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Michael Janigan

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Counsel for VECC

November 12, 2014

 **VIA E-MAIL**

Ms. Kirsten Walli

Board Secretary

Ontario Energy Board

P.O. Box 2319

2300 Yonge St.

Toronto, ON

M4P 1E4

Dear Ms. Walli:

**Re: Toronto Hydro-Electric System Limited – 2015-2019 Rates**

**EB-2014-0116**

Please find enclosed specific questions VECC seeks to have addressed at the Technical Conference. We continue to review the evidence and will have further questions at the time of the conference, specifically in the areas of issues 1B, 2A, 2B, 4A and 9.

Yours truly,

M. Garner/for

Michael Janigan

Counsel for VECC

Attachment

cc: Ms. Daliana Coban

 regulatoryaffairs@torontohydro.com

**TORONTO HYDRO-ELECTRIC SYSTEM LIMITED (THESL)**

**2015-2019 DISTRIBUTION RATE APPLICATION**

**VECC’S TECHNICAL CONFERENCE QUESTIONS**

**NB: Numbering continues from VECC’s last interrogatory**

**1.0 ADMINISTRATION (EXHIBIT 1)**

TBD

**2.0 RATE BASE (EXHIBIT 2)**

 TBD

**3.0 OPERATING REVENUE (EXHIBIT 3)**

3.0 –VECC - 70

Reference: OEB Staff 60

 Exhibit 3/Tab 1/Schedule 1, page 13

1. The difference between the two load forecast numbers reported in OEB Staff 60 does not match the CDM forecast set out in Table 4 of the updated application. For example, for 2019 the difference is 2,543.5 vs. a Table 4 value of 2,456.1. Please reconcile the differences for each year 2014-2019.

7.0 –VECC - 71

Reference: SIA - 30

1. Please provide an updated version of Table 1 (Exhibit 3/Tab 2/Schedule 1) and Appendix 2-H incorporating any revisions or corrections noted in the interrogatory responses.

7.0 –VECC - 72

Reference: VECC – 27 a)

1. The response provided does not address the original question, I.e., how was the average use data “normalized” to the current 10 year historical average of HDD 10 and CDD 18? Please describe how this was done.

7.0 –VECC - 73

Reference: VECC – 28 d)

1. Please confirm that the “verified” CDM demand savings reported by the OPA are demand savings at the time of the system peak. If not confirmed, please indicate what THESL understands the OPA’s reported CDM MW savings to represent and the basis for this understanding.
2. Please explain more fully how why the ratio of reported system peak demand to total energy CDM savings is the appropriate factor to use in determining the billing demand associated with the CDM energy savings for demand billed customer classes.

7.0 –VECC - 74

Reference: VECC – 32 c)

1. Please provide a revised version of the table which includes the kWh values for all classes for each year 2015-2019.
2. What program years’ impacts are reflected in the net incremental CDM estimates provided (e.g., is it all program years from 2006, just those from 2014 or those for some other point in time)?
3. Please provide a table which sets out the gross CDM values by class and year equivalent to those provided in the response.

**4.0 OPERATING COSTS (EXHIBIT 4)**

TBD

1. **COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)**

 TBD

**6.0 CALCULATION OF REVENUE DEFICIENCY OR SURPLUS**

 TBD

**7.0 COST ALLOCATION**

7.0 –VECC - 75

Reference: VECC – 52 c)

1. Please provide the derivation of the 0.004 weighting factor used for CSMUR Services per the CAM, Sheet I5.2 and, in doing so, demonstrate the derivation is consistent with the Board’s direction from EB-2010-0142.

7.0 –VECC - 76

Reference: VECC – 53 a)

1. The response suggests that THESL’s accounting system separately records and tracks the distribution assets in the USOA accounts noted that are used solely by Streetlighting or USL. Please confirm that this is the case.
2. If not, please clarify the response provided.

7.0 –VECC - 77

Reference: VECC – 53 b)

Preamble: It is not clear from the response provided for which of the accounts listed in the original question were expenses actually directly allocated to Streetlighting or USL and, if so, how it was done.

1. Please indicate for which of the expense accounts listed in the original question were expenses “rolled into accounts 5085, 5096 or 5145” respectively and subsequently directly allocated to Streetlighting and USL.
2. In each case, where costs from one of the listed expenses accounts were reassigned to 5085, 5096 or 5145 and subsequently directly allocated to Streetlighting and USL, please indicate how the quantum of costs that was reassigned to these accounts was identified.
3. Please indicate the basis for the 95%/5% split that was used to allocate the costs in each case as between Streetligting and USL

7.0 –VECC - 78

Reference: VECC – 53 d)

Preamble: The response indicates that the directly assigned amount in account 5085 should be $180,242.

1. Please clarify whether it is the total amount in account 5085 (initially $2,278,562) that was revised to $180,242 or the amount directly assigned to Streetlighting (initially $2,164,634) that was revised to $180,242.
2. Please explain why the R/C ratio for Streetlighting fell from 105.5% to 92.2% when the amount of expenses directly allocated to the class was reduced as a result of the correction.

7.0 –VECC - 79

Reference: VECC – 53

Preamble: The response identifies a number of corrections to the Cost Allocation Model (CAM) as filed in September 2014.

1. Please provide an updated CAM reflecting the various corrections that THESL has noted as being required, either in response to this interrogatory or elsewhere in its IR responses. In conjunction with the updated model please provide a summary listing of the corrections incorporated.
2. Please provide an updated version of Appendix 2-P, parts A-D.

7.0 –VECC - 80

Reference: VECC – 58

 VECC – 53 d)

1. Please confirm that THESL’s proposal with respect to Streetlighting will produce a Revenue to Cost ratio for Streetlighting that is further away from 100% than the 2015 status quo revenue to cost ratio for the class.

**8.0 RATE DESIGN**

8.0 –VECC - 81

Reference: VECC - 61

1. What is THESL’s best estimate as to when the updated evidence with respect to historic line losses will be completed?

**9.0 DEFERRAL AND VARIANCE ACCOUNTS**

9.0 –VECC - 82

Reference: VECC 67 a) & b)

 Exhibit 9/Tab 2/Schedule 4, page 4, lines 11-13

1. With respect to VECC 67 a), please provide the historical load factors used (per page 4) to derive the forecast MW savings for the demand billed classes and explain how they were determined.
2. With respect to VECC 67 b), what were the load factors used to convert the actual MWh of CDM savings for demand billed classes to billing MW and how were they established?

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