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December 22, 2014

BY FAX & BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2014-0116
Toronto Hydro-Electric System Limited 2015-2019 Rates
Energy Probe – Notice of Motion

Attached, please find a Notice of Motion from Energy Probe Research Foundation (Energy Probe) in the EB-2014-0116 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Daliana Coban, Toronto Hydro (By email)
Amanda Klein, Toronto Hydro (By email)
Charles Keizer, Torys LLP (By email)
Crawford Smith, Torys LLP (By email)
Roger Higgin, Consultant to Energy Probe (By email)
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Interested Parties (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

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Ontario Energy Board

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Toronto Hydro-Electric System Limited for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2015 and for each following year effective January 1 through to December 31, 2019.

AND IN THE MATTER OF Rule 27 of the Board's *Rules of Practice and Procedure*.

Motion for Complete Technical Conference Responses

Energy Probe Research Foundation

December 22, 2014

Toronto Hydro-Electric System Limited (“Toronto Hydro”)
Custom Incentive Rate-setting (“Custom IR”) Application for 2015-2019 Electricity
Distribution Rates and Charges – Confidential Technical Conference Undertaking
Responses - OEB File No. EB-2014-0116

Motion

1. An order requiring Toronto Hydro-System Electric Limited to provide a full and complete/adequate response to **Energy Probe Technical Conference Question J 1.2 – Energy Probe-49.**
2. Such further and other relief as Energy Probe may request and the Board may grant.

Grounds for the Motion

Technical Conference December 2, 2014

1. Energy Probe’s Consultants were not able to attend the Technical Conference and THESL undertook to provide written responses to Energy Probe’s Technical Conference Questions.
These were filed on November 24, 2014.
2. THESL provided a refusal to provide a response to Energy Probe J1.2 Energy Probe-49
3. Rule 27.03 of the Board’s *Rules of Practice and Procedure* (“Rules”) provides that a party may bring a motion seeking direction from the Board if it is not satisfied that a party has provided “full and adequate response to an interrogatory.” Energy Probe brings this motion because THESL has not provided full and adequate responses to requested information relevant to the issues to be decided in this proceeding.
4. UNDERTAKING NO. J1.2-EP-49:

Reference(s):

Revenue Requirement Work Form Exhibit 6, Tab 1, Schedule 2;
Exhibit 2A, Tab 6, Schedule 3, OEB Appendix 2AB (CAPEX);
Exhibit 2B, Staff 39, Appendix B (Capex 2012-2014);
Exhibit 4A, Tab 1, Schedule 2, OEB Appendix 2-JA (OM&A 2011-2015);
Exhibit 6, Tab 1, Schedule 1 (RR 2015); and,
Exhibits 1B, Tab 2, Schedule 3, Tables 1-5 (CIR PCI and Capital Factor).

Preamble:

Using the References listed above Energy Probe has prepared a Draft Consolidated Financial Summary 2011-2019.

- a) In the *Draft Energy Probe Consolidated Financial Summary Schedule Spreadsheet* please populate with missing data, check values and formulas and insert References.**
- b) Please update PCI Formula amounts based on new OEB *I Factor* of 1.6% for 2015.**
- c) Please provide/insert summary categories/taxonomy for 2016-2019 CIR OM&A based on THESL's planned reporting regime.**
- d) Please provide any notes re assumptions and values.**
- e) Please provide your response as a live Excel Spreadsheet.**

RESPONSE:

Toronto Hydro declines to provide the responses to questions under subs a) through e) inclusively, on the basis of relevance. The premise underlying Energy Probe's request is that Toronto Hydro is filing a five-year cost of service application, and accordingly possesses detailed forecasts of all the elements comprising the utility's revenue requirement for each of the years. This is not Toronto Hydro's proposal.

As discussed in Exhibit 1B, Tab 2, Schedule 3, Toronto Hydro's 2016-2019 rates are proposed to be set on the basis of a custom Price Cap Index that incorporates the OEB's inflation and productivity values, utilizes a custom stretch factor derived on the basis of the total cost econometric benchmarking study filed in Appendix B to Exhibit 1B, Tab 2, Schedule 5 and includes a capital factor to fund Toronto Hydro's necessary investments. In accordance with the formulaic approach referenced above and consistent with the OEB's 4GIRM approach, Toronto Hydro has not forecasted its OM&A, revenue offsets or taxes for 2016-2019.

Toronto Hydro notes, however, that parties can obtain additional information pertaining to the utility's financial plans and related matters for the 2015-2019 timeframe from the utility's Business Plan filed with the OEB on a confidential basis on November 17, 2014 filed as Appendix A to Interrogatory 1A-CCC-1).

5. Relevance

- a) Examination of the TCQ will indicate that both partial Historic and Projected financial Information is included in the Energy Probe Draft Financial Summary Schedule that THESL was requested to Check and Complete.**
- b) The Historic data are directly relevant to the 2015 Rebasing and the requested Projections to the 2016-2019 CIR Plan.**

- c) It is inappropriate for Toronto Hydro to state:

“The premise underlying Energy Probe’s request is that Toronto Hydro is filing a five-year cost of service application.”

- d) There is no basis for this allegation. Just because the following Rebasing in 2015, the THESL CIR Plan then produces a Formula-based Revenue Requirement does not mean the components of the 2015-2019 Revenue Requirement are not relevant.
- e) The fact the information is relevant is clear, and the projections are available, since THESL refers Energy Probe to the Financial Projections provided in The 2015-2019 Business Plan. This was provided to the THESL Board and provided un-redacted format to intervenors that have signed the OEB Confidentiality Declaration.

