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February 26, 2015

via RESS – signed original to follow by courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Toronto Hydro-Electric System Limited ("Toronto Hydro")
Custom Incentive Rate-setting Application for 2015-2019 Electricity Distribution Rates and Charges – Undertaking Responses
OEB File No. EB-2014-0116

Toronto Hydro writes to the Ontario Energy Board ("OEB") in respect of the above-noted matter.

Further to my letter dated February 25, 2015, enclosed are the following responses from Day 6, February 25, 2015 of the Oral Hearing:

- J6.3 – Energy Probe;
- J6.5 and J6.6 – School Energy Coalition; and
- J6.7 – OEB Staff.

Responses to Undertakings J6.1 and J6.2 from OEB Staff and J6.4 from Energy Probe will be provided on February 27, 2015. Also included is a corrected response to Undertaking J5.2 – Energy Probe with the correction marked with a /C.

Please contact me if you have any questions.

Yours truly,

[original signed by]

Daliana Coban
Lead Regulatory Counsel
Toronto Hydro-Electric System Limited
regulatoryaffairs@torontohydro.com

encl.:DC\acc

cc: Charles Keizer, Torys LLP
Crawford Smith, Torys LLP
Amanda Klein, Toronto Hydro
Intervenors of Record for EB-2014-0116

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Board Secretary
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PO Box 2319
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Toronto Hydro-Electric System Limited ("Toronto Hydro")
Custom Incentive Rate-setting Application for 2015-2019 Electricity Distribution Rates and Charges – Confidential Response to Undertaking OH J6.6
OEB File No. EB-2014-0116

Toronto Hydro writes to the Ontario Energy Board ("OEB") in respect of the above-noted matter.

Toronto Hydro requests confidential treatment of its response to the Oral Hearing Undertaking J6.6 on the basis that this response contains commercially sensitive information about the Enterprise Resource Planning project (Exhibit 2B, Section E8.6). Toronto Hydro notes that the OEB accepted at Day 6 of the Oral Hearing that this information could be filed on a confidential basis.[1]

Please do not hesitate to contact me if you have any questions.

Yours truly,

[original signed by]

Daliana Coban
Lead Regulatory Counsel
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cc: Charles Keizer, Torys LLP
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[1] EB-2014-0116, Transcript Volume 6 (February 25, 2015) at page 129, lines 2-12.

ORAL HEARING UNDERTAKING RESPONSE TO ENERGY PROBE RESEARCH FOUNDATION

UNDERTAKING NO. J5.2:

Reference(s):

To describe in plain language current and prospective situations involving EV charging and energy storage systems.

RESPONSE:

Currently, it is anticipated that the increased penetration of EVs and charging stations on lateral portions of a feeder, regardless of the type and level of charging stations, may require upgrades to local distribution system infrastructure.

In this situation, Toronto Hydro proposes that LES is a cost effective alternative to replacing assets outside of their useful life. An LES unit is deployed for a specific section of a feeder, and in this situation would be deployed on the lateral portion of a feeder with a significant presence of EVs. Because the concentration of EV charging stations is not uniformly spread along the entire feeder, GSES and MSES units are not suitable.

As the uptake of EVs increase, the distribution of EV charging stations physically located along a feeder will become uniform. In this situation, GSES and MSES units are more suited to help enable EV connections.

Across Toronto, the EV residential charging stations typically range between 3.4 kW and 17.6 kW in peak demand. This compares with a typical demand of 10 kW for a gas- /C
heated residence across Toronto. Service/metering costs for EV connections across

ORAL HEARING UNDERTAKING RESPONSE TO ENERGY PROBE RESEARCH FOUNDATION

Toronto are the responsibility of the customer. There are currently approximately 1,000 EVs in the Toronto area (approximately half of the 2,000 EVs across Ontario as per the Ministry of Transportation[1]).

[1] http://www.mto.gov.on.ca/english/dandv/vehicle/electric/

ORAL HEARING UNDERTAKING RESPONSE TO ENERGY PROBE RESEARCH FOUNDATION

UNDERTAKING NO. J6.3:

Reference(s):

To confirm whether it is all pole types, sizes, and classes used for streetlighting that forms the basis for the $2,340 all-in cost.

RESPONSE:

Confirmed.

