

**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 distribution rates and other service charges for the  
distribution of electricity, effective May 1, 2015.

**INTERROGATORIES**

**FROM THE**

**SCHOOL ENERGY COALITION**

**1A-SEC-1**

[1A-2-1, p.3] Please confirm that the Applicant plans to continue capital spending at forecast levels beyond 2019. Please advise at what point in the future capital expenditures are expected to get below 150% of annual depreciation.

**1A-SEC-2**

[1A-2-1, p.23] Please identify the component in each of the drivers in Table 7, in each year, that is caused by changes in accounting rules or principles, either due to external changes, or due to a change in accounting method. For each such amount, please identify the accounting change or method that caused the impact.

**1A-SEC-3**

[1A-2-1, p.29] Please confirm that, in the current Application, the Applicant is only seeking to set rates for four years and eight months.

**1B-SEC-4**

[1B-2-4, p.3] Please add a column to Table 1 showing how each ICM Segment and DSP Program related to DSP capital expenditure category (i.e. System Access, System Renewal, System Service, General Plant, Others)

**1B-SEC-5**

[1B-2-4, p.6] Please revise Figure 1 to show 2012 and 2013 actual, and 2014 current forecast, as separate bars.

**1B-SEC-6**

[1B-2-4-Appendix B] With respect to the Navigant *Independent Assessment of Toronto Hydro's Distribution System Plan and Business Cases Report*:

- a) Please provide the full curriculum vitae for each of the Navigant employees responsible for the Report. Please also detail their experience reviewing electricity distributor's capital plans and business cases.
- b) In reviewing the Applicant's Distribution System Plan and business cases, what information under the control of the Applicant, besides what has been provided in this application, did the Navigant utilize (e.g.. asking questions of the Applicant employees, verifying data and information etc).
- c) (p.13) Navigant states that the use of Value for Service (VOS) is consistent with practices that utilities in North America, the UK and elsewhere have applied.
  - i) Please provide details of how other utilities are using and calculating VOS measures.
  - ii) Is the calculation of VOS by the Applicant consistent with how other utilities determine VOS?
- d) (p.23) Please confirm that the Navigant did not do any independent assessment of the Applicant's design standards and practices for projects that were not also part of the 2012 IRM Application (EB-2012-0064).
- e) (p.25) Navigant states the Applicant's proposed investment programs are consistent with industry best practices. Is its Navigant's view that the pace of investment by the Applicant is appropriate and constant with industry best practices? If yes, please provide a justification.

#### **1B-SEC-7**

For each external expert or consultant report included in the application, please provide a copy the engagement letter and/or retainer.

#### **1B-SEC-8**

Please provide a copy of all benchmarking studies, analysis and/or reports in the possession of the Applicant, that it has undertaken, or that it has participated in, since 2011, that has not already been included in the application.

#### **1B-SEC-9**

[EB-2012-0064, Phase 2, JT3.8] Please provide a version of the table include in the referenced undertaking that, a) shows year-end 2013 information, and b) in a similar format, Phase 2 approved and actual/forecast information. Please explain any material variance between 2014 approved and actual amounts.

#### **1C-SEC-10**

[1C-2-1, p.2] Please provide the Applicant's internal organizational chart.

#### **2A-SEC-11**

[2A-9-1, p.2] Please provide the estimated amount that would be trued-up based on the Applicant's 2014 forecasted in-service additions.

#### **2A-SEC-12**

[Ex.2A-1-1] Please provide all assumptions used in determine 2014 in-service additions.

**2A-SEC-13**

[Ex.2A-3-2] Please provide the curriculum vitae for each of the Navigant employees responsible for the *Working Capital Requirements of Toronto Hydro Electric System Limited's Distribution Business*.

**2A-SEC-14**

[Ex.2A-6-1, p.2,4] Toronto Hydro has included inflation as a category of capital expenditures in its 'Other Capital Expenditures' investment category. It forecasts inflation for 2016-2019 to be 2.07% per year, consistent with the Statistics Canada Consumer Price Index for Toronto.