6. Confidentiality

- a) The Board has not ruled on THESL’s Confidentiality request, including the 2015-2019 Business Plan. A significantly redacted Version of the Business Plan has been filed recently.
- b) Energy Probe has received the un-redacted Confidential version and submits that it does not provide a full response to J1.2-EP-49.
- c) THESL must provide better evidence as to why any of the Business Plan redactions are warranted.
- d) The Utility of the Business Plan and its Financial Projections to this Application is severely reduced if the information remains Confidential and accordingly cannot be utilized either in the Settlement Conference or in the Hearing.

7. For all of the above reasons, Energy Probe requests the Board to grant the Motion and direct THESL to provide a Complete Response to J1.2 Energy Probe-49.

8. Pending the Board’s ruling on Confidentiality of the Business Plan, the response should be provided under the provisions of the Confidentiality Declaration executed by Energy Probe’s Case Manager and Consultant.

Respectfully Submitted at Toronto this 19th Day of December 2014.

**Roger Higgin SPA Inc.
Consultant to Energy Probe**

Attachment Spreadsheet Provided by Energy Probe - J 1.2 Energy Probe-49

Toronto Hydro Electric System Ltd										
Consolidated Financial Summary 2013-2019 \$million										
Approved	Actual	Actual	Estimate	Forecast	Proposed	Proposed	Proposed	Proposed	Proposed	
2011	2012	2013	2014	2014	2015	2016	2017	2018	2019	
Operating Revenues					662.2	692.5	748.1	801.2	844.5	
Other Revenues					45.1	45.7	46.4	47	47.6	
Total Revenue					707.3	738.2	794.5	848.2	892.1	
Total OM&A Expense					269.5	273.3	277.1	281	284.9	
Rate Base					3313.5					
Capital Factor										
Interest Expense					81.80	90.90	98.20	103.70	109.00	
Depreciation & Amortization					208.20	222.00	248.20	266.70	287.20	
Return on Capital (ROE)					123.30	137.10	148.00	156.30	164.30	
PILs/Income Taxes					24.40	14.90	22.80	40.50	46.70	
Subtotal Capital-Related RR					437.70	464.90	517.20	567.20	607.20	
Cn					-	4.11	7.55	6.68	4.99	
S CAP					-	0.67	0.69	0.71	0.72	
PCI					-	4.57	7.98	7.09	5.39	
Total Gross Revenue Requirement					707.2	738.2	794.3	848.2	892.1	
Other Revenues					-45.1	-45.7	-46.4	-47.0	-47.6	
RATES REVENUE REQUIREMENT					662.1	692.5	747.9	801.2	844.5	
Total Debt	1,378.9				1988.1					60.00%
Common Equity	919.3				1325.4					40.00%
Total Rate Base	2,298.2				3313.5					100.00%
										4.11% Exhibit 6
										9.30% Tab 1
										6.19% Schedule 2
CAPEX and In Service Asset Additions										
Capital Expenditures										
Total System Access Capital	58.3	53.2	86.6	76.0	86.1	93.5	110.9	90.4	85.5	
Total System Renewal Capital	219.3	157.2	231.1	286.4	251.7	235.0	246.3	260.1	265.5	
Total System Service Capital	75.6	38.4	83.7	104.1	86.8	56.5	62.5	49.5	73.9	
Total General Plant Capital	67.7	29.3	33.8	109.5	104.6	99.4	28.9	32.1	27.9	
Other	24.6	9.9	10.5	13.3	10.3	19.8	28.6	37.9	49.4	
Total Distribution Capital	445.5	288.0	445.7	589.3	539.5	504.2	477.2	470.0	502.2	
In-Service Asset Additions										
Total System Access Capital										
Total System Renewal Capital										
Total System Service Capital										
Total General Plant Capital										
Other										
TOTAL ISAs		77.69	295.25	489.33						
Variation		-8.74	-41.87	-133.16						
OM&A										
Description	Bd Approv	Actual	Actual	Estimate	Forecast	Test Base	Proposed	Proposed	Proposed	Proposed
	2011	2012	2013	2014	2014	2015	2016	2017	2018	2019
Operations	81.2	55.9	59.5	58.5		70.3				
Maintenance	56.1	54.8	66.8	59.3		61.2				
Billing and Collecting	40.6	36.0	35.2	37.9		41.5				
Community Relations	2.9	2.9	2.9	2.7		2.7				
Administrative and General	72.6	67.8	75.0	81.2		86.5				
Taxes Other Than Income Taxes	5.9	-2.3	6.4	6.5		6.5				
Donations	0.7	0.7	0.7	0.7		0.8				
TOTAL	259.3	215.1	245.8	246.1		268.7	273.3	277.1	281	284.9
Variation		27.7								

References
2015-19
18Tab253

18
Tab 2
Schedule 3

PCI=I-X+Cn-Scap*(I-X)

60.00% 4.11% Exhibit 6
40.00% 9.30% Tab 1
100.00% 6.19% Schedule 2

2A Tab 6
Schedule 3
App 2AB

2B Staff 39
App A

Categories/Taxonomy

4A
Tab 1
Schedule 2
App 2-JA