implementation schedule where practical and where such flexibility may exist, and

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to provide my ministry with an updated roll-out schedule where applicable. To expedite implementation, Toronto Hydro will initially be able to use its internal systems to support TOU billing for customers as permitted under O. Reg. 428/07 "Priority Installations".

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QUESTION 14:

Reference(s): CCC 41

We will have several questions regarding the smart grid spending in 2010 and the implications for 2011 rates.

RESPONSE:

No response is required.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 46:

Reference(s): Energy Probe IR # 5

This IR was to better understand the Feeder Investment Model and its inputs in particular the impacts and assumed costs to customers of system outages.

a) In part b) of the IR Energy Probe asked how the duration of an outage was measured. The response appears to indicate that outage duration is based on an analysis of the elements listed in the response. Energy Probe would like to understand this process better and in particular how the elements listed in the response are correlated with actual outage experience.

b) In part c) of the IR we asked how the implicit cost of outages is calculated. The response lists the principles are considered in determining the cost of outages to customers not provide any quantitative information on how a dollar cost is arrived at. Please provide a real life example of the calculation to better illustrate the process.

c) Part d) of the IR inquired into how asset age and condition are translated into a probability of failure of the asset. The response references "Hazard rate distribution functions" as the basis for this translation. Please provide these "hazard rate distribution functions" along with an explanation for how they are derived. Please provide a real life example to illustrate how asset age and condition are translated into a probability of failure.

RESPONSE:

a) Information pertaining to outage events due to asset failure is captured through subject matter experts familiar with such events within Toronto Hydro's distribution

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system. The example below illustrates how these outage duration elements relate to an actual outage experience:

i) Type of Failed Asset: Direct-Buried Cable Segment

ii) Type of Asset Failure Mode: Cable Fault

iii) Configuration of Cable within Distribution System: Refer to illustration in Figure 1 below:

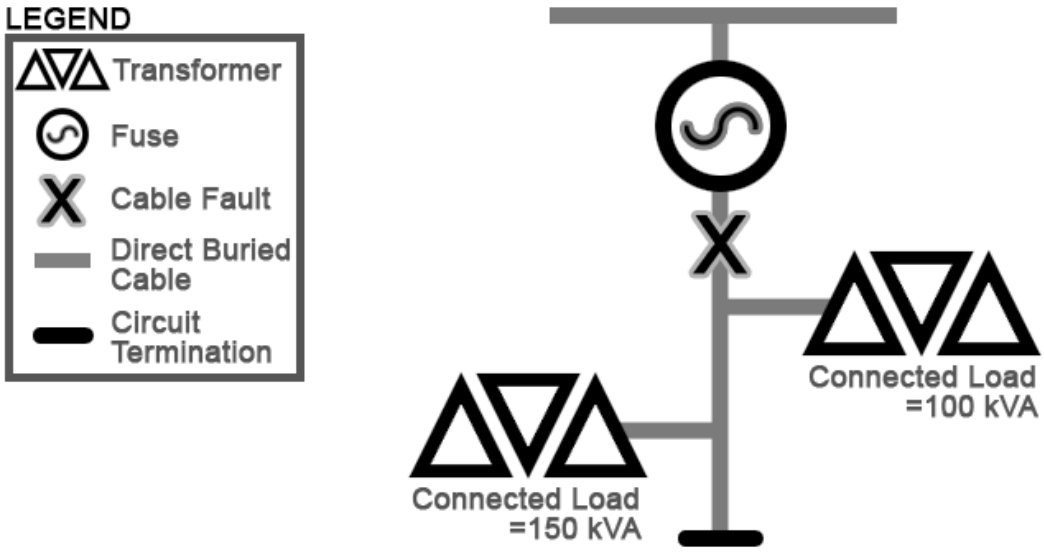

Figure 1: Configuration of Assets & Respective Customers

As shown in Figure 1, customers (total load of 250kVA) are connected within a **radial configuration** via a series of underground cable segments. In this particular example, there is no backup supply from another circuit.

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iv) Restoration procedure (restore system to former pre-outage state):

- Crews perform fault locating to identify damaged cable.
- Damaged cable is located. Crews install splice to repair cable.
- In this particular example in Figure 1, the cable fault has taken place at the incoming point of supply to the customers. Therefore, the cable segment must be repaired before customers can be restored.
- Overall process will take ten hours to perform.

Based upon the variables presented above (type of failed asset, type of asset failure mode, asset configuration and restoration procedure), the connected customers will experience an average outage time of ten hours before they are restored.

b) Please refer to the example provided in Exhibit R1, Tab 6, Schedule 57, which illustrates how Customer Interruption Costs are applied to compute a representative Outage Cost to the customer.

c) Age and condition parameters can be translated into a Probability of Failure value, by applying an age-and-condition based Hazard Rate Distribution Function. This function is characterized by a Weibull curve with two constant parameters: shape and scale.

$$\mathrm{FP}(\%) = \left(\frac{\alpha}{\beta}\right)\left(\frac{100 - HI}{\beta}\right)^{(\alpha-1)}$$

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Where:

FP(%):	Represents the probability of failure of the asset.
α:	Represents the scale factor of the Weibull function.
β:	Represents the shape factor of the Weibull function.
HI:	Represents the Health Index of the asset.

Health Index ("HI") represents a quantified condition score of the particular asset, which will account for the age as well as a number of other degradation factors. For example, parameters used when computing the HI of a submersible transformer include age, bushing/insulator condition, oil leaks, corrosion, lid gasket condition, improper grounding and secondary/elbow connections.

Each degradation factor is weighted depending on their individual contributions to the overall condition of the asset. The final score is normalized between a scale of 0 (Very Poor) and 100 (Very Good).

In the example presented below, a scale factor (α) of 4.58 and a shape factor (β) of 44.23 are applied. These factors were developed through the assistance of asset life studies. The final Hazard Rate Distribution Function is illustrated in Figure 2.

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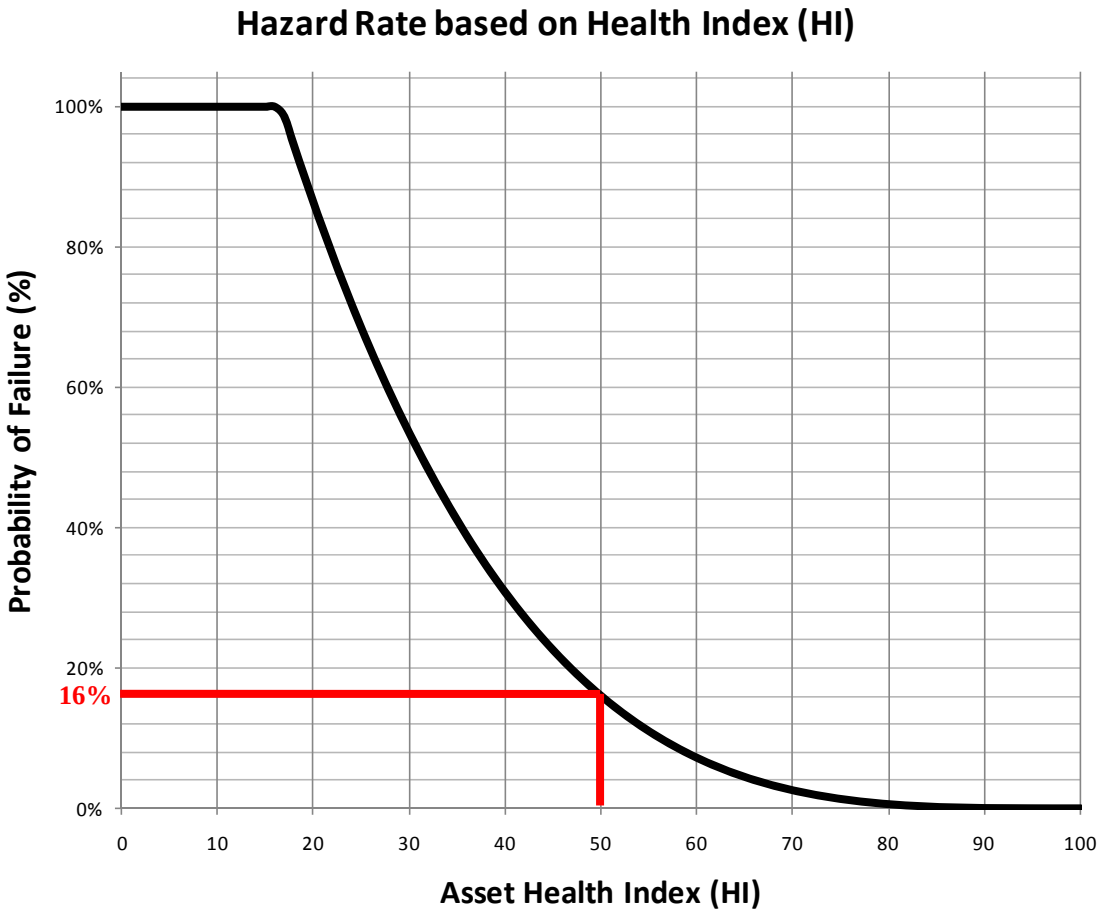

Figure 2: Hazard Rate Distribution Function based on Health Index (HI)

If a Health Index value of 50 is assumed for a submersible transformer (based upon its age and other degradation factors), the corresponding Probability of Failure will be 16%, based upon the Hazard Rate Distribution Function illustrated in Figure 2.

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INTERROGATORY 47:

Reference(s): Energy Probe IR # 8

a) The response stated that SAIDI performance has remained stable. Does THESL find its 2009 SAIDI performance satisfactory?

b) Does THESL have any specific goals that it wants to achieve in CAIDI, SAIFI and/or SAIDI performance over the next couple of years?

c) If yes, please state what measures THESL is planning to take to achieve those goals. If no, please explain why not.

RESPONSE:

a) THESL is actively working to improve its SAIDI performance from previous years. Though SAIDI remained stable in 2009, THESL does not consider this to be satisfactory performance moving forward. As such, capital plans have been developed to reduce outages and increase customer service.

b) Yes, THESL is working to incrementally improve SAIDI and SAIFI from 2010 levels over the next few years.

c) Various measures have been taken to achieve the desired improvement. Some key measures include the execution of projects within the ten-year capital plan, development of a Worst Performing Feeder program to address rapidly deteriorating feeders and development of tools such as the Asset Condition Assessment which helps to identify assets at high risk of failure.

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INTERROGATORY 48:

Reference(s): Energy Probe IR # 9

a) When are all of the porcelain insulators expected to be replaced?
b) What is the expected price associated with insulator replacement?
c) Are further increases in customer interruptions (CI) in 2011 caused specifically by insulator's end of serviceable life expected?
d) Does THESL have a policy setting a limit to maximum customer interruption (CI) due to insulators failure? If yes, what is it?

RESPONSE:

a) The replacement of porcelain insulators is expected to be completed beyond the ten year timeframe noted in Exhibit D1, Tab 9, Schedule 1. THESL prioritizes the replacement of porcelain insulators so that the most problematic areas are addressed first.

b) The expected price associated with insulator replacement is approximately $185 to $240 per unit.

c) Insulator replacement is prioritized based on historic failure rates in the area. If the porcelain insulators are not replaced in the highest risk areas, then further customer interruptions due to porcelain insulator failure will be expected in these areas.

d) No, THESL does not have a policy setting a limit to maximum customer interruption due to insulator failure.

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INTERROGATORY 49:

Reference(s): Energy Probe IR # 10

This IR asked about the reliability based tree trimming program and in particular about how optimum reliability performance is determined. The response refers to "total customer interruption costs avoided".

Are these costs arrived at in the same manner as described in the response to IR# 5, i.e. the same sort of analysis as is conducted for the Feeder Investment Model?

RESPONSE:

Customer Interruption Costs (CIC) are based on the methodology described in response to Interrogatory 5 (Exhibit S1, Tab 5, Schedule 1), as it relates to the Feeder Investment Model (FIM).

The Tree Trimming Model (TTM) allows the end user to perform scenario analyses, with each scenario optimizing the reliability of the system, in terms of Customers Interrupted (CI) and Customer Minutes Out (CMO), based upon the amount of tree trimming dollars spent. By optimizing for CI and CMO, we are expecting outage costs in general to be kept at a minimum level.

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INTERROGATORY 50:

Reference(s): Energy Probe IR # 11

Please provide some examples of vehicle-incident related CHI in 2009.

RESPONSE:

Vehicle-incident related CHI in 2009 accounted for a total of 35,653 Hours. The top three incidences (out of 30) accounted for approximately 67% of the CHI:

- December 6, 2009 – Vehicle collision into THESL pole at 7:04. Repairs required to overhead switch. Power restored by 10:58. CHI = 12,574.9
- September 4, 2009 – Vehicle collision into THESL pad-mounted transformer at 15:43. Found pad-mounted transformer pushed off concrete pad by vehicle and fuses blown on overhead switch. Power was rerouted and restored September 5 at 4:55. CHI = 7,807.2
- November 17, 2009 – Vehicle collision into THESL pole at 7:58. Wires were reported down at certain locations. Crew repaired wires and put back in service. Power restored by 13:33. CHI = 3,542.9

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 51:

Reference(s): Energy Probe IR # 13

This IR asked about apprentice training costs. Part b) asked what was included in the costs and the response refers to "loss in productivity that THESL absorbs as the apprentices observe training staff perform the maintenance activities".

a) Is the lost productivity referred to that of the apprentices who are not performing work when they are observing or is it also related to lost productivity of the training staff demonstrating the proper procedures?

b) The response to part d) also refers to "production inefficiencies". Are these solely related to the lower efficiency of the apprentices or is there also a factor relating to production slowdowns of journeyperson workers who are training the apprentices?