- (a) Why does the Applicant not build in the cost of inflation into each of its capital expenditure categories?
- (b) Footnote 3 references a web address which links to historic inflation information. Please provide the Statistics Canada information used to forecast inflation for 2016-2019.
- (c) Please explain why the Applicant believes it is appropriate to use the Statistics Canada Consumer Price Index for Toronto to measure inflation, instead of Gross Domestic Product Implicit Price Index (GDP-IPI)?

**2A-SEC-15**

[Ex.2A-6-2, p.1] Please add a column to Appendix 2-AA showing 2014 year-to-date actuals.

**2A-SEC-16**

[Ex.2A-10-2] Please revise Figure 1-2, 10-11 to show 2014 year-to-date reliability information. If the Applicant is able to forecast 2014 end of year reliability information based on year-to-date actuals, please do so.

**2B-SEC-17**

[Ex.2B-A, p.12] Please provide a chart showing the 2015-2019 cost savings for each 'Cost-Saving Factor'.

**2B-SEC-18**

[Ex.2B-C, p.15] Please provide each of the 2012, 2013, 2014 Implementation Progress measure for the Applicant's approved EB-2012-0064 ICM capital expenditures.

**2B-SEC-19**

[Ex.2B-C, p.18] For each between 2015-2019, please provide the proposed 'Capital Planning, Engineering & Support Spend (Dx Plant)' and 'Total Capital Spend (Dx Plant)'.

**2B-SEC-20**

[Ex.2B-C-Appendix A] Please provide a full copy of the RSMeans Electrical Cost Data Report.

**2B-SEC-21**

[Ex.2B-D1, p.7] Does the Applicant have a long-term (>5 years) capital plan that is either stand-alone or part of a long-term business plan? If so, please provide a copy.

**2B-SEC-22**

[Ex.2B-D3,p.14] Please detail how the Applicant determined the Event cost (\$30/kVA) and Duration cost (\$15 kVa per hour). Please explain why the Applicant believes these values are appropriate.

**2B-SEC-23**

[Ex.2B-E] Please provide a table showing all asset class that the Applicant managed on a Run-to-Failure basis at the time of the EB-2010-0042 Application, the EB-2012-0064 ICM Application, and its present CIR Application.

**2B-SEC-24**

[Ex.2B-E] Please provide in a single table, the historical and future spending capital expenditures tables for each program, for each year between 2010-2019.

**2B-SEC-25**

Please provide a table showing for each year between 2015-2019, the in-service additions, for each capital program. Please detail all assumptions made in the calculation.

**2B-SEC-26**

[Ex.2B-E] For Programs that have Project Descriptions, the Applicant has only provided them for 2015 only. SEC assumes this is because the Applicant has not determined which specific project it will undertake 2016-2019. If this is correct, how has the Applicant forecasted costs for each program for 2016-2019?

**2B-SEC-27**

[Ex.2B-E2, p.23] Please provide a chart showing the corresponding capital expenditures for each year, for both the Run to Fail and Proposed CIR reliability forecast scenarios.

**2B-SEC-28**

[Ex.2B-E5.1, p.13] With respect to Metering:

- a) Please provide a chart showing a breakdown of 2015-2019 Metering capex, by year, for each of the detailed sub-programs/initiatives. (e.g. Meter Compliance Sampling and Rev-verification, Suite Metering System Upgrade etc).
- b) How did the Applicant forecast for the number of suite meters to be installed in each year between 2015-2019.

**2B-SEC-29**

[Ex.2B-E5.2, p.9] Please provide a step-by-step explanation of how the Applicant derived the forecasted gross customer connection capital expenditure and customer contributions, for each year between 2015-2019.

**2B-SEC-30**

[Ex.2B-E5.3, p.3] If the Applicant believes that the total cost for relocation projects will be \$119M, why has the Applicant only included \$20M in its revenue requirement? How did the

Applicant determine 1/6 of the actual forecasted amount was appropriate amount to include in the revenue required?

**2B-SEC-31**

[Ex.2B-E5.4, p.4] Please explain why the Applicant spent relatively little on load transfer activities between 2012-2014, and none at all between 2010-2012.

