

IN THE MATTER of the *Ontario Energy Board Act 1998*,
Schedule B to the *Energy Competition Act, 1998*, S.O. 1998,
c.15;

AND IN THE MATTER OF an Application by Toronto Hydro
Electric System Limited for an Order or Orders approving
just and reasonable rates and other service charges for the
distribution of electricity, effective on May 1, 2011.

INTERROGATORIES ON THE UPDATE
FROM THE
SCHOOL ENERGY COALITION

[Questions have not been assigned to issues, because the Update Evidence has not been assigned by the Applicant to issues.]

1. Please advise which of the proposed changes described in the Update were required by the Applicant's external auditors as part of their audit of the Applicant's financial records, which were accepted by the Applicant's external auditors after being proposed by the Applicant, and which were neither required nor explicitly accepted by the external auditors.
2. Please provide a full status report on the Applicant's transition to IFRS, including any reports from external advisors and any report to the Applicant's Board of Directors or any committee of that Board dealing with the potential impacts of IFRS.
3. Please confirm that the Applicant has elected not to move to IFRS for 2011, and will remain on CGAAP for that year.
4. Please provide a detailed list of all IFRS-related changes expected to impact regulated rate base or operating expenses or revenue requirement, together with the Applicant's most current estimates of the impact of each of those changes for any year including but not limited to the Test Year. Please identify expressly which of those changes are already being proposed in the Accounting Update.
5. [Q1/2/1, p. 3]. With respect to the buildings review:

- a. Please provide a copy of any report, presentation or other documentation from Pinchin Environmental Ltd.
 - b. Please provide a copy of the review document prepared by the Applicant, and any presentations explaining it to senior management or to the Board of Directors or any committee of that Board.
 - c. Please provide a copy of any analysis provided by external IFRS consultants relating to depreciation of buildings.
6. [Q1/2/1, p. 5] Please explain the special circumstances applicable to the Applicant that require the Applicant to change its depreciation and capitalization policies without moving to IFRS, compared to other LDCs, also with updated studies and information, who are not required to make such a change.
 7. [Q1/2/1, p. 5] Please identify the specific change in CGAAP that has required the Applicant to cease to capitalize overheads.
 8. [Q1/2/1, p. 10] Please confirm that all of the impacts in Table 2 are the direct result of reductions in the amount of capitalized overheads. Please advise whether, after these reductions in capitalized overheads, there will remain in any of the capital additions in the Test Year any amounts reflecting capitalized overheads. If so, please provide a table identifying and quantifying those amounts, and an explanation as to why some capitalized overheads must be removed, but others remain.
 9. [Q1/2/1, p. 13] Please confirm that the reductions in allocated costs are the following percentages:

Percentage Change in Allocated Costs			
Rate Class	Application	Update	Percent Reduction
Residential	\$283.6	\$269.2	5.078%
GS<50kW	\$81.2	\$77.7	4.310%
GS 50-999 kW	\$148.9	\$146.6	1.545%
GS 1000-4999 kW	\$46.4	\$46.0	0.862%
Large Use	\$24.8	\$24.2	2.419%
Streetlighting	\$19.6	\$18.1	7.653%
USL	\$5.2	\$4.8	7.692%
Totals	\$609.7	\$586.6	3.789%

Please explain the primary drivers for the disparities between the changes in allocated costs. Please explain why the Applicant sought to keep the revenue to cost ratios the same for each class if the cost allocation results were different.

10. [Q1/2/2] Please advise whether the column “2011 Accounting Update” is now IFRS compliant. If it is not, please advise the main changes that would still be required to make it compliant.
11. [Q1/2/4-1] Please explain the difference between this table and the table in Schedule 4-4.
12. [Q1/2/6-1 to 6-3] Please restate the information in these three tables in the format used in the RRR filings, including the calculation methodologies used for those filings, so that we can compare the proposed operating expenses to the past RRR data.
13. [Q1/2/7-2] Please explain why this report dated August 28, 2009 was not included in the evidence in this proceeding until February 9, 2011. Please provide a full timeline of all steps taken by the Applicant related to this report from the time it was delivered to the Applicant until the time it was filed with the Board. Please provide a detailed breakdown of all actual costs to February 9, 2011 related to this Application (including estimates of costs to February 9th that are not yet known).
14. [Q1/2/7-2, p. 3] Please confirm that the sentence “Conversely, an overwhelming number of units will cease to perform as designed at or beyond the maximum life” is the view of the report’s authors.
15. [Q1/2/7-2, p.4] Please provide a table, similar to Table 1-1, that includes all assets of the Applicant for which new estimated lives are being proposed (i.e. add those that were not reviewed by Kinectrics), and adds two additional columns to those in the current table: current estimated life prior to these changes, and estimated life from the OEB Kinectrics Report, if any.
16. [Q1/2/8-2, pp. 19-22] Please provide this T2S1 table on a comparative basis, adding columns showing the figures from the Application, the differences resulting from the Update, and an explanation of those differences.
17. [Q1/2/9, p. 4] Please confirm the figures in the third column on lines 2, 3, 12, and 14, and explain how they were calculated.

Submitted on behalf of the School Energy Coalition this 16th day of February, 2011.

Jay Shepherd
Counsel for School Energy Coalition