RESPONSE:

a) The lost productivity referred to is that of the apprentices while they are watching the training staff, and also of the apprentices when they are undertaking the tasks themselves before they are fully competent.

b) Only the lower efficiency of the apprentices is included. The production slowdowns of the journeypersons are expected to be absorbed.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 52:

Reference(s): Energy Probe IR # 14

This IR asked about tree trimming costs. In part c) of the IR Energy Probe requested any studies that had been done to support increased tree trimming. The response referred back to part b) which cited the company's reliability trimming model as support. Please elaborate on how the reliability trimming model was developed.

RESPONSE:

In 2007, THESL engaged the service of Davies Consulting Inc. to develop a reliability-based trimming model to maximize the value of tree trimming costs and benefits.

The model was used to create the tree trimming requirements for tree trimming contract from 2008 to 2010.

In 2010, the model was updated to create the tree trimming requirements for tree trimming contract from 2011 to 2013.

The tree trimming model is a decision supporting tool. Some of the key parameters used in the tree trimming model are:

- Costs of tree trimming
- Historical reliability performance
- Outage causes and data
- Historical tree trimming data
- Benefits of different scenarios of proactive tree trimming

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

- Budget constraints
- Operational expertise of THESL staff to supplement the decision model

As a result, the tree trimming model is used to generate a list of feeders with the recommended tree trimming cycle. The list is reviewed and confirmed by THESL Operational staff for tendering purposes.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 53:

Reference(s): Energy Probe Interrogatory Response 15

This IR concerns the Feeder Investment Model and the risk cost of feeder failure. The response to part c) of the IR, which asked about how customer interruption cost is calculated in the model, lists a number of principles that underlie the estimate.

Please provide a sample calculation that illustrates the application of these principles more clearly.

RESPONSE:

For a sample distribution transformer, with a total load of 100kVA, the following sample calculation is produced to solve for the total Customer Interruption Costs:

- Total Load = 100 kVA
- Outage Duration = 6 hours (average outage duration for a distribution transformer)
- $SAIFI_{EFFECT}$ = $30 (represents the cost associated with the first stage of the interruption)
- $SAIDI_{EFFECT}$ = $15 (represents the cost associated with the second stage of the interruption)

The costs applied for the $SAIFI_{EFFECT}$ & $SAIDI_{EFFECT}$ parameters respectively were developed with consultants, who have worked with other utilities in establishing similar parameters. Reliability valuation studies, such as those from Roy Billinton, were used to aid in the development of these parameters, which are applied consistently to quantify power interruptions to all types of customers.

The inputs specified above can be used to compute the Event Cost, Duration Cost and final Outage Cost as shown below:

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

- Event Cost = $(SAIFI_{EFFECT})$(Total Load) = $3,000
- Duration Cost = $(SAIDI_{EFFECT})$(Total Load)(Outage Duration) = $9,000
- Outage Cost = $3,000 + $9,000 = $12,000

Therefore, the failure of the distribution transformer in this example will result in a total of $12,000 in Customer Interruption Costs.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 54:

Reference(s): Energy Probe IR # 16

This IR asked about the contact voltage scanning program. The response refers to contact voltage being discovered on "other non THESL structures". Please elaborate on what those structures were and whether any of the remediation costs can be recovered from the owner of the structure.

RESPONSE:

Contact voltage sources were found in non-THESL structures. These non-THESL structures included Business Improvement Area handwells for area decorative lighting, Bus Shelters, Advertising Media Signs, Telephone Booths, Pedestrian Cross Walk Signals and Traffic Signals just to name a few.

Since THESL was the supplier of electricity to these non-THESL structures, when contract voltage sources were detected in these structure, THESL made the condition safe by disconnecting the electrical supply to these structures. THESL notified the owners of these structures for repair and remediation. THESL does not remediate non-THESL structures when such contact voltage sources are detected.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 55:

Reference(s): Energy Probe IR # 18

This IR asked about the increase in supply chain costs. The response cites the need to improve service levels to field crews related to reactive and emergency demand. Please elaborate on the specific manpower costs attributed to improved response to field crews e.g. How many additional employees are needed; are they concentrated on particular shifts; will additional supervision also be needed, etc?

RESPONSE:

Records indicated that many reactive and emergency crews were experiencing unacceptable response times as a result of access limitations to the warehouse after the normal day shift ended. An afternoon shift was subsequently added at the warehouse to improve service to an acceptable level.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 56:

Reference(s): Energy Probe IR # 19

This IR asked about material overhead rate increases. The response notes despite a drop in material inventories, costs are increasing because of the new focus on customer service. Please describe the deficiencies in service that need to be corrected.

RESPONSE:

Records indicated that many reactive and emergency crews were experiencing delayed response times as a result of access limitations to the warehouse after the normal day shift ended. An afternoon shift was subsequently added at the warehouse to provide immediate response. The day shift continues to handle planned work activities and receipt of incoming materials.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 57:

Reference(s): Energy Probe IR # 22

This IR concerns apprentice training costs. The response to part d) of the IR states that "the letter of employment for apprentices stipulates that they reimburse THESL for a percentage of training costs if they resign before nine years of employment has been completed".

a) Please provide details of the percentage of training costs that can be recovered.

b) Has THESL actually applied this provision to any apprentices that have left employment with the company within nine years? If yes, please provide details. If not, please explain why the provision was not applied.

RESPONSE:

a) Currently, the recovery of training costs is 10% of core training and field training. The cost of training an apprentice over a 4.5-year period is estimated to be over $150K. Once an apprentice completes the apprenticeship program it is expected to take another 4.5 years to recoup the costs of the training, for a total of nine years.

b) THESL has applied this provision when apprentices have resigned. There have been five cases where THESL has initiated debt repayment.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 58:

Reference(s): Energy Probe IR # 24

This IR concerns benchmarking of THESL compensation plans. The response to part b), which asked for a copy of benchmarking studies, was that the material cannot be disclosed because it would reveal data about other survey participants.

a) Can THESL provide a summary of the benchmarking studies that does not reveal the individual participant results but does show the ranking of THESL relative to other participants on key metrics?

b) If such a summary does not exist, please explain how the participants derive any value from benchmarking if disclosure of individual participant results are not disclosed by the company doing the survey.

RESPONSE:

a) The benchmarking surveys do not list data by employer, rather it is an aggregate summary of compensation data for each position – base salary, target bonus, and total cash received. THESL's review compares its benchmark positions against roles identified in general industry surveys to determine THESL's pay position for the coming year by position level. There are no benchmarking studies specifically for the utility industry at this time.

b) Please see response to a), above.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 59:

Reference(s): CCC IR#10

This IR concerns the cost of corporate governance and corporate stewardship provided by THC to THESL.

a) Please explain how much of the total Board of Directors costs are allocated to THESL under corporate governance and how much is allocated to other affiliates.

b) Please provide details on the corporate stewardship costs of the CEO's office that is allocated to THESL including the number of employees and their cost that are included in the $1.58 M, the specific functions included in corporate stewardship and how much of the total CEO office cost is allocated to other affiliates.

RESPONSE:

a) As provided in response to BOMA Interrogatory 1, (Exhibit R1, Tab 3, Schedule 1), for 2011, $0.11 M of Board of Directors costs were allocated to THESL. Additionally, Board of Directors costs of $0.11 M were allocated to TH Energy and $0.14 M were allocated to THC.

b) As provided in response to Ontario Energy Board Staff Interrogatory 39, (Exhibit R1, Tab 1, Schedule 39), there are two employees in the CEO's office. The payroll cost allocated to THESL for these two employees is $0.71 M of the total $1.58 M. The specific functions included in corporate stewardship for the CEO's office are provided in Exhibit C1, Tab 2, Schedule 2. The functions are to provide strategic direction, leadership and communication to the organization. For the costs of the CEO's office, $0.37 M was allocated to THC and $ nil was allocated to TH Energy.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 60:

Reference(s): CCC IR#15

This IR concerns Fleet and Equipment Services budget. Please explain in more detail why the Occupancy Charge has increased by 56% in 2010.

RESPONSE:

Occupancy charges are calculated based on the total estimated utilized square footage. Three different rates are applied based on the type of square footage occupied:

- Office
- Warehouse
- Outdoor

As a result of an administrative error, Occupancy Charge calculations for 2010 were based on inaccurate 2009 carry-over square footage allocation estimates. Consequently, the total square footage was upwardly revised for 2011 from 878,000 square feet to 1.2 million square feet, for increases in office, warehouse and outdoor square footage occupied of 17.78%, 60.63% and 48.4%, respectively.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 61:

Reference(s): Board Staff #41

This IR refers to Toronto Hydro being selected as one of Canada's Top 100 Employers for 2011 and that more information could be obtained at the web site www.eluta.ca. In the description of Health and Family Friendly Benefits on this web page, reference is made to "alternative medicine coverage".

a) Please provide details of what this coverage comprises.

b) Do other companies with which THESL competes for employees offer similar alternative medicine coverage? If yes, please provide details of the companies and their coverage plans. If no, please explain why THESL provides such coverage.

c) Does THESL provide coverage to any employee groups for over the counter drugs (i.e. Non prescription drugs or other products)? If yes, please provide details of those plans and what products are covered.

RESPONSE:

a) Within its health plan, the Corporation provides services for paramedical practitioners, for example, licensed physiotherapists and speech therapists.

b) Providing coverage for paramedical practitioners is a common component under the benefits programs of other companies with which THESL competes for talent.

c) Drugs are reimbursed under THESL's health plan provided that they are prescribed by a physician/dentist and dispensed by a pharmacist. Reimbursement is made up to plan maximums and reasonable and customary limits.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 62:

Reference(s): Board Staff #41

In the synopsis of Financial Benefits and Compensation, reference is made to *"project completion bonuses"*.

a) Please describe the project completion bonus program including which employee groups are eligible for the bonus, how the employee group qualifies for it, how the bonus is calculated and the total amount of bonus paid annually in this category.

b) Please explain why THESL believes it needs to pay a bonus for project completion.

RESPONSE:

a) The synopsis of Financial Benefits and Compensation on the website www.eluta.ca is based on the editorial perspective that ELUTA has taken in its article. "Project completion bonuses" are not used for incenting employees at Toronto Hydro.

b) Not applicable. See response to a), above.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 63:

Reference(s): Board Staff #41

In the synopsis of *"Training and Skills Development"* reference is made to employee educational *"subsidies for courses unrelated to their current position"*.

a) Please explain why THESL provides subsidies to employees for courses unrelated to their current position.

b) Please provide the annual cost of educational subsidies for courses related to current position and for courses unrelated to current position.

c) Does THESL have a policy of requiring employees receiving these subsidies to remain with the corporation for a minimum period after completion of their courses? If yes, please provide details.

RESPONSE:

a) THESL's educational reimbursement program reimburses employees for the cost of tuition and required textbooks for courses related to the business of the organization and that will assist in the employee's career development within the company. The employee must pass the course in order to be eligible for the reimbursement. The courses occur on an employee's personal time, generally through a continuing education program.

b) In 2009, $72,443.42 was spent and in 2010, $86,681.57 was spent on educational subsidies under the educational reimbursement program.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

c) THESL does not have a policy requiring employees to remain with the organization for a minimum period after completion of a course. However, THESL's policy states that if an employee ceases to be employed by the company within one year of the reimbursement of tuition, the employee shall pay back to the company the paid portion.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 64:

Reference(s): Board Staff #41

In the synopsis of "*Community Involvement*" reference is made to employees receiving *"paid time off to volunteer with their favourite charitable organizations"*.

a) Please provide details of the plan allowing employees paid time off to volunteer with their favourite charitable organizations.

b) How much did this paid time off amount to annually for the last five years?

c) Does THESL consider this paid time off to be equivalent to charitable donations and therefore not eligible for recovery in its revenue requirement? If yes, has this paid time off for employees volunteering with charitable organizations been excluded from revenue requirement in this application? If no, please explain why this would not be considered as charitable donations.

d) Are any of the costs of the "Brighter Days" initiative referred to in the synopsis included in revenue requirement in this application? If yes, please provide details and explain why they should be recovered from ratepayers.

RESPONSE:

a) The synopsis of Community Involvement on the website www.eluta.ca is based on the editorial perspective that ELUTA has taken in its article. THESL does not provide paid time off to volunteer.

b) Not applicable. See response to a), above.

c) Not applicable. See response to a), above.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

d) No costs for the "Brighter Days" initiative are included in the revenue requirement of this application.

INTERROGATORIES OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 65:

Reference(s): Board Staff #41

In the synopsis of "*Work Atmosphere and Communications*" reference is made to a number of company subsidized social events.

a) Please provide details of the events sponsored and/or subsidized by THESL in 2009 and 2010.

b) What was the annual cost of subsidy and/or sponsorship of these events in 2009 and 2010?

RESPONSE:

a) THESL does not sponsor or subsidize social events. An employee organized association – The Toronto Hydro Club – organizes events for employees and their families along with discounts for attractions. Employees must join the Toronto Hydro Club and pay bi-weekly to the Club to be eligible for the events and discounts.

b) THESL did not provide any subsidy or sponsorship for social events in 2009 or 2010. Please see response to a), above.

TECHNICAL CONFERENCE QUESTIONS OF ENERGY PROBE RESEARCH FOUNDATION

INTERROGATORY 66:

Reference(s): Board Staff #41

In the synopsis of *"Physical Workplace"* reference is made to subsidized transit passes and subsidized parking for employees.

a) Please describe these subsidies in more detail.

b) How much did each of these subsidies cost in 2009 and 2010?

RESPONSE:

a) THESL does not subsidize transit passes and parking. THESL participates in the TTC's Volume Incentive Program which allows employees to receive a monthly Metropass at a reduced cost due to the volume of passes purchased by employees of the organization. Employee parking is available at many of THESL's work locations; employees are charged a monthly taxable benefit for the privilege.

b) THESL did not subsidize transit passes or parking in 2009 or 2010.

TECHNICAL CONFERENCE QUESTIONS OF POLLUTION PROBE

QUESTION 1:

Reference(s): Exhibit R1, Tab 8, Schedule 4, Appendix A (as revised Jan. 13, 2011)
Exhibit R1, Tab 8, Schedule 5, Appendix A (as revised Jan. 13, 2011)
Exhibit O1, Tab 1, Schedule 1

As part of its revised response to Pollution Probe Interrogatory Nos. 4 & 5, Toronto Hydro provided bill impact analyses for a representative sample of customers in certain scenarios. However, the original bill impact analyses provided by Toronto Hydro as part of Exhibit O1 is not for the same representative sample of customers.

Please provide bill impact analyses for Toronto Hydro's proposal (i.e. practically update Exhibit O1) for the same representative sample of customers used in responding to Pollution Probe Interrogatory Nos. 4 & 5.

RESPONSE:

Bill impact analyses for the sample of customers, based on THESL's proposed rates, are provided in Appendix A.

RESIDENTIAL - 400 kWh	C urrent			Proposed			Impact	
	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %
Service Charge (per 30 days)	1	18.25	18.25	1	20.95	20.95	2.70	14.8%
Distribution	400	0.01572	6.29	400	0.01830	7.32	1.03	16.4%
Smart Meter Rider (per 30 days)	1	0.68000	0.68	1	0.68000	0.68	-	0.0%
SSM Rider	400	0.00006	0.02	-	-	-	(0.02)	-100.0%
LRAM Rider	400	0.00044	0.18	-	-	-	(0.18)	-100.0%
Regulatory Assets - Deferral/Variance	400	(0.00189)	(0.76)	400	(0.00189)	(0.76)	-	0.0%
Regulatory Assets - Global Adjustment - RPP	-	-	-	-	-	-	-	0.0%
Regulatory Assets - 2011 Rate Rider				400	0.00089	0.36	0.36	n/a
Contact Voltage		-	-	1	0.41	0.41	0.41	n/a
Sub Total A - Distribution			24.66			28.96	4.30	17.4%
RTST - Network	415.04	0.00663	2.75	415.04	0.00648	2.69	(0.06)	-2.3%
RTSR - Connection	415.04	0.00535	2.22	415.04	0.00487	2.02	(0.20)	-9.0%
Sub Total B (including Sub-Total A) - Distribution			29.63			33.67	4.04	13.6%
Wholesale Market Rate	415.04	0.00520	2.16	415.04	0.00520	2.16	-	0.0%
RRRP	415.04	0.00130	0.54	415.04	0.00130	0.54	-	0.0%
DRC	400	0.00700	2.80	400	0.00700	2.80	-	0.0%
Standard Supply Service Charge	1	0.25	0.25	1	0.25	0.25	-	0.0%
SPC	415.04	0.00037	0.15	415.04	0.00037	0.15	-	0.0%
Cost of Power Commodity - 1st Tier (May 1st 2010)	600.00	0.06500	39.00	600.00	0.06500	39.00	-	0.0%
Cost of Power Commodity - 2nd Tier (May 1st 2010)	(184.96)	0.07500	(13.87)	(184.96)	0.07500	(13.87)	-	0.0%
Total Bill (including Sub-Total B)			60.66			64.70	4.04	6.7%

RESIDENTIAL - 600 kWh	Current			Proposed			Impact	
	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %
Service Charge (per 30 days)	1	18.25	18.25	1	20.95	20.95	2.70	14.8%
Distribution	600	0.01572	9.43	600	0.01830	10.98	1.55	16.4%
Smart Meter Rider (per 30 days)	1	0.68000	0.68	1	0.68000	0.68	-	0.0%
SSM Rider	600	0.00006	0.04	-	-	-	(0.04)	-100.0%
LRAM Rider	600	0.00044	0.26	-	-	-	(0.26)	-100.0%
Regulatory Assets - Deferral/Variance	600	(0.00189)	(1.13)	600	(0.00189)	(1.13)	-	0.0%
Regulatory Assets - Global Adjustment - RPP	-	-	-	-	-	-	-	0.0%
Regulatory Assets - 2011 Rate Rider				600	0.00089	0.53	0.53	n/a
Contact Voltage		-	-	1	0.41	0.41	0.41	n/a
Sub Total A - Distribution			27.53			32.42	4.89	17.8%
RTST - Network	622.56	0.00663	4.13	622.56	0.00648	4.03	(0.09)	-2.3%
RTSR - Connection	622.56	0.00535	3.33	622.56	0.00487	3.03	(0.30)	-9.0%
Sub Total B (including Sub-Total A) - Distribution			34.99			39.49	4.50	12.9%
Wholesale Market Rate	622.56	0.00520	3.24	622.56	0.00520	3.24	-	0.0%
RRRP	622.56	0.00130	0.81	622.56	0.00130	0.81	-	0.0%
DRC	600	0.00700	4.20	600	0.00700	4.20	-	0.0%
Standard Supply Service Charge	1	0.25	0.25	1	0.25	0.25	-	0.0%
SPC	622.56	0.00037	0.23	622.56	0.00037	0.23	-	0.0%
Cost of Power Commodity - 1st Tier (May 1st 2010)	600.00	0.06500	39.00	600.00	0.06500	39.00	-	0.0%
Cost of Power Commodity - 2nd Tier (May 1st 2010)	22.56	0.07500	1.69	22.56	0.07500	1.69	-	0.0%
Total Bill (including Sub-Total B)			84.41			88.91	4.50	5.3%

RESIDENTIAL - 800 kWh	Current			Proposed			Impact	
	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %
Service Charge (per 30 days)	1	18.25	18.25	1	20.95	20.95	2.70	14.8%
Distribution	800	0.01572	12.58	800	0.01830	14.64	2.06	16.4%
Smart Meter Rider (per 30 days)	1	0.68000	0.68	1	0.68000	0.68	-	0.0%
SSM Rider	800	0.00006	0.05	-	-	-	(0.05)	-100.0%
LRAM Rider	800	0.00044	0.35	-	-	-	(0.35)	-100.0%
Regulatory Assets - Deferral/Variance	800	(0.00189)	(1.51)	800	(0.00189)	(1.51)	-	0.0%
Regulatory Assets - Global Adjustment - RPP	-	-	-	-	-	-	-	0.0%
Regulatory Assets - 2011 Rate Rider				800	0.00089	0.71	0.71	n/a
Contact Voltage		-	-	1	0.41	0.41	0.41	n/a
Sub Total A - Distribution			30.39			35.88	5.49	18.0%
RTST - Network	830.08	0.00663	5.50	830.08	0.00648	5.38	(0.12)	-2.3%
RTSR - Connection	830.08	0.00535	4.44	830.08	0.00487	4.04	(0.40)	-9.0%
Sub Total B (including Sub-Total A) - Distribution			40.34			45.30	4.96	12.3%
Wholesale Market Rate	830.08	0.00520	4.32	830.08	0.00520	4.32	-	0.0%
RRRP	830.08	0.00130	1.08	830.08	0.00130	1.08	-	0.0%
DRC	800	0.00700	5.60	800	0.00700	5.60	-	0.0%
Standard Supply Service Charge	1	0.25	0.25	1	0.25	0.25	-	0.0%
SPC	830.08	0.00037	0.31	830.08	0.00037	0.31	-	0.0%
Cost of Power Commodity - 1st Tier (May 1st 2010)	600.00	0.06500	39.00	600.00	0.06500	39.00	-	0.0%
Cost of Power Commodity - 2nd Tier (May 1st 2010)	230.08	0.07500	17.26	230.08	0.07500	17.26	-	0.0%
Total Bill (including Sub-Total B)			108.15			113.11	4.96	4.6%

RESIDENTIAL - 1000 kWh	Current			Proposed			Impact	
	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %
Service Charge (per 30 days)	1	18.25	18.25	1	20.95	20.95	2.70	14.8%
Distribution	1,000	0.01572	15.72	1,000	0.01830	18.30	2.58	16.4%
Smart Meter Rider (per 30 days)	1	0.68000	0.68	1	0.68000	0.68	-	0.0%
SSM Rider	1,000	0.00006	0.06	-	-	-	(0.06)	-100.0%
LRAM Rider	1,000	0.00044	0.44	-	-	-	(0.44)	-100.0%
Regulatory Assets - Deferral/Variance	1,000	(0.00189)	(1.89)	1,000	(0.00189)	(1.89)	-	0.0%
Regulatory Assets - Global Adjustment - RPP	-	-	-	-	-	-	-	0.0%
Regulatory Assets - 2011 Rate Rider				1,000	0.00089	0.89	0.89	n/a
Contact Voltage		-	-	1	0.41	0.41	0.41	n/a
Sub Total A - Distribution			33.26			39.34	6.08	18.3%
RTST - Network	1,037.60	0.00663	6.88	1,037.60	0.00648	6.72	(0.16)	-2.3%
RTSR - Connection	1,037.60	0.00535	5.55	1,037.60	0.00487	5.05	(0.50)	-9.0%
Sub Total B (including Sub-Total A) - Distribution			45.69			51.12	5.43	11.9%
Wholesale Market Rate	1,037.60	0.00520	5.40	1,037.60	0.00520	5.40	-	0.0%
RRRP	1,037.60	0.00130	1.35	1,037.60	0.00130	1.35	-	0.0%
DRC	1,000	0.00700	7.00	1,000	0.00700	7.00	-	0.0%
Standard Supply Service Charge	1	0.25	0.25	1	0.25	0.25	-	0.0%
SPC	1037.6	0.00037	0.39	1037.6	0.00037	0.39	-	0.0%
Cost of Power Commodity - 1st Tier (May 1st 2010)	600.00	0.06500	39.00	600.00	0.06500	39.00	-	0.0%
Cost of Power Commodity - 2nd Tier (May 1st 2010)	437.60	0.07500	32.82	437.60	0.07500	32.82	-	0.0%
Total Bill (including Sub-Total B)			131.89			137.32	5.43	4.1%

RESIDENTIAL - 1500 kWh	Current			Proposed			Impact	
	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %
Service Charge (per 30 days)	1	18.25	18.25	1	20.95	20.95	2.70	14.8%
Distribution	1,500	0.01572	23.58	1,500	0.01830	27.45	3.87	16.4%
Smart Meter Rider (per 30 days)	1	0.68000	0.68	1	0.68000	0.68	-	0.0%
SSM Rider	1,500	0.00006	0.09	-	-	-	(0.09)	-100.0%
LRAM Rider	1,500	0.00044	0.66	-	-	-	(0.66)	-100.0%
Regulatory Assets - Deferral/Variance	1,500	(0.00189)	(2.84)	1,500	(0.00189)	(2.84)	-	0.0%
Regulatory Assets - Global Adjustment - RPP	-	-	-	-	-	-	-	0.0%
Regulatory Assets - 2011 Rate Rider				1,500	0.00089	1.34	1.34	n/a
Contact Voltage		-	-	1	0.41	0.41	0.41	n/a
Sub Total A - Distribution			40.43			47.99	7.57	18.7%
RTST - Network	1,556.40	0.00663	10.32	1,556.40	0.00648	10.09	(0.23)	-2.3%
RTSR - Connection	1,556.40	0.00535	8.33	1,556.40	0.00487	7.58	(0.75)	-9.0%
Sub Total B (including Sub-Total A) - Distribution			59.07			65.66	6.58	11.1%
Wholesale Market Rate	1,556.40	0.00520	8.09	1,556.40	0.00520	8.09	-	0.0%
RRRP	1,556.40	0.00130	2.02	1,556.40	0.00130	2.02	-	0.0%
DRC	1,500	0.00700	10.50	1,500	0.00700	10.50	-	0.0%
Standard Supply Service Charge	1	0.25	0.25	1	0.25	0.25	-	0.0%
SPC	1556.4	0.00037	0.58	1556.4	0.00037	0.58	-	0.0%
Cost of Power Commodity - 1st Tier (May 1st 2010)	600.00	0.06500	39.00	600.00	0.06500	39.00	-	0.0%
Cost of Power Commodity - 2nd Tier (May 1st 2010)	956.40	0.07500	71.73	956.40	0.07500	71.73	-	0.0%
Total Bill (including Sub-Total B)			191.25			197.83	6.58	3.4%

General Service <50 kW - 1000 kWh	C urrent			Proposed			Impact	
	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %
Service Charge (per 30 days)	1	24.30	24.30	1	27.26	27.26	2.96	12.2%
Distribution	1,000.00	0.02270	22.70	1,000.00	0.02582	25.82	3.12	13.7%
Smart Meter Rider (per 30 days)	1	0.68000	0.68	1	0.68000	0.68	-	0.0%
SSM Rider	1,000.00	0.00003	0.03	-	-	-	(0.03)	-100.0%
LRAM Rider	1,000.00	0.00009	0.09	-	-	-	(0.09)	-100.0%
Regulatory Assets - Deferral/Variance	1,000.00	(0.00179)	(1.79)	1,000.00	(0.00179)	(1.79)	-	0.0%
Regulatory Assets - Global Adjustment - RPP	-	-	-	-	-	-	-	0.0%
Regulatory Assets - 2011 Rate Rider				1,000.00	0.00075	0.75	0.75	n/a
Contact Voltage		-	-	1	0.42	0.42	0.42	n/a
Sub Total A - Distribution			46.01			53.14	7.13	15.5%
RTST - Network	1,037.60	0.00664	6.89	1,037.60	0.00627	6.51	(0.38)	-5.6%
RTSR - Connection	1,037.60	0.00546	5.67	1,037.60	0.00440	4.57	(1.10)	-19.4%
Sub Total B (including Sub-Total A) - Distribution			58.56			64.21	5.65	9.6%
Wholesale Market Rate	1,037.60	0.00520	5.40	1,037.60	0.00520	5.40	-	0.0%
RRRP	1,037.60	0.00130	1.35	1,037.60	0.00130	1.35	-	0.0%
DRC	1,000.00	0.00700	7.00	1,000.00	0.00700	7.00	-	0.0%
Standard Supply Service Charge	1.00	0.25	0.25	1.00	0.25	0.25	-	0.0%
Special Purpose Charge	1,037.60	0.00037	0.39	1037.60	0.00037	0.39	-	0.0%
Cost of Power Commodity - 1st Tier (May 1st 2010)	750.00	0.06500	48.75	750.00	0.06500	48.75	-	0.0%
Cost of Power Commodity - 2nd Tier (May 1st 2010)	287.60	0.07500	21.57	287.60	0.07500	21.57	-	0.0%
Total Bill (including Sub-Total B)			143.27			148.91	5.65	3.9%

General Service <50 kW - 2000 kWh	C urrent			Proposed			Impact	
	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %
Service Charge (per 30 days)	1	24.30	24.30	1	27.26	27.26	2.96	12.2%
Distribution	2,000.00	0.02270	45.40	2,000.00	0.02582	51.64	6.24	13.7%
Smart Meter Rider (per 30 days)	1	0.68000	0.68	1	0.68000	0.68	-	0.0%
SSM Rider	2,000.00	0.00003	0.06	-	-	-	(0.06)	-100.0%
LRAM Rider	2,000.00	0.00009	0.18	-	-	-	(0.18)	-100.0%
Regulatory Assets - Deferral/Variance	2,000.00	(0.00179)	(3.58)	2,000.00	(0.00179)	(3.58)	-	0.0%
Regulatory Assets - Global Adjustment - RPP	-	-	-	-	-	-	-	0.0%
Regulatory Assets - 2011 Rate Rider				2,000.00	0.00075	1.50	1.50	n/a
Contact Voltage		-	-	1	0.42	0.42	0.42	n/a
Sub Total A - Distribution			67.04			77.92	10.88	16.2%
RTST - Network	2,075.20	0.00664	13.78	2,075.20	0.00627	13.01	(0.77)	-5.6%
RTSR - Connection	2,075.20	0.00546	11.33	2,075.20	0.00440	9.13	(2.20)	-19.4%
Sub Total B (including Sub-Total A) - Distribution			92.15			100.06	7.91	8.6%
Wholesale Market Rate	2,075.20	0.00520	10.79	2,075.20	0.00520	10.79	-	0.0%
RRRP	2,075.20	0.00130	2.70	2,075.20	0.00130	2.70	-	0.0%
DRC	2,000.00	0.00700	14.00	2,000.00	0.00700	14.00	-	0.0%
Standard Supply Service Charge	1.00	0.25	0.25	1.00	0.25	0.25	-	0.0%
Special Purpose Charge	2,075.20	0.00037	0.77	2075.20	0.00037	0.77	-	0.0%
Cost of Power Commodity - 1st Tier (May 1st 2010)	750.00	0.06500	48.75	750.00	0.06500	48.75	-	0.0%
Cost of Power Commodity - 2nd Tier (May 1st 2010)	1,325.20	0.07500	99.39	1,325.20	0.07500	99.39	-	0.0%
Total Bill (including Sub-Total B)			268.80			276.71	7.91	2.9%

General Service <50 kW - 5000 kWh	Current			Proposed			Impact	
	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %
Service Charge (per 30 days)	1	24.30	24.30	1	27.26	27.26	2.96	12.2%
Distribution	5,000.00	0.02270	113.50	5,000.00	0.02582	129.10	15.60	13.7%
Smart Meter Rider (per 30 days)	1	0.68000	0.68	1	0.68000	0.68	-	0.0%
SSM Rider	5,000.00	0.00003	0.15	-	-	-	(0.15)	-100.0%
LRAM Rider	5,000.00	0.00009	0.45	-	-	-	(0.45)	-100.0%
Regulatory Assets - Deferral/Variance	5,000.00	(0.00179)	(8.95)	5,000.00	(0.00179)	(8.95)	-	0.0%
Regulatory Assets - Global Adjustment - RPP	-	-	-	-	-	-	-	0.0%
Regulatory Assets - 2011 Rate Rider				5,000.00	0.00075	3.75	3.75	n/a
Contact Voltage		-	-	1	0.42	0.42	0.42	n/a
Sub Total A - Distribution			130.13			152.26	22.13	17.0%
RTST - Network	5,188.00	0.00664	34.45	5,188.00	0.00627	32.53	(1.92)	-5.6%
RTSR - Connection	5,188.00	0.00546	28.33	5,188.00	0.00440	22.83	(5.50)	-19.4%
Sub Total B (including Sub-Total A) - Distribution			192.90			207.62	14.71	7.6%
Wholesale Market Rate	5,188.00	0.00520	26.98	5,188.00	0.00520	26.98	-	0.0%
RRRP	5,188.00	0.00130	6.74	5,188.00	0.00130	6.74	-	0.0%
DRC	5,000.00	0.00700	35.00	5,000.00	0.00700	35.00	-	0.0%
Standard Supply Service Charge	1.00	0.25	0.25	1.00	0.25	0.25	-	0.0%
Special Purpose Charge	5,188.00	0.00037	1.93	5188.00	0.00037	1.93	-	0.0%
Cost of Power Commodity - 1st Tier (May 1st 2010)	750.00	0.06500	48.75	750.00	0.06500	48.75	-	0.0%
Cost of Power Commodity - 2nd Tier (May 1st 2010)	4,438.00	0.07500	332.85	4,438.00	0.07500	332.85	-	0.0%
Total Bill (including Sub-Total B)			645.41			660.12	14.71	2.3%

General Service <50 kW - 10000 kWh	C urrent			Proposed			Impact	
	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %
Service Charge (per 30 days)	1	24.30	24.30	1	27.26	27.26	2.96	12.2%
Distribution	10,000.00	0.02270	227.00	10,000.00	0.02582	258.20	31.20	13.7%
Smart Meter Rider (per 30 days)	1	0.68000	0.68	1	0.68000	0.68	-	0.0%
SSM Rider	10,000.00	0.00003	0.30	-	-	-	(0.30)	-100.0%
LRAM Rider	10,000.00	0.00009	0.90	-	-	-	(0.90)	-100.0%
Regulatory Assets - Deferral/Variance	10,000.00	(0.00179)	(17.90)	10,000.00	(0.00179)	(17.90)	-	0.0%
Regulatory Assets - Global Adjustment - RPP	-	-	-	-	-	-	-	0.0%
Regulatory Assets - 2011 Rate Rider				10,000.00	0.00075	7.50	7.50	n/a
Contact Voltage		-	-	1	0.42	0.42	0.42	n/a
Sub Total A - Distribution			235.28			276.16	40.88	17.4%
RTST - Network	10,376.00	0.00664	68.90	10,376.00	0.00627	65.06	(3.84)	-5.6%
RTSR - Connection	10,376.00	0.00546	56.65	10,376.00	0.00440	45.65	(11.00)	-19.4%
Sub Total B (including Sub-Total A) - Distribution			360.83			386.87	26.04	7.2%
Wholesale Market Rate	10,376.00	0.00520	53.96	10,376.00	0.00520	53.96	-	0.0%
RRRP	10,376.00	0.00130	13.49	10,376.00	0.00130	13.49	-	0.0%
DRC	10,000.00	0.00700	70.00	10,000.00	0.00700	70.00	-	0.0%
Standard Supply Service Charge	1.00	0.25	0.25	1.00	0.25	0.25	-	0.0%
Special Purpose Charge	10,376.00	0.00037	3.87	10376.00	0.00037	3.87	-	0.0%
Cost of Power Commodity - 1st Tier (May 1st 2010)	750.00	0.06500	48.75	750.00	0.06500	48.75	-	0.0%
Cost of Power Commodity - 2nd Tier (May 1st 2010)	9,626.00	0.07500	721.95	9,626.00	0.07500	721.95	-	0.0%
Total Bill (including Sub-Total B)			1,273.09			1,299.13	26.04	2.0%

TECHNICAL CONFERENCE QUESTIONS OF POLLUTION PROBE

QUESTION 2:

Reference(s): Exhibit R1, Tab 8, Schedule 2

According to Toronto Hydro's response for parts (a) and (b) of this interrogatory, certain issues related to the RSVA Power account are currently under review, which did not allow a response as of December 6, 2010. However, Pollution Probe needs to be able to review and analyze this information adequately and as soon as possible before the settlement conference.

Please provide any updated information or responses for this interrogatory. If there is no updated information or responses, please advise when Pollution Probe may expect the updated information or responses, which should be as soon as possible.

RESPONSE:

THESL continues to review these accounts and expects to have updated information for the oral hearing phase. If this information becomes available sooner, it will be provided to all parties.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 1:

Reference(s): R1/9/2

SEC sought information about customer interruption data. The Applicant indicates that it does not weight interruptions to customer by size or importance when collecting data for CI and CHI performance records. Does this approach extend into emergency planning? Please describe the emergency planning work that the Applicant does with critical load such as hospitals, water treatment plants, and other critical infrastructure, and provide any planning documents dated in the last three years related to this issue.

RESPONSE:

No, this approach does not extend into emergency planning. During emergency or contingency situations, critical loads such as hospitals, water treatment plants, and other critical infrastructure are the first to have power restored. These customers typically have backup generators installed to sustain their critical operations in the event of a catastrophic or system wide power outage.

There is no planning documentation that relates to this issue specifically. Consideration of critical customers is built in to the planning process and is addressed within capital projects.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 2:

Reference(s): R1/9/3

SEC requested information on whether and how preventive maintenance should benefit CAIDI. The reply indicates, "The preventive maintenance program will be reviewed and adjusted on a regular basis so the improvement in reliability from the capital rebuild program will be sustainable." Please explain in more detail the above noted review process and document any results from the review process arising in 2009 and 2010.

RESPONSE:

THESL utilizes Reliability Centered Maintenance (RCM II) for the maintenance program. The nature and frequency of all the tasks performed are decided after going through the failure history, asset age, frequency of failures and MTBF (Mean Time Between Failure) interval for the assets being inspected. The maintenance program is reviewed on a regular basis and adjustments are made on an on-going basis to the frequency and the nature of tasks being performed based on the actual field performance of assets. It is expected that as THESL refreshes aging assets in the field as part of its capital rebuild program, the MTBF interval for the newer assets will improve and number of failures will decline. This will prevent power outages, and performance indicators such as SAIFI and CAIDI are expected to improve.

A review was done for the tree trimming maintenance program wherein the complete tree trimming model was revisited with the latest reliability impacts from tree contacts. Using 2006 to 2009 data, feeders with high SAIDI were placed on higher priority and the tree trimming cycle was reduced for those feeders. In addition, the worst performing feeders experiencing tree contacts were placed on a higher priority.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

A review of the network inspection tasks was done and the network protector function test was found to be less effective compared to the protector overhaul. So the network function test job was deactivated and in 2011, the protector maintenance is overhaul only.

A review of pad-mount switch ("PMH") inspection was also done with the latest reliability impacts from PMH failures and the maintenance cycle was reviewed. All the PMHs in close proximity to major roads or near construction sites were moved from a two-year inspection cycle to one-year inspection results. A new maintenance program was initiated to replace the batteries on the PMHs with batteries, on a three-year cycle.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 3:

Reference(s): R1/9/14

SEC sought benchmarking analysis for fleet services. The Applicant acknowledged the existence of year-over-year benchmarking analyses. Please provide the fleet vehicle availability, preventative maintenance attainment, OPEX year-over-year analysis of contracted services, and internal customer surveys. For each year, please provide the average fleet profile in terms of numbers over vehicles, their types and ages.

RESPONSE:

	2008	2009	2010
Fleet Vehicle Availability (Average)	98%	98%	97%
Preventative Maintenance Attainment (Average)	71%	71%	91%
OPEX – Contracted Services	External Equipment Maintenance (38%) and Purchased Services (42%) accounted for 80% of Contracted Services costs.	Maintenance Contracts (64%) and Purchased Services (35%) accounted for 99 % of Contracted Services costs. Purchased Services reduced 12.0% vs 2009	Maintenance Contracts (50%) and Purchased Services (27%) accounted for 77% of Contracted Services costs. Maintenance Contracts reduced 3.1% vs 2009. Purchased Services reduced 6.4% vs 2009

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

Criteria/Customer Rating	Poor	Average	Good
Repaired Correctly First Time	14%	24%	62%
Repair Completion Speed	10%	38%	52%
Garage Communication to Customer	36%	32%	32%
Unit Cleanliness on Return	14%	33%	53%
Repairs Performed With Minimal Disruption to Your Operation	29%	33%	38%

Fleet Profile (2008 – 2010):

Average 2008

Summary Description	Average Number of Vehicles	Average Age
Bucket	129	7.4
Cable Truck	13	14.1
Car	44	4.0
Crane	21	13.0
Cube Van	64	6.3
Derrick	16	11.9
Dump	9	14.1
Equipment	51	10.9
Line Truck	7	7.6
Pickup	101	6.1
Trailer	58	20.6
Van	178	4.5
Grand Total	**689**	

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

Average 2009:

Summary Description	**Average Number of Vehicles**	Average Age
Bucket	136	6.6
Cable Truck	5	9.6
Car	46	3.8
Crane	21	10.8
Cube Van	61	6.7
Derrick	16	10.1
Dump	10	9.4
Equipment	52	11.4
Line Truck	8	7.8
Pickup	112	6.2
Trailer	63	18.6
Van	177	4.2
Grand Total	**705**	

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

Average 2010:

Summary Description	**Average Number of Vehicles**	Average Age
Bucket	138	5.9
Cable Truck	5	8.3
Car	43	4.4
Crane	21	6.4
Cube Van	62	6.9
Derrick	17	7.6
Dump	12	4.4
Equipment	52	12.1
Line Truck	6	6.9
Pickup	130	5.3
Trailer	62	15.3
Van	177	4.6
Grand Total	**723**	

*Note – Total vehicles in fleet include all equipment and trailers; both types are typically not included in Fleet count totals.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 4:

Reference(s): R1/9/15

The Organizational Effectiveness budget has increased about $11.9 million since 2006 ($3.3 million in 2006 to $15.2 million proposed for 2011). Please provide a breakdown of the percentage of the costs flowing to O&M and the percentage flowing to capital for each of 2006 and 2011. Please detail the costs associated with functions like labour relations and compensation/benefits over the period 2006-2009 so that the underlying trends in Organizational Effectiveness costs can be compared.

RESPONSE:

None of the costs outlined in this table flow to capital, they are all absorbed in O&M.

In 2008, the Environment, Health and Safety (EHS) department merged with Organizational Effectiveness (OE) Division to form the OE EHS division. Also in 2008, the Trades Training school moved from the operations group into Organizational Development department.

The detailed costs for labour relations and compensation/benefits cannot be accurately captured as these functions were within departments that performed other functions from 2006 to 2009. The budget for HR Services department which included the labour relations function is outlined below as well as the HR Planning, Benefits and Compensation department which included compensation/benefits function:

HR Services:

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

Year	Budget
2006	$1.2M
2007	$1.1M
2008	$1.9M
2009	$3.3M

1 HR Planning, Benefits and Compensation

Year	Budget
2006	$0.5M
2007	$0.9M
2008	$0.8M
2009	$0.9M

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 5:

Reference(s): R1/9/19

The noted response indicates that work on distribution circuits supporting street lighting in 2010 were $2.3 million. Please indicate the full amount of O&M costs associated with street lighting in each year for the period 2008-2011.

RESPONSE:

THESL owns the distribution circuits that support the street lighting. THESL does not own the street lighting. Toronto Hydro Energy Services Inc. ("THESI") owns the street lighting. The O & M costs associated with street lighting in each year for the period 2008-2011 resided with THESI.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 6:

Reference(s): R1/9/21

This response indicates that the Applicant's new CIS cannot incorporate historic delinquency data as the data is migrated from the old CIS without manual processing. Please explain in detail when this issue became apparent. Please explain why the scope of the new CIS and its commissioning project did not provide for mechanical transfer of the data, and for continuity of historical information. Please explain the number of affected accounts. Please outline the manual process and provide the best available estimate of the cost and timing of the transfer.

RESPONSE:

The issue became apparent during the planning stages for the new CIS. The planning team considered the impacts of bringing additional data from THESL's old CIS and decided that this posed a greater risk than implementing a temporary manual process. THESL's decision was finalized on January 20, 2009. The new CIS project is a joint venture between THESL and Enersource Hydro Mississauga. Enersource chose to convert delinquency data and experienced conversion issues as a result.

The number of affected accounts will depend on the number of customers in delinquency at the time of conversion; this is estimated to be approximately 9,000 accounts.

The manual process will consist of utilizing reports from the old CIS on customer accounts in delinquency and at risk of being disconnected. These reports will be used to make phone calls requesting payment, and if necessary create disconnect notices and

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

initiate field disconnections. The old CIS will continue to be available for ongoing reference; however the data will not be updated after conversion. The new CIS will have customer credit history and credit ratings, payment arrangements, along with any overdue balances at the time of conversion. The automated delinquency process will be triggered for all bills issued in the new CIS. After a period of approximately 60 days all customers will have received a bill from the new CIS.

It is estimated that the manual process will be required for approximately two months after conversion and will be performed by summer students at an approximate cost of $21,000.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 7:

Reference(s): R1/9/28

SEC asked for a reconciliation of the changing Service Level Agreements (SLAs). Please provide a summary of historical, bridge, and test year costs for the functions covered by the current SLAs. If necessary to deal with allocation issues, use aggregated amounts reflective of a common basket of functions, while maintaining the level of granularity that captures all material changes in cost, if possible.

RESPONSE:

Please see Appendices A and B to this Schedule.

Shared Services
Toronto Hydro-Electric System Limited
THESL Paid to THC

$ millions

Functional Group	2009 Historical Year	Reconciliation	2010 Bridge Year	Reconciliation	2011 Test Year
	$		$		$
Governance	0.92	0.74	1.66	(0.48)	1.18
Finance	7.13	(6.38)	0.74	0.05	0.79
Organization Effectiveness & EHS	0.43	(0.43)	-	-	-
Legal	0.73	(0.73)	-	-	-
Communications & Public Affairs	0.23	(0.23)	-	-	-
GRAND TOTAL	**9.44**	**(7.03)**	**2.40**	**(0.43)**	**1.97**

Shared Services
Toronto Hydro-Electric System Limited
THESL Sold to Affiliates

($ millions)

Sold to THC					
Functional Group	**2009 Historical**	**Reconciliation**	**2010 Bridge**	**Reconciliation**	**2011 Budget**
	$		**$**		**$**
Governance	-	-	-	-	-
Chief Operating Officer	-	-	-	-	-
Distribution Systems	-	-	-	-	-
Asset Management	0.56	- 0.49	0.08	- 0.01	0.06
Business Transformation	-	-	-	-	-
Distribution Grid Management	-	-	-	-	-
Customer Service	-	-	-	-	-
Finance	0.03	- 0.03	-	-	-
Treasury	0.62	- 0.62	-	-	-
Organization Effectiveness	0.20	- 0.20	-	-	-
Legal	0.02	- 0.02	-	-	-
Communications	0.25	- 0.25	-	-	-
ITS & Management	0.48	- 0.45	0.03	- 0.00	0.03
Environmental, Health, & Safety	-	-	-	-	-
Conservation Demand Management	-	-	-	-	-
Rates	-	-	-	-	-
Regulatory Affairs	-	-	-	-	-
GRAND TOTAL	**2.16**	**- 2.05**	**0.11**	**- 0.02**	**0.09**

Shared Services
Toronto Hydro-Electric System Limited
THESL Sold to Affiliates

($ millions)

Sold to TH Energy					
Functional Group	**2009 Historical**	**Reconciliation**	**2010 Bridge**	**Reconciliation**	**2011 Budget**
	$		**$**		**$**
Governance	-	-	-	-	-
Chief Operating Officer	-	-	-	-	-
Distribution Systems	-	-	-	-	-
Asset Management	0.12	0.03	0.15	0.01	0.16
Business Transformation	-	-	-	-	-
Distribution Grid Management	-	-	-	-	-
Customer Service	-	-	-	0.27	0.27
Finance	0.08	0.22	0.30	0.18	0.48
Treasury	0.41	- 0.36	0.05	0.01	0.06
Organization Effectiveness	-	0.05	0.05	- 0.00	0.05
Legal	0.06	0.04	0.10	- 0.04	0.06
Communications	0.10	- 0.10	-	-	-
ITS & Management	0.57	- 0.12	0.45	- 0.38	0.06
Environmental, Health, & Safety	0.08	- 0.03	0.05	- 0.02	0.03
Conservation Demand Management	-	-	-	-	-
Rates	-	-	-	-	-
Regulatory Affairs	-	-	-	-	-
GRAND TOTAL	**1.42**	**- 0.27**	**1.15**	**0.02**	**1.17**

Shared Services
Toronto Hydro-Electric System Limited
THESL Sold to Affiliates

($ millions)

Sold to 14. Co					
Functional Group	**2009 Historical**	**2009:2010 Delta**	**2010 Bridge**	**2010:2011 Delta**	**2011 Budget**
	$		**$**		**$**
Governance	-	-	-	-	-
Chief Operating Officer	-	-	-	-	-
Distribution Systems	-	-	-	-	-
Asset Management	-	-	-	-	-
Business Transformation	-	-	-	-	-
Distribution Grid Management	-	-	-	-	-
Customer Service	-	-	-	-	-
Finance	-	-	-	-	-
Treasury	0.02	- 0.00	0.01	- 0.00	0.01
Organization Effectiveness	-	-	-	-	-
Legal	-	-	-	-	-
Communications	-	-	-	-	-
ITS & Management	-	-	-	-	-
Environmental, Health, & Safety	-	-	-	-	-
Conservation Demand Management	-	-	-	-	-
Rates	-	-	-	-	-
Regulatory Affairs	-	-	-	-	-
GRAND TOTAL	**0.02**	**- 0.00**	**0.01**	**- 0.00**	**0.01**

Shared Services
Toronto Hydro-Electric System Limited
THESL Sold to Affiliates

($ millions)

Sold to THESU					
Functional Group	**2009 Historical**	**2009:2010 Delta**	**2010 Bridge**	**2010:2011 Delta**	**2011 Budget**
	$		**$**		**$**
Governance	-	-	-	-	-
Chief Operating Officer	-	-	-	-	-
Distribution Systems	-	-	-	-	-
Asset Management	-	-	-	0.01	0.01
Business Transformation	-	-	-	-	-
Distribution Grid Management	-	-	-	-	-
Customer Service	-	-	-	0.00	0.00
Finance	-	-	-	0.47	0.47
Treasury	-	-	-	-	-
Organization Effectiveness	-	-	-	0.00	0.00
Legal	-	-	-	0.01	0.01
Communications	-	-	-	-	-
ITS & Management	-	-	-	0.12	0.12
Environmental, Health, & Safety	-	-	-	-	-
Conservation Demand Management	-	-	-	-	-
Rates	-	-	-	-	-
Regulatory Affairs	-	-	-	-	-
GRAND TOTAL	**-**	**-**	**-**	**0.62**	**0.62**

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 8:

Reference(s): R1/9/29

Please identify all unregulated businesses and/or business activities within THESL, and track their costs and revenues to the parts of the Application that disclose and explain those amounts.

RESPONSE:

For a description of the unregulated business activities, please refer to the following:

- Exhibit C1, Tab 2, Schedule 1, page 1, lines 19 to 22
- Exhibit C1, Tab 3, Schedule 1, page 2, lines 18 to 21

For the amounts being charged by Regulated THESL ("THESL") to Unregulated-THESL ("THESU"), please refer to Exhibit C1, Tab 3, Schedule 1, Appendix B.

For a description of the services provided by THESL to THESU, please refer to Exhibit C1, Tab 2, Schedule 2.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 9:

Reference(s): R1/9/31

This question sought details on performance measurement, productivity measurement, and benchmarking. Part A sought an explanation of how Distribution Plan Capital per Unit KPI was actually measured in 2009 for the purposes of compensation. Some information is provided on the KPI for the Underground Direct Buried portfolio. Please indicate how this information was used for the purposes of compensation. Please provide a summary of how the overall Distribution Plan Capital per Unit KPI was calculated and applied for compensation purposes in 2009.

RESPONSE:

Distribution Plant Capital KPI was used in calculating the 2009 Gain Sharing Payout. The results for all of the KPIs used in this program are outlined as follows:

K.P.I.	Weight	Target	Result	Payout
Safety - My Goal Is Zero				
Reduce Injuries *(%of FTEs)*	25%	94%	95%	25%
Attendance				
Attendance - avg. # days absent *(total absences/total FTEs)*	25%	9.25 days	8.6 days	25%
Modernization				
Distribution Plant Capital per unit ($K/unit)	25%	$0.90K	$0.85K	25%
Customer Service				
SAIDI *(Min)*	25%	84.0 min	82.6 min	25%
TOTAL PAYOUT				100%

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If the target is met for the Distribution Plant Capital KPI, this will result in 25% attainment of the Gainsharing payout.

The Distribution Plant Capital KPI is also used in calculating the Performance Pay payout. If the target is met for this KPI, this will result in 30% attainment of the Performance Pay payout.

THC 2009 Scorecard

KPIs	Weight	Threshold	Target	Maximum
People				
Safety - My Goal is Zero *(%)*	5%	93%	94%	95%
Safety Leadership *(%)*	5%	70%	80%	90%
Attendance - avg. # days absent *(#)*	5%	9.5	9.25	9.00
Finance				
Consolidated Operating Expense *($M)*	20%	$220.3	$215.3	$210.30
Consolidated Net Income *($M)*	20%	$47.1	$52.1	$57.1
Operations				
Distribution Plant Capital Per Unit *($K)*	30%	$1.05	$0.975	$0.90
Customer				
SAIDI *(Min)*	5%	89.0	84.0	79.0
SAIFI *(#)*	5%	2.3	2.1	1.9
Call Centre Service Index *(%)*	5%	60%	70%	75%

The Distribution Plant Capital Per Unit KPI is calculated as:

Total Capital Program Dollars / Total Work Task Units

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The Total Capital Program Dollars are the capital expenditures requiring labour resources to modernize the infrastructure, as outlined in Exhibit R1, Tab 4, Schedule 31. The Total Work Task Units are a count of all the work tasks required to complete the projects that make up those capital expenditures.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 10:

Reference(s): R1/9/35

The Applicant indicates that it has undertaken no formal labour cost benchmarking since 2007. Please reconcile this response with the response to EP # 24.

RESPONSE:

No formal benchmarking survey has been conducted since 2007; however, THESL conducts an informal benchmarking study annually by participating in a number of compensation surveys to ensure market competitiveness of compensation levels within the markets where THESL competes for talent.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 11:

Reference(s): R1/2/9

This response to an interrogatory from AMPCO indicates that the Applicant anticipates undertaking a formal external benchmarking study in 2011. Please provide the terms of reference for this study or draft terms of reference if final terms are not yet settled. Please provide the full budget for this study.

RESPONSE:

No formal benchmarking study has yet been finalized or approved, nor has a budget been established for the potentiality of this study.

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QUESTION 12:

Reference(s): R1/9/36 part C

SEC requested "scorecards, weightings, and individual performance contracts for each of the ten individuals included in the Executive category" but the reply provides corporate score cards only. Please provide the requested information.

RESPONSE:

The individual performance objectives for each of the executives are established based on areas of strategic and operational emphasis related to each executive's respective responsibilities and portfolios.

The weightings for corporate performance and individual performance are outlined below:

2010 Weightings

Position	Individual Performance (%)	Corporate Performance (%)
CEO	20	80
Executives	40	60

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QUESTION 13:

Reference(s): R1/9/49

SEC asked for confirmation that "no explicit or implicit approvals are being sought from the Board with respect to any capital." The reply included the statement, "no explicit or implicit revenue requirement (emphasis added) approvals are being sought from the Board with respect to any capital." What explicit or implicit capital approvals are being sought that do not impact the 2011 revenue requirement? Please provide data on the 10 year capital spending plans developed between the 2007 and 2010 plans.

RESPONSE:

In addition to the capital approvals being sought in this application that affect the 2011 revenue requirement, THESL is also seeking a decision from this Panel on two other capital-related matters. First, THESL is seeking a decision on the categorical inclusion of the Energy Storage project filed at Exhibit D1, Tab 9, Schedule 8 for inclusion in rate base when it becomes energized, and second, that Bremner station, filed at Exhibit D1, Tab 9, Schedule 6 be deemed a distribution asset at the time it is put into service.

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QUESTION 14:

Reference(s): R1/9/53

In this response, the Applicant refuses to respond to a request for an explanation of how a $100 million capital cut would be allocated. However, in response to R1/4/24, the Applicant discusses deferrable facilities investments. In response to R1/4/29, the Applicant provides revenue requirement implications of capital budget cuts. In light of the approach taken to settlement in the previous general rates case, please indicate in general terms how a $100 million reduction in the capital budget for 2011 would be allocated.

RESPONSE:

Any significant capital reduction requires a complete review and re-prioritization of proposed projects using methods as described in Exhibit R1, Tab 9, Schedule 53. A list of projects would be compiled and each of those projects would be analysed to confirm eligibility for deferral. Many projects on the list will have already begun or are too far into the procurement or permitting process to be candidates for deferral. The condition and reliability of the assets associated with those projects would also be considered to determine if any change in status would change their ranking in the prioritization tool. Capital requirements in other areas of the business including IT for example, would also have to be reviewed in order to establish a complete new set of company-wide projects and initiatives, that taken collectively meet the imposed capital reductions and still allow THESL to meet its obligations. Capital reductions have implications for O&M costs, and labour as well. In some cases, labour released from a capital program that is cancelled,

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will impact O&M and other adjustments to O&M programs become necessary to increase maintenance for assets that were originally planned for replacement.

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QUESTION 15:

Reference(s): R1/9/54

In this interrogatory, SEC sought an explanation for the budgeted increase in cost per connection. The reply focuses on gross capital cost, but does not respond to the question of cost per unit. Please provided a detailed explanation of the factors contributing to the change in cost per customer, including an explanation of the treatment of "Enhanced Cost".

RESPONSE:

The total gross capital investment is stated for all customer connection projects in Exhibit D1, Tab 8, Schedule 3-2, Table 3. The stated increase of approximately 25% is related to the total cost of the projects and is not related to a per customer cost increase. The total cost increase is attributed to large projects such as the Toronto waterfront revitalization and the development in the Queens Quay area.

The enhancement cost change to the economic model has no bearing on the cost of gross capital spend. The enhancement cost drives the recoveries to be received from customers and therefore the removal of the enhancement costs will impact the net spending after recoveries.

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QUESTION 16:

Reference(s): R1/9/61

In this response, the Applicant refuses to present information on different revenue/cost ratio implications. However, in R1/8/4 and R1/8/5, detailed alternative rate design analysis is provided. Please recalculate rates for GS>50 and Intermediate assuming the prefiled revenue/cost ratio and no change from the existing R/C ratio for Large Users.

RESPONSE:

The scenarios provided in Exhibits R1, Tab 8, Schedules 4 and 5 do not alter the revenue responsibility of each of the provided classes. This is different from the request made in Exhibit R1, Tab 9, Schedule 61.

Nevertheless, as this is a numerical exercise that could be conducted by any intervenor based on the evidence on record, THESL provides below, the figures requested.

	As Filed			As Per R1/T9/S61		
	Proposed R/C Ratio	Fixed Charge	Variable Charge	R/C Ratio	Fixed Charge	Variable Charge
Residential	92.0	20.95	0.01830	92.0	20.95	0.01830
GS<50 kW	100.0	27.26	0.02582	100.0	27.26	0.02582
GS 50-999 kW	114.6	37.44	5.8907	113.2	36.98	5.8189
GS 1000-4999 kW	111.0	671.21	4.3508	113.2	684.71	4.4383
Large User	104.0	2988.58	4.7083	108.1	3106.82	4.8946
Streetlight	77.7	1.64	36.2742	77.7	1.64	36.2742
Unmetered Scattered Load	86.1	5.82	0.07300	86.1	5.82	0.07300

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QUESTION 17:

Reference(s): R1/11/11

The Applicant indicates that it was finalizing a tree service contract for 2011. Please update the status of those negotiations, provide a copy of the contract if it has now been executed, and describe any implications for 2011 budgets.

RESPONSE:

The reference does not match the content of the question. THESL is unable to determine the material that this question is referencing.

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QUESTION 18:

Reference(s): R1/11/12 Part D

The Applicant indicates that the impact of CDM on sales volume is "difficult to quantify fully and accurately". Please provide the Applicant's claimed CDM volumes for each year in the period 2007-2010, broken down between Applicant-sponsored programs, OPA programs, and all other CDM impacts.

RESPONSE:

It is unclear from the question what "claimed CDM volumes" means. THESL has submitted an LRAM claim for 2007 CDM volumes, with the amount being 224.4 GWh (141.2 THESL funded, 83.2 OPA funded) and 34.9MW (16.1 THESL funded, 18.8 OPA funded). There have been no claims to date for 2008-2010 CDM volumes. The load forecast is based on measured loads which do not include an explicit CDM amount (however CDM and other conservation activities are implicit in the measured loads).

THESL's answer to the interrogatory was intended to emphasize its belief that the impact of CDM on the load forecast is difficult to quantify apart from other factors influencing load and load per customer. THESL has used the trend variables to capture all of these impacts, and the modelling statistics speak for themselves.

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QUESTION 19:

Reference(s): R1/2/32 and R1/6/42

Please provide the operational control plan and full business case for the NaS battery project. How will energy purchases/sales be treated for regulatory purposes? Is the Applicant planning to use NGK technology? Has the Applicant considered using alternative technologies such as POSCO or Ceramatec? What plans, if any, are in place to ensure that information developed from the NaS battery project can be shared with other LDCs that may be interested in similar solutions?

RESPONSE:

1) The operational control plan is under development and will be updated as market conditions change over time. The energy storage system will be dispatched under the following conditions: a) contingency mitigation for downtown supply issues, and b) voltage support and transient suppression. The business case financials were provided in THESL's response to OEB Staff Interrogatory 61.

2) There will be no change to wholesale or retail settlement. The battery system does not represent a net source of power and acts only to (negligibly) change the timing of energy inputs versus outputs on THESL's system. Losses in the battery system itself are analogous to any other losses on THESL's distribution system.

3) The energy storage system design is based on NGK NaS technology since this system has greater commercial experience than POSCO or Ceramatec systems.

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4) A case study containing technical and financial information gathered in this energy storage system will be shared with LDCs and industry stakeholders.

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QUESTION 20:

Reference(s): R1/3/46

Please advise whether the Applicant revising its working capital downward by $1.9 million?

RESPONSE:

As acknowledged in the interrogatory response, using the forecast Cost of Power and the proposed 2011 Service Revenue Requirement will reduce the working capital allowance by 1.9 million. THESL is prepared to make this adjustment upon rates finalization.

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QUESTION 21:

Reference(s): R1/4/22

Please provide a status update on the depreciation study that the Applicant is undertaking.

RESPONSE:

THESL will provide a thorough update on this issue at the Technical Conference.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 22:

Reference(s): R1/4/35

The Applicant indicates that it has no dividend policy with the City of Toronto or THC. How are dividends determined?

RESPONSE:

Dividends to THESL's parent, THC are determined by THESL's Board of Directors based on Management's recommendations. Among other financial aspects, Management's recommendations take into consideration the overall cash balances in each of the companies as well as THESL's debt-to-equity ratios and how this ratio compares to THESL's deemed debt-to-equity split.

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QUESTION 23:

Reference(s): R1/4/39

Please confirm that there are no smart meter costs in the revenue requirement in this case. If there are smart meter costs, then please provide an answer to CCC #39.

RESPONSE:

THESL's position is that its Smart Meter Initiative ended at December 31, 2010 with the program being essentially complete. Smart Meters have been installed at approximately 95 percent of all customers. The costs to install these meters, and the related information systems to remotely read them, will be the subject of a separate application in 2011, which will include all the required cost breakdowns.

The costs in 2011 to replace the conventional meters at the remaining five percent of customers, and the additional work to process commercial and industrial meter readings, are considered part of normal, ongoing metering operations.

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QUESTION 24:

Reference(s): R1/1/12

The loss factor for residential and for GS customers up to 4.999 MW is the same (1.0376). What is the basis of this estimate, and why does the Applicant not have class-specific loss factors?

RESPONSE:

The Retail Settlement Code 2006 Section 3.2 (Distribution Losses and Unaccounted For Energy) prescribes the method of calculation for the Total Loss Factor ("TLF"):

> *"When determining retail settlement costs, a distributor shall adjust measured consumption at a consumer's meter for total losses. The sum of total losses for a distribution system equals the difference between wholesale energy delivered to a distributor (including supply from embedded retail generators and load transfers) and the total energy measured at all retail and wholesale consumers' meters connected to the distribution system."*

The TLF is the same for all classes of customer (except the Large Use class) as it is calculated from total wholesale energy delivered and total retail energy delivered.

The separate TLF for LU customers is a result of a 1999 engineering study on the load factor data of 41 large use customers. This engineering study was provided as part of

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

RP-2000-0021. The loss factor for the remaining classes is simply the residual, after the Large Use losses have been subtracted from the total system losses.

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QUESTION 25:

Reference(s): R1/1/28

The Applicant indicates that it "did not receive comparative costing data from other utilities". Why is this the case? What actions, if any, has the Applicant taken in the past to obtain comparative costing data?

RESPONSE:

The reference does not match the content of the question. THESL is unable to determine the material that this question is referencing.

TECHNICAL CONFERENCE QUESTIONS OF SCHOOL ENERGY COALITION

QUESTION 26:

Reference(s): R1/1/23

Please provide the exchange rate assumed for the purposes of budgeting the contact voltage inspections.

RESPONSE:

In Q3 and Q4 of 2009, the average daily exchange rate was 8%. A conservative exchange rate of 10% was used to budget for the US dollars premium of the contact voltage scanning contract.

TECHNICAL CONFERENCE QUESTIONS OF VULNERABLE ENERGY CONSUMERS COALITION

QUESTION 1:

Reference(s): **Exhibit R1 Tab 11 Schedule 6**
Exhibit C2 Tab 1 Schedule 2 Appendix A
Exhibit C2 Tab 1 Schedule 5
EB-2009-0139 Exhibit R1 Tab 11 Schedule 13

THESL declined to update Appendix A for year to date (2010) headcount and compensation. Now that 2010 is over provide an update for 2010 data in the form of either a revised schedule or a variance report.

RESPONSE:

See attached Appendix A (Table 1: Employee Compensation).

TABLE 1: EMPLOYEE COMPENSATION

Row	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6
		2007 Historical Actual	2008 Historical Actual	2009 Historical Actual	2010 Historical Actual	2011 Test
1	**Number of Employees (FTEs including Part-Time)**					
2	Executive	10	10	9	12	10
3	Managerial	38	41	43	50	53
4	Management/Non-Union	265	275	302	368	479
5	Union *	1,212	1220	1220	1,226	1402
6	Total *	1,525	1546	1574	1,657	1944
7	** Excludes President & Vice President of CUPE Local One*					
8	**Number of Part-Time Employees**					
9	Executive					
10	Management (Managerial)					
11	Non-Union (Management/Non-Union)					
12	Union					
13	Total					
14	**Total Salary and Wages**					
15	Executive	1,714,398	1,812,507.75	1,782,964.90	2,034,931.02	2,021,671.00
16	Managerial	4,679,679	4,960,742.93	5,670,025.17	6,890,323.35	7,216,041.00
17	Management/Non-Union	23,652,288	24,637,246.30	27,600,854.50	33,846,153.33	45,280,227.00
18	Union	85,537,115	88,723,957.77	91,712,516.73	95,057,034.30	111,347,730.00
19	**Total**	**115,583,480**	**120,134,454.75**	**126,766,361.30**	**137,828,442.00**	**165,865,669.00**
20	**Total Benefits**					
21	Executive	667,994	818,469.04	787,523.63	924,153.49	1,030,425.00
22	Managerial	1,616,795	1,690,280.36	1,918,365.23	2,448,109.33	2,829,923.00
23	Management/Non-Union	8,208,444	8,509,706.95	9,523,017.72	12,317,142.46	17,536,908.00
24	Union	30,339,717	30,960,867.35	31,919,114.86	28,949,620.33	42,773,515.00
25	**Total**	**40,832,950**	**41,979,323.70**	**44,148,021.44**	**44,639,025.62**	**64,170,771.00**
26	**Total Compensation (Salary, Wages, & Benefits)**					
27	Executive	2,382,392	2,630,976.79	2,570,488.53	2,959,084.51	3,052,096.00
28	Managerial	6,296,474	6,651,023.29	7,588,390.40	9,338,432.68	10,045,964.00
29	Management/Non-Union	31,860,731	33,146,953.25	37,123,872.22	46,163,295.79	62,817,135.00
30	Union	115,876,832	119,684,825.12	123,631,631.60	124,006,654.63	154,121,245.00
31	**Total**	**156,416,429**	**162,113,778.45**	**170,914,382.74**	**182,467,467.61**	**230,036,440.00**
32	**Compensation - Average Yearly Base Wages**					
33	Executive	171,440	181,250.78	200,179.08	197,120.44	202,167.10
34	Managerial	122,689	121,783.10	131,760.31	133,151.63	136,151.72
35	Management/Non-Union	89,247	89,665.32	91,326.45	91,918.50	94,589.99
36	Union	70,575	72,699.88	75,168.79	77,508.13	79,402.00

TABLE 1: EMPLOYEE COMPENSATION

Row	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6
		2007 Historical Actual	2008 Historical Actual	2009 Historical Actual	2010 Historical Actual	2011 Test
37	**Compensation - Average Yearly Overtime**					
38	Executive	-	-		-	-
39	Managerial	-	-		68.20	-
40	Management/Non-Union	4,841	4,297.00	9,639.03	7,134.21	2,504.49
41	Union	12,534	9,498.32	13,121.30	16,110.73	11,083.63
42	**Compensation - Average Yearly Incentive Pay**					
43	Executive	59,643	70,902.05	85,714.49	73,398.26	68,100.30
44	Managerial	18,344	22,731.66	23,820.13	24,372.85	24,643.45
45	Management/Non-Union	5,114	6,768.76	6,729.04	7,010.24	8,250.46
46	Union**	4,890	5,063.07	5,805.52	2,827.83	4,120.00
47	***Only includes The Society of Energy Professional, Crew Leaders, System Response Rep*					*(187.5 FTEs for union)*
48	**Compensation - Average Yearly Benefits**					
49	Executive	66,799	81,846.90	88,417.76	89,521.24	103,042.50
50	Managerial	42,388	41,495.31	44,579.06	47,308.34	53,394.77
51	Management/Non-Union	30,973	30,970.41	31,510.02	33,450.57	36,637.00
52	Union	25,033	25,369.15	26,161.33	23,605.10	30,502.40
53	**All Inclusive (Base Wages, Overtime, Incentive Pay, Benefits)**					
54	**Total Compensation**	175,664,371	178,510,702.07	193,838,536.83	209,915,570.44	253,482,831.00
55	**Total Compensation Charged to OM&A**	98,090,985	96,609,991.96	105,060,486.96	112,136,897.73	121,925,241.71
56	**Total Compensation Capitalized**	77,573,386	81,900,710.11	88,778,049.87	97,778,672.71	131,557,589.29

TECHNICAL CONFERENCE QUESTIONS OF VULNERABLE ENERGY CONSUMERS COALITION

QUESTION 2:

Reference(s): **Exhibit R1Tab 11 Schedule 7**
Exhibit C2 Tab 1 Schedule 5
EB-2008-0139 Exhibit R1 Tab 11 Schedule 14 parts b and c

The second reference includes an updated forecast of retirements and 2010 hiring plan. Please provide a variance report and updated Tables 3 and 4. Please comment on the implications of 2010 Actual for the 2011 forecast.

RESPONSE:

Table 3 remains the same.

Table 4: Updated Hiring Plan

CATEGORY	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
EXECTUIVE	-	-	-	-	-	-	-	-	-	-	-	-	-
MANAGERIAL	-	-	168 k	-	-	-	-	-	67 k	-	34 k	-	269 k
UNION	1,490 k	1,073 k	89 k	80 k	781 k	124 k	53 k	-	142 k	- 27 k	53 k	9 k	3,868 k
MANAGEMENT/NON UNION	688 k	505 k	115 k	310 k	275 k	642 k	344 k	115 k	275 k	34 k	298 k	23 k	3,624 k
	2,179 k	1,578 k	371 k	390 k	1,056 k	766 k	397 k	115 k	484 k	8 k	385 k	32 k	7,761 k

The unfilled vacancies in 2010 will roll forward to 2011 and THESL expect the FTEs to remain the same for 2011 forecast.

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QUESTION 3:

Reference(s): **Exhibit R1 Tab 11 Schedule 9**
Exhibit B1 Tab 14 Schedule 1 page 15
Exhibit C2 Tab 3 Schedule 3 Page 3
EB-2009-0139 Exhibit R1 Tab 11 Schedule 7

This interrogatory asked about renewal of the tree trimming contract and 2011 accomplishment and costs. The response indicated that renewal of the Davey Tree Services contract was under negotiation. Please provide an update to the table provided in the response regarding 2011 circuit km and costs based on contracted information.

RESPONSE:

THESL is still working on finalizing the 2011 tree trimming agreement and final contract negotiations are in progress.

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QUESTION 4-1:

Reference(s): Exhibit R1 Tab 11 Schedules 13 and 14
Exhibit K1 Tab 1 Schedule 1 page 9
Exhibit K1 Tab 4 Schedule 1 Table1

The response to Part c includes an updated forecast of customers by class; please provide actuals and discuss the implications for the 2011 forecast.

RESPONSE:

The response to Exhibit R1, Tab 11, Schedule 13, part C contained the actual number of customers mid-year 2010 as was requested. Having reviewed the 2010 mid-year actual number of customers THESL believes that the originally filed customer forecast is still valid.

QUESTION 4-2:

Reference(s): Exhibit K1 Tab 6 Schedule 2 page 1

Please update the revenue forecast in table 1 for 2010 actuals.

RESPONSE:

For 2010 actual weather-normalized revenues please see Appendix A to this Schedule.

Table 1: Weather-normalized Revenues by Class

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	**Col. 13**	Col. 14
1													
2			2005 Actual	2006 Board Approved	2006 Actual	2007 Actual	2008 Board Approved	2008 Actual	2009 Board Approved	2009 Actuals	2010 Board Approved	**2010 Actual**	2011 Test Year
3	Residential	Customer Charge	$ 98,659,091	$ 86,902,018	$ 86,934,758	$ 87,571,092	$ 109,016,367	$ 109,142,515	$ 125,425,779	$ 124,940,074	$ 136,520,338	**$ 136,865,151**	$ 158,901,022
4		Distribution Charge	$ 93,809,056	$ 85,424,018	$ 82,548,985	$ 80,950,720	$ 84,087,737	$ 80,770,882	$ 78,795,128	$ 73,292,663	$ 80,785,554	**$ 81,229,612**	$ 91,257,867
5	GS <50 kW	Customer Charge	$ 14,819,296	$ 12,962,490	$ 13,059,750	$ 13,024,845	$ 15,612,169	$ 15,627,403	$ 17,266,106	$ 17,235,623	$ 19,438,004	**$ 19,453,474**	$ 21,820,846
6		Distribution Charge	$ 52,191,649	$ 48,584,945	$ 45,382,529	$ 44,578,497	$ 51,095,311	$ 46,319,092	$ 51,091,317	$ 43,674,294	$ 50,980,109	**$ 46,930,692**	$ 55,237,193
7	GS 50-999 kW	Customer Charge	$ 3,947,122	$ 3,484,728	$ 3,535,919	$ 3,560,395	$ 4,207,415	$ 4,371,793	$ 4,660,902	$ 4,864,615	$ 5,300,602	**$ 5,558,497**	$ 5,952,074
8		Distribution Charge	$ 146,455,204	$ 131,736,920	$ 130,013,096	$ 130,985,708	$ 135,168,539	$ 139,057,055	$ 132,485,235	$ 135,132,069	$ 151,388,290	**$ 149,756,089**	$ 160,870,841
		Tranformer Allowance	(3,163,914)	(3,161,651)	(3,139,576)	(3,194,284)	(3,323,364)	(3,194,428)	(3,303,523)	(3,207,810)	(3,348,115)	**(3,278,897)**	(3,283,350)
9	GS 1000-4999 kW	Customer Charge	$ 4,957,747	$ 4,445,772	$ 4,532,773	$ 4,512,691	$ 4,623,581	$ 4,591,895	$ 4,550,112	$ 4,419,606	$ 4,149,424	**$ 4,086,031**	$ 4,197,524
10		Distribution Charge	$ 55,705,015	$ 50,217,922	$ 50,222,235	$ 49,300,971	$ 51,652,905	$ 50,987,613	$ 50,928,853	$ 48,197,259	$ 45,992,501	**$ 45,792,658**	$ 46,702,195
		Tranformer Allowance	(5,749,621)	(5,860,501)	(5,847,016)	(5,689,426)	(5,597,041)	(5,570,871)	(5,640,722)	(5,380,927)	(5,472,194)	**(5,465,541)**	(5,219,569)
11	Large Use	Customer Charge	$ 1,755,940	$ 1,572,136	$ 1,605,585	$ 1,644,407	$ 1,719,231	$ 1,719,231	$ 1,573,308	$ 1,509,091	$ 1,643,460	**$ 1,643,460**	$ 1,708,970
12		Distribution Charge	$ 21,546,393	$ 19,689,892	$ 20,279,915	$ 19,355,677	$ 21,292,700	$ 20,929,847	$ 21,585,605	$ 20,658,791	$ 21,744,367	**$ 20,750,011**	$ 23,838,550
		Tranformer Allowance	(3,192,404)	(3,248,587)	(3,364,302)	(3,205,353)	(3,258,184)	(3,151,786)	(3,284,666)	(3,093,615)	(2,981,877)	**(2,852,936)**	(2,976,922)
13	Street Lighting	Connection Charge	$ 564,043	$ 505,694	$ 505,694	$ 512,068	$ 1,301,228	$ 1,301,824	$ 1,759,059	$ 1,756,561	$ 2,607,396	**$ 2,617,202**	$ 3,247,944
14		Distribution Charge	$ 1,323,755	$ 1,155,752	$ 1,157,944	$ 1,166,602	$ 4,948,163	$ 4,997,791	$ 6,360,852	$ 6,432,436	$ 9,514,299	**$ 9,538,348**	$ 11,843,359
15	Unmetered Scattered Load	Cust/Conn Charge	$ 84,109	$ 81,949	$ 99,773	$ 90,062	$ 120,807	$ 125,963	$ 132,004	$ 136,579	$ 199,795	**$ 194,128**	$ 235,970
16		Distribution Charge	$ 1,096,741	$ 973,702	$ 1,002,335	$ 1,023,330	$ 2,103,455	$ 2,082,060	$ 2,396,711	$ 2,343,830	$ 3,191,971	**$ 3,359,917**	$ 4,104,906
17	Total	Customer Charge	$ 124,787,348	$ 109,954,785	$ 110,274,253	$ 110,915,560	$ 136,600,799	$ 136,880,624	$ 155,367,270	$ 154,862,150	$ 169,859,019	**$ 170,417,945**	$ 196,064,350
18		Distribution Charge	$ 372,127,813	$ 337,783,150	$ 330,607,039	$ 327,361,504	$ 350,348,810	$ 345,144,340	$ 343,643,701	$ 329,731,342	$ 363,597,093	**$ 357,357,327**	$ 393,854,911
		Transformer Allowance	(12,105,939)	(12,270,740)	(12,350,894)	(12,089,062)	(12,178,590)	(11,917,085)	(12,228,911)	(11,682,352)	(11,802,185)	**(11,597,374)**	(11,479,841)
19													
20	Total Distribution Revenue		$ 484,809,223	$ 435,467,196	$ 428,530,397	$ 426,188,002	$ 474,771,019	$ 470,107,879	$ 486,782,061	$ 472,911,139	n/a	**$ 516,177,897**	$ 578,439,420
21	Notes												
22	1. Based on Approved rates for each rate year												
23	2. Normalized to Test Year HDD and CDD												

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QUESTION 5:

Reference(s): Exhibit R1 Tab 11 Schedule 15
Exhibit K1 Tab 6 Schedule 2 page 1

Please provide a comparison of forecast and Actual Other Revenue for 2010. Please discuss the implications for the 2011 forecast.

RESPONSE:

The latest 2010 forecast prepared by THESL is reflected in the bridge year amounts in the 2011 application.

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QUESTION 6:

Reference(s): **Exhibit R1 Tab 11 Schedule 16**
Exhibit F1 Tab 1 Schedule 1 Table 2

Part a) Table 1 of the response provides a Summary of Distribution O&M 2010 to September. Please provide the 2010 actual and discuss implications for the 2011 forecast.

RESPONSE:

The end of year 2010 actual for the distribution O&M expenses is not yet available. Having reviewed the spending trends available till September 2010, THESL believes that the originally filed 2011 forecast is still valid.

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QUESTION 7:

Reference(s): **Exhibit R1 Tab 11 Schedule 18**
Exhibit F2 Tab 1 Schedule 1

Please complete the Table in response to part a) for 2010 actuals.

RESPONSE:

As the financial results for 2010 are currently subject to audit and not finalized, the 2010 year end actuals are not available at this time.

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QUESTION 8:

Reference(s): Exhibit R1 Tab 11 Schedule 25 response a) page 2

"Maintaining the non-standard equipment and designs is not acceptable as grandfathered practice due to their negative impact on reliability."

VECC understands the response to this question to mean that while the non-standard equipment and designs are acceptable as grandfathered practice in relation to the standards imposed on THESL, THESL plans to spend money to eliminate the non-standard equipment and designs in order to improve reliability. Is this understanding correct?

RESPONSE:

Yes, this understanding is correct.

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QUESTION 9:

Reference(s): Exhibit R1 Tab 11 Schedule 26 response a) pages 1 and 2

With respect to the Greening the Fleet initiative, THESL states that it ". . . has not conducted a business case for this initiative because it has been undertaken as part of the company's commitment to become carbon neutral by 2020 rather than for purely financial reasons."

THESL does go on, however, to note that it ". . . does consider the premium associated with specific types of vehicles in determining whether to acquire conventional or "green" technology. See the response to BOMA Interrogatory 9 (Exhibit R1, Tab 3, Schedule 9).

The response to BOMA Interrogatory 9 states that, presumably in relation to the Greening the Fleet initiative, "The annual estimated reduction in fuel consumption is 36,429 litres representing approximately $34,670 annually."

Please provide an estimate of the premium incurred by THESL in order to achieve the approximate annual savings of $34,670. Do the cumulative annual savings over the lifespan of the "green" fleet exceed the premium incurred to purchase the vehicles?

RESPONSE:

Please see response to Energy Probe Interrogatory 41 (Exhibit R1, Tab 6, Schedule 41). No, the cumulative annual savings do not exceed the premium incurred.

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QUESTION 10:

Reference(s): Exhibit R1 Tab 11 Schedule 27 response a), page 2

"As stated in Exhibit D1, Tab 9, Schedule 1, the costs of exceeding the requirements imposed by Ontario Regulation 22/04 are related to the requirements of carrying legacy and/or obsolete inventory items to support the legacy installations, different operating and maintenance procedures which in part are addressed by the Standardization portfolios and cannot be easily quantified."

It appears to VECC from the answer provided that the only costs incurred by THESL that are properly considered costs to exceed the requirements imposed by Ontario Regulation 22/04 are the costs related to standardizing legacy or obsolete equipment (elsewhere referred to by VECC as having been "grandfathered"). Please confirm whether this understanding is correct. If it is incorrect please explain why.

RESPONSE:

This understanding is incorrect. The purpose of Ontario Regulation 22/04 is to set the minimum requirements that LDCs must meet when designing, constructing, operating, maintaining and decommissioning electrical distribution systems in order to ensure that there is no undue hazard posed to the public. THESL considers many additional factors throughout the planning process above and beyond public safety, including, but not limited to, employee safety, operational and maintenance costs and system reliability. As a result, there are many costs that THESL incurs, which can be said to exceed the requirements of O.Reg. 22/04, in addition to the equipment standardization program. One of the target benefits of standardizing legacy or obsolete equipment is to reduce

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ongoing costs associated with supporting legacy installations, and some of the costs incurred supporting legacy installations can be attributed to meeting or exceeding certain requirements prescribed in Ontario Regulation 22/04.

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QUESTION 11:

Reference(s): Exhibit R1 Tab 11 Schedule 30
Exhibit J1 Tab 2 Schedule 4 -Working Capital Allowance
Exhibit D1 Tab 14 Schedule 1 Table 1

This interrogatory asks for updated lead lag study and Working Capital changes due to HST from July 1 2010. The response is:

> THESL has not updated the study since the study filed in EB-2007-0680. THESL has updated the values that are used in the calculations based on the report to reflect the HST rate. THESL intentionally held off in updating its lead lag study because, in general, a rigorous lead lag study should be based on at least 12 months of revenue and expense data. Since the HST came into force in July 2010, THESL intends to update its lead lag study once the required data is available.

Provide either an updated lead/lag study or an updated estimate of HST impacts on the 2010 and 2011 working capital allowances and the change from 2010 and 2011 forecasts

RESPONSE:

As indicated in the original interrogatory response, a properly constituted update to the originally filed lead-lag study requires at least 12 months of revenue and expense data. These data will not be available until Q3 of 2011 at the earliest. The calculation of the 2011 working capital allowance includes the impact of HST in the calculation of the values as shown on lines 8-12 of the referenced exhibits. THESL does not have any further estimate of the impact of HST on the working capital allowance. However,

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THESL submits that the inclusion of the HST in the Working Capital Allowance forecast is correct and is only different in the absolute amount when compared with the old GST and its impact on the Working Capital Allowance within the lead-lag study.

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QUESTION 12:

Reference(s): Exhibit R1 Tab 11 Schedule 34 response c)

"Figure 3 in the Capital Plan shows $200M of Underground Direct-Buried Cable that has reached the end of useful life. This cost of $200M (cable only) along with other costs associated with this portfolio were spread over six years to lessen the impact in required resources, the burden on SAIDI impacts due to planned outages, the number of permits applied for at the city and rate shock to the customer. The impact of each constraint is listed in order."

The response asserts that the proposed spending on Underground Direct-Buried Cable was influenced out of concern for, in part, the rate shock to the customer. The response does not, however, quantify the impact that concern had in this particular decision, although it infers that the rate shock to the customer was the least impactful of the relevant factors considered, the most impactful being the impact in required resources. Please set out what THESL's 6 (or, possibly, less than 6) year plan for spending on Underground Direct-Buried Cable would have been had rate shock not been a relevant factor.

RESPONSE:

Rate shock is the least impactful of the relevant factors considered (others being resources, SAIDI impact of planned work and City permits), therefore the overall plan would not change materially excluding rate shock considerations.

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QUESTION 13:

Reference(s): Exhibit R1 Tab 11 Schedule 35 response c)

c) *If THESL does not develop minimum level spending (or comparable) budgets for consideration in its planning process, please confirm that THESL must necessarily be unable to advise the Board whether, in the face of reductions by the Board to the applied for budgets, THESL is either able or unable to operate in the test year within the bounds of acceptable risk without first reviewing the impacts of its approved budgets from scratch.*

"In its 2008 Decision with Reasons for EB-2007-0680, the Board stated at page 38, "the Board does not approve or disapprove any specific line item within the Company's claim. The Company can apply to [sic] funds provided in the envelope where it determines it ought to go." This approach has allowed THESL the flexibility necessary to defer or re-shape programs, transfer budget amounts, or adjust allocations or contracting in a way that allows THESL to operate within acceptable risks."

Viewed in conjunction with the question that was posed at part c), it appears to VECC that:

i) THESL is asserting that so long as the Board provides THESL with the flexibility to move funds within an approved spending envelope, THESL can operate within acceptable risks; and

ii) THESL makes the assertion described in i) without reference to a minimum spending envelope below which THESL cannot operate within acceptable risks despite its ability to move available funds at its discretion.

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Please explain whether VECC's understanding as set out under i) is correct, and if so how it is that THESL can make that assertion without having conceived a minimum level of spending, either on a specific line item basis or on an envelope basis. If THESL has developed a minimum spending level on a line item or envelope basis please provide that information and describe how and when it was developed.

RESPONSE:

THESL does not make the assertion set out above at i) unconditionally, irrespective of the specific prevailing circumstances or the degree of budget reduction imposed by the Board. The Board has provided THESL with flexibility in previous decisions, and in those cases, THESL was able to recast its plans and make adjustments to best meet its obligations. This cannot be generalized and asserted for all cases or for all time. In every case where Board Decisions impose reductions, THESL must make judgments that incrementally increase risks above those that were reflected in THESL's initial application. These judgments must be made based on the specific circumstances at the time, and cannot be applied in some mechanistic manner as if there is some minimum spending level below which all risks become unmanageable. The concept of "acceptable risk" is necessarily judgmental, and in rendering its decisions the Board indicates its judgment of the tradeoff between cost and risk. Given the Board's decision in a particular case, THESL does its best to optimize its activities and programs within the constraints imposed by the Board.

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QUESTION 14:

Reference(s): Exhibit R1 Tab 11 Schedule 38 responses b) & c)

Please confirm that the 2011 revenues based on current rates use in the calculation were those set out in Exhibit R1, Tab 11, Schedule 14 – net of the Transformer Allowance. If not, please explain.

RESPONSE:

The total revenue requirement calculations in Exhibit R1, Tab 11, Schedule 14 are net of Transformer Allowance.

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QUESTION 15:

Reference(s): Exhibit R1 Tab 11 Schedule 38 response h)

The original interrogatory requested that the Cost Allocation model be re-run in accordance with the Board's Filing Guidelines (i.e., remove TOA revenues from the each class and remove the TOA as a "cost"). The provided does not do so.

Please provide the requested re-run of the Cost Allocation model including both a full electronic copy of the run and a hard copy of Sheet O1.

RESPONSE:

The original Interrogatory response contained the incorrect table as Appendix B, in error. THESL filed an electronic version of corrected Appendix B on January 13, 2011 by RESS, and by email to all intervenors. An electronic version of corrected Appendix B is also available on THESL's website.