ORAL HEARING UNDERTAKING RESPONSE TO SCHOOL ENERGY COALITION

UNDERTAKING NO. J6.5:

Reference(s):

To explain which savings outlined in 2B-SEC-39, Appendix A are OM&A savings and which are capital savings.

RESPONSE:

ORAL HEARING UNDERTAKING RESPONSE TO SCHOOL ENERGY COALITION

Section 7.7 Metrics to Measure Benefits Attainment

Response to Interrogatory J6.5

ID	Metric Name	Year 1 Annual Benefit Capex	Year 1 Annual Benefit Opex	Year 2 Annual Benefit Capex	Year 2 Annual Benefit Opex	Year 3+ Annual Benefit Capex	Year 3+ Annual Benefit Opex
Goal: Cost Savings							
3.1	Planning Cycle Integration	-	17	-	23	-	23
3.2	Budget Transfer Automation	-	6	-	8	-	8
3.3	Elimination of External Consulting Support	-	113	-	150	-	150
4.1	Month-End Processing Time	-	16	-	21	-	21
4.2	Automatic production of shell documents	-	49	-	65	-	65
4.3	Asset Capitalization	71	18	94	24	94	24
4.4	Funding Type Automation	11	3	14	4	14	4
4.5	Automated Financial Reporting	8	2	10	3	10	3
4.6	Automated Trial Balance	-	0	-	1	-	1
5.1	Payroll Journal Entry Automation	-	32	-	42	-	42
6.1	Timesheet Data Entry Automation	-	75	-	100	-	100
6.2	Planned Overtime Reduction	1,125	-	1,500	-	1,500	-
7.1	Automated Business Reporting	-	19	-	25	-	25
7.2	Field Resource Optimization	6	13	7	18	7	18
7.3	Timesheet Data Entry Automation	-	38	-	50	-	50
8.1	Warranty Cost Recovery	-	60	-	80	-	80
8.2	Inventory Reduction	80	-	107	-	107	-
9.1	Ellipse & Legacy System Operations	-	1,632	-	1,632	-	1,632
9.2	IT Incident Mgmt Savings	-	65	-	86	-	86
		1,300	**2,155**	**1,733**	**2,330**	**1,733**	**2,330**
			3,455		**4,063**		**4,063**
Goal: Increased Productivity							
1.1	Journal Entry And Reconciliation Savings	-	77	-	100	-	118
2.1	Improved Business Reporting	-	33	-	43	-	50
2.2	Designer System Rationalization	195	-	255	-	300	-
3.1	Improved Business Reporting	-	56	-	74	-	87
3.2	Increased Unit Completions	49	119	65	155	76	183
4.1	Procurement Time Savings	-	34	-	44	-	52
4.2	Work Order Entry Efficiency	-	9	-	12	-	14
4.3	One-Time Vendor Efficiencies	-	8	-	10	-	12
4.4	Data Reconciliation Efficiencies	77	-	101	-	118	-
5.1	Designer System Rationalization	65	-	85	-	100	-
6.1	Improved IT System Reliability	-	1,137	-	1,487	-	1,749
		386	**1,472**	**505**	**1,924**	**594**	**2,264**
			1,858		**2,430**		**2,858**

ORAL HEARING UNDERTAKING RESPONSE TO SCHOOL ENERGY COALITION

UNDERTAKING NO. J6.6:

Reference(s):

To provide on a confidential basis, the percentage of contingency being utilized for the design and implementation of the ERP system.

RESPONSE:

The Project Contingency is [redacted]%.

ORAL HEARING UNDERTAKING RESPONSE TO ONTARIO ENERGY BOARD STAFF

UNDERTAKING NO. J6.7:

Reference(s):

To confirm whether the portion of revenue THESL is receiving from TH Energy's contract with the City of Toronto is equivalent to the portion of the assets transferred over to THESL.

RESPONSE:

The portion of revenue to be allocated to Toronto Hydro from TH Energy's contract with the City of Toronto is not equivalent to the portion of the assets transferred from TH Energy to Toronto Hydro. Adopting a proportionality-based allocation methodology would not keep the revenue requirement impact of the transfer neutral.

The revenue allocation is determined on the basis of the revenue requirement associated with the transferred assets, as detailed in Exhibit 2A, Tab 5, Schedule 1, Table 4. The methodology of calculating the revenue requirement is consistent with the methodology that Toronto Hydro uses to calculate revenue requirement for its other assets (see Exhibit 6, Tab 1, Schedule 1).