



GARDINER ROBERTS

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E-FILED

Ms. Kirsten Walli  
Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street (27<sup>TH</sup> Floor)  
P.O. Box 2319  
Toronto, ON  
M4P 1E4

Dear Ms. Walli,

**Re: EB-2011-0144; Preliminary Issue – Early Rebasing THESL**

I enclose for filing the attached City of Toronto Interrogatories in respect to the above proceeding.

Yours truly,

**GARDINER ROBERTS LLP**

  
Ian A. Blue, Q.C.

Enclosures

cc. Lorraine Searles-Kelly  
Robert Hatton

TORONTO-#271196-v1-Letter to OEB (October 14 2011)

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**EB-2011-0144**

**Toronto Hydro-Electric System Limited  
2012, 2013 and 2014 Electricity Distribution Rates  
Preliminary Issue**

**City of Toronto Interrogatories**

The City of Toronto has concerns about the Ontario Energy Board's Cost Allocation model, specifically with respect to the costs allocated to the Street Lighting (SEL) customer class. It is vital that the City be able to explore this issue and challenge the model in a public hearing before the Board.

1. For the purposes of this question please assume that THESL's 2012-14 rates are to be set using the OEB's IRM rate-setting methodology. So assuming, please:

- a) provide the 2012-14 SEL distribution rates;
- b) describe in detail how these rates would be calculated;
- c) discuss how other changes to SEL rates (eg., due to the inclusion in rate base of SEL assets and proposed changes to the computed Revenue:Cost ratio) would be treated and the reasons for this treatment;
- d) describe how differences between THESL's proposed SEL rates and those authorized for other LDCs in Ontario would be tested and reconciled;
- e) discuss how allocated SEL distribution costs respond to reduced energy use by the customer class;
- f) discuss how THESL's SEL distribution rates compare to those authorized for other customer classes;

- g) discuss how the load characteristics of the SEL customer class compares to those of other customer classes who are charged lower distribution rates; and
  - h) discuss whether in a rates proceeding that uses the OEB's IRM rate-setting methodology it would be THESL's position that the City could explore the issues described in parts b) – g) above fully and fairly.
- 2) For each of the historic years 2006- 2010 inclusive:
- a) Please provide THESL's actual OEB authorized Base Distribution rates in the same format as EM1/T1/S1/p2/Tbl1.
  - b) Please provide or confirm that ED1/T7/S2/p1 provides THESL's actual quality of service using the OEB's Service Quality Indicator metrics.
  - c) Please provide or confirm that ED1/T7/S3 provides THESL's actual reliability of service (i.e., SAIDI, SAIFI and CAIDI.)
- 3) Please confirm that EA1/T1/S2/p28/Tbl5 provides the quantification of the achievable return on equity, assuming that rates are set using the OEB's IRM rate setting methodology and THESL's proposed OM&A and CAPEX.
- 4) Please assume that THESL's 2012 – 2014 base distribution rates are set using the OEB's IRM rate setting methodology and that THESL will achieve the OEB authorized return on equity in each year. Based on those assumptions, please quantify each of the following scenarios independently:
- a) The resulting change to the forecast OM&A expense;
  - b) The resulting change to the forecast CAPEX.
  - c) Please describe how THESL would allocate the resulting reductions between OM&A and CAPEX and describe the rationale for this allocation. Please also

discuss how these reductions are expected to impact THESL's operations.  
Please state all assumptions and supporting facts.

- 5) Please discuss the pattern of change exhibited by THESL's OEB authorized base distribution rates for the years 2006-2011 inclusive from the perspective of THESL's customers. (eg., smooth, stepwise, saw-toothed). Please discuss whether the proposed Cost of Service based rates for the period 2012-2014 are expected to continue this pattern or not and the advantages and disadvantages of this pattern.
- 6) Please discuss why it would be in the public interest for the OEB to restrict its own discretion regarding the choice of rate setting methodology given THESL's circumstances.
- 7) Please describe why, in THESL's view, it would be necessary to consider all of THESL's application before deciding the preliminary issue.
- 8) ED1/T3/S1-2/p3 and EF2/T1/S6/AppA/p1 both provide information on THESL's regulatory expenses.
  - a) Please provide the estimated costs of the this Application;
  - b) Considering THESL's circumstances, please estimate the costs of an application to adjust THESL's rates under the OEB's IRM rate setting methodology; and
  - c) Please discuss the impact on rates of the recovery of these separate amounts.