**2B-SEC-32**

[Ex.2B-E6, p.338 Please provide a copy of the *Cable Diagnostic Testing* study.

**2B-SEC-33**

[Ex.2B-6.3, p.4] Why has the Applicant not undertaken any expenditures to replace underground legacy infrastructure in the past 5 years?

**2B-SEC-34**

[Ex.2-E6.5, p .10] What is the condition of the current assets (based on their asset condition assessment) that are proposed to be relocated?

**2B-SEC-35**

[Ex.2-E6.9/6.10] Please provide further details explain why is forecasting to spend so much less than was approved in the EB-2014-0064 application for Network Vault Renewal and Network Unit Renewal programs.

**2B-SEC-36**

[Ex.2B-E6.20, p.15,29] With respect to Reactive Capital:

- a) Please explain how the Applicant forecasted the number of corrective work requests in 2015-2019.
- b) The Applicant states that “[d]espite Toronto Hydro having fewer corrective work requests in 2012, reactive expenditures still increased; this is not an inconsistent result, as the expenditures required to address correct work requests can vary considerable depending on the nature and scope of the work..” If this is so, how has the Applicant forecasted its reactive capital expenditures for 2015-2019.

**2B-SEC-37**

[Ex.2B-E7.1, p.4] In the EB-2012-0064 Phase 1 the Board stated regarding the Applicant’s proposed Feeder Automation Program that “[i]t appears to the Board that this is a discretionary project which can be delayed as it achieves reliability benefits where adequate system reliability has been demonstrated.” The evidence in this applications states that the Feeder Automation program will occur alongside the Applicant’s proposed renewal work. Is SEC correct in its understanding that the Feeder Automation will occur in areas of other proposed renewal work, and thus there will limited reliability concerns in those areas regardless of the installation or automated feeders?

**2B-SEC-38**

[Ex.2B-E7.9,p.5] For each Station Expansion Project listed in Table 1, please provide the estimated in-service date (month and year).

**2B-SEC-39**

[Ex.2B-E8.6] With respect to the Enterprise Resource Planning (“ERP”) Program:

- a) Please provide details about the procurement process for the ERP Program.
- b) How has the Applicant forecasted the total cost of the ERP?
- c) Please provide the internal business case presented to the Applicant’s Senior Management for approval regarding the ERP Program.
- d) Did the Applicant seek third-party assistance in developing the requirements for the ERP? If so, please provided details and a copy of any documents produced by the third-party.
- e) Appendix B – Table 2 provides the projected monetary benefits upon implementation of the ERP. Please provide the derivation of the cost savings, cost avoidance, and process improvement benefit calculation.

**2B-SEC-40**

[Ex.2B-E8.6] What is the product life-cycle of the proposed voice radio system infrastructure upgrade.

**4A-SEC-41**

[4A-4-6- Appendix A] Please explain how it is reasonable that not a single Ontario electricity distributor is utilized to compare the Applicant’s compensation levels.

**4A-SEC-42**

[4A-4-1, p.7] Please provide a copy of the Applicant’s current collective agreements with CUPE and the Society.

**4A-SEC-43**

[4A-2-15] Please provide a summary of all internal audit findings, recommendations, and follow-up actions, since 2011.

**4A-SEC-44**

[4A-2-17, p.7-8, Appendix A] With regards to the Applicant seeking recover of ‘Wireless costs’:

- (a) Do these costs include both the EB-2013-0321 and EB-2011-0120 proceeding?
- (b) Please provide a detailed breakdown of those costs, and a justification for the reasonableness of the quantum.
- (c) Please explain why recovery of these costs is appropriate consider they were incurred entirely during the IRM period.

**4A-SEC-45**

[4A-3-1] Please provide a forecast information of 2014 Non-Affiliate Purchased Products or Services over \$1 Million Procured without a Competitive Process

**4A-SEC-46**

[4A-4-2, Appendix 2K] For each year, please provide the total compensation costs that are capitalized.

Submitted by the School Energy Coalition on this 17<sup>th</sup> of October, 2014